SPIC

# 42nd ANNUAL REPORT
# 2012 - 13

SOUTHERN PETROCHEMICAL INDUSTRIES
CORPORATION LIMITED

# SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

| | |
|---|---|
| Dr A C Muthiah | Chairman Emeritus |

**Board of Directors** *(as on 29 May 2013)*

| | |
|---|---|
| Ashwin C Muthiah | Chairman |
| M S Shanmugam, I.A.S. | Director |
| T K Arun | Director |
| B Elangovan | Director |
| B Narendran | Director |
| S Shankar | Director |
| K K Rajagopalan | Whole-Time Director |

**Secretary**
M B Ganesh

**Auditors**
Deloitte Haskins & Sells
Chartered Accountants,
ASV N Ramana Tower
52 Venkatnarayana Road
Chennai 600 017

**Registered Office**
SPIC House, 88 Mount Road
Guindy, Chennai 600 032

Phone : +91 44 22350245
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Website : www.spic.in

# CONTENTS

SPIC

# SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: "SPIC House", 88 Mount Road, Guindy, Chennai - 600 032.

## NOTICE

NOTICE is hereby given that the FORTY SECOND ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Monday, the 2 September 2013 at 3.00 PM at Rajah Annamalai Hall, Chennai – 600 108, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31 March 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Thiru B Narendran, who retires by rotation and, being eligible, offers himself for re-election.
3. To elect a Director in place of Thiru M S Shanmugam, IAS, who retires by rotation and, being eligible, offers himself for re-election.
4. To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

   "RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956, M/s Deloitte Haskins & Sells (DHS), Chennai (Firm Registration no.008072S), the retiring Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as fixed by the Board of Directors of the Company."

(By Order of the Board)
For SOUTHERN PETROCHEMICAL
INDUSTRIES CORPORATION LTD.

Place: Chennai
Date : 29 May 2013

M B GANESH
Secretary

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and the proxy need not be a member of the Company. The proxy form attached must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting; in default, the instrument of proxy shall not be treated as valid.
2. The Register of Members and the Share Transfer Register of the Company will remain closed from Monday, 19 August 2013 to Monday, 2 September 2013 (both days inclusive).
3. Members/Proxies should bring the Attendance Slip duly filled in and signed and hand over the same at the entrance of the hall for attending the Meeting. For shares held in dematerialized form, the Depository Participant (DP) ID and Client ID numbers should be indicated in the Attendance Slip.
4. For shares held in physical form, any change in address/ other details may be intimated immediately to the Registrar and Transfer Agents (RTA) viz., Cameo Corporate Services Limited, "Subramanian Building", No. 1 Club House Road, Chennai - 600 002 by quoting the Folio Number(s). For shares held in demat form, change in address/other details shall be intimated directly to the Member's DP.
5. Members holding shares in single name in physical form are advised to nominate a person to whom their shareholding in the Company shall vest in the event of demise and the form shall be sent to the Company / RTA. Nomination forms will be sent to the Members on request.
6. As per SEBI's directive, it shall be mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company/ RTA for registration of transfer/transmission of shares in physical form.
7. All material documents relating to the aforesaid items of business of the Notice are available for inspection by the Members at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.
8. In terms of Section 219 of the Companies Act, read with Clause 32 of the Listing Agreement, as amended, the Company is sending Abridged Annual Report to the Members. Full version of the Annual Report will be available in the Company's Website viz., www.spic.in. Members desirous of receiving the full Annual Report may send a request in writing to the RTA / the Company or by email with scanned copy of the written request.

## Annexure to Notice

Details of the Directors seeking re-election at the 42nd Annual General Meeting
(pursuant to Clause 49(IV)(G) of the Listing Agreement)

**Thiru B Narendran**

Thiru B Narendran, aged 67 years, a Chemical Engineer and a Master's Graduate from USA in Transportation, had been a consultant to Shell Inc. Houston, Rite-Aid Pharmacy, Detroit and State Highways Administration, Baltimore, USA. Thiru Narendran is also the Principal Secretary, Consulate General, Republic of Phillipines in Chennai. He was appointed as Director on 19 January 2009. Thiru Narendran is a Member of the Audit Committee and Remuneration Committee and Chairman of the Shareholders' / Investors' Grievance Committee of the Company. He is Chairman of the Audit Committee, Shareholders'/Investors' Grievance Committee and Capital Issues & Allotment Committee of Sicagen India Limited and the Audit Committee of Tuticorin Alkali Chemicals and Fertilisers Limited. He is also the Member of the Remuneration Committees of Sicagen India Limited and Tuticorin Alkali Chemicals and Fertilisers Limited. Thiru Narendran does not hold any shares of the Company.

**Thiru M S Shanmugam. I.A.S.**

Thiru M S Shanmugam, IAS aged 46 years is a Member of the Indian Administrative Service. He is one of the nominees of TIDCO on the Board of Directors of the Company. He is presently the Joint Secretary to Government of Tamil Nadu, Industries Department. He was appointed as Director on 26 July 2011. Thiru M S Shanmugam is the Director of Southern Structurals Limited, Tamilnadu Salt Corporation Limited, Tamilnadu Cements Corporation Limited, Tamilnadu Industrial Investment Corporation Limited, TICEL Bio Park Limited, Tamilnadu Telecommunication Limited and Tamilnadu Industrial Explosives Limited. Thiru M S Shanmugam does not hold any shares of the Company.

**GREEN INITIATIVE**

The Ministry of Corporate Affairs, (MCA) has taken "Green Initiative in the Corporate Governance" allowing paperless compliances by companies and has issued circular stating that the Annual Reports (including notices) can be sent to its Members through e-mail. This also provides better service to the shareholders, as it eliminates the chances of the Annual Reports being lost in postal transit; besides, the Reports reach the Members immediately.

Shareholders desirous of receiving Annual Reports in electronic mode are requested to send the particulars to the Company / Company's RTA, namely (a) Physical Folio No (b) Name of the First Holder (c) Name of the Second Holder (d) Address registered with the Company & (e) E-mail ID to be registered with the Company.

Please note: Annual Reports in electronic mode will be sent only to those shareholders who make a specific request in this regard

# DIRECTORS' REPORT

Your Directors present their 42nd Annual Report together with the audited statement of accounts of the Company for the financial year ended 31 March 2013.

**OPERATING RESULTS** (Rs. in crore)

| | 2012-13 | 2011-12 |
|---|---|---|
| Income from Operations | 2076.08 | 3308.91 |
| Other Income | 15.44 | 13.79 |
| Total Income | 2091.52 | 3322.70 |
| Profit before interest, depreciation and tax | 34.83 | 161.06 |
| Finance Cost | 44.00 | 80.24 |
| Depreciation | 43.45 | 61.21 |
| Excess Liability Written back | 1157.75 | – |
| Profit before tax | 1105.13 | 19.61 |
| Provision for tax | – | 25.92 |
| Profit/ (Loss) after tax | 1105.13 | (6.31) |

To revive your Company which was affected over the years by under-performance of various investments and considering the need to protect the interest of the stakeholders and employees, a Scheme of Compromise and Arrangement was filed under Section 391 of the Companies Act, 1956 (SCHEME). The SCHEME was approved by the Hon'ble Madras High Court vide its Order dated 16 August 2012. Based on the options exercised by the creditors under the SCHEME, your Company has commenced payment of dues as per the settlement terms of the SCHEME. As of 31 March 2013 an amount Rs.132.76 crore has been paid to the creditors.

During the year under review, the plant could not be run continuously on account of working capital constraints, water and raw-material shortage. The plant was shutdown for a period of 53 days from August to October 2012, due to water shortage arising out of failure of monsoon and stoppage of water supply by Tamil Nadu Water Supply and Drainage Board. Working Capital constraints caused by subsidy disbursement issues affected raw materials supply and led to stoppage of plants from 2 March 2013 onwards to date. These factors affected the production performance of your Company. Urea production achieved during the year 2012-13 was 4,81,820 MTs only compared to 6,20,407 MTs in the previous year. Efforts are being made to augment working capital to enable commencement of operations of your Company's Ammonia and Urea plants.

Your Company recorded a revenue of Rs.2076.08 crore and profit before tax of Rs.1105.13 crore for the current year as against previous year's revenue of Rs.3308.91 crore and profit before tax of Rs.19.61 crore. Previous year's revenue also included revenue from operations of SPIC Maintenance Organisation and Phosphatics Division which were hived off during that year. Hence, the comparable numbers for the previous year would be a revenue of Rs.2455.15 crore and a loss before tax of Rs.13.24 crore. During the year, there was a write back of excess liability of exceptional nature of Rs.1157.75 crore to the Profit and Loss Account, on account of the settlement with creditors under the SCHEME. Your Company therefore posted a profit after tax of Rs.1105.13 crore in comparison to a loss after tax of Rs.6.31 crore in the previous year.

**Promoters' contribution :**

During the year, the Promoters brought in Rs.65.23 crore by subscribing to Warrants convertible into equity shares, issued on preferential basis and Rs.71.48 crore by way of loans for meeting the Working Capital requirement and payment obligations to the Creditors as per the SCHEME.

**Fertilizer Policy – Conversion of Ammonia plant from Naptha to Gas:**

As per the proposed "Modified NPS III Policy" for Urea, all Naptha / Fuel Oil based plants producing Urea will be given time till March 2014 to convert to Gas based plants. Your Company has therefore approached the Department of Fertilizers (DoF) for firm allocation of gas to the Unit and to get gas connectivity to the factory in Tuticorin by creating necessary infrastructure. The process involves modification of desulphurising and reforming sections of your Company's Ammonia Plant, besides changing fuel burners to dual burners. To equip itself to receive the gas as and when the pipe line connectivity is established, land has been acquired and the basic engineering completed. Detailed Engineering is nearing completion and the procurement activity for long lead items has been initiated.

**Pharmaceuticals Division**

After acquisition of the Pen-G Unit by M/s Asset Reconstruction Company (India) Ltd and closure of the API Unit due to restrictions imposed by Pollution Control Board, the Pharmaceuticals Division had in its fold only the Formulations and Enzymes Units. However, due to low demand for Formulation products and uncertain power situation, the Formulations operations were discontinued from 2 April 2012. The Enzymes Unit was sold in December 2012 in view of the business becoming unviable.

**Agri-business Division**

The performance of the Division which was affected by acute power shortage achieved a turnover of Rs.13.85 crore as against Rs.15.21 crore in the previous year.

**SUBSIDIARIES / JOINT VENTURES / INVESTMENTS**

**SPEL Semiconductor Limited (SPEL)**

SPEL accounted sales of Rs.80.77 crore with a loss of Rs.4.55 crore for the year 2012-13. This was owing to global semiconductor sales for 2012 decreasing by 2.6% to US$ 299.9 Billion (according to Gartner Inc), due to poor market condition.

**Tamilnadu Petroproducts Limited (TPL)**

During the year 2012-13 TPL's revenue from operations was Rs.1281.42 crore against Rs.1248.19 crore in the previous year. TPL incurred a net loss of Rs.50.56 crore vis-a-vis the net profit of Rs.5.94 crore during 2011-12. The company's operations were affected mainly due to crude price increase, escalations in other input costs, dumping, higher cost of alternate power to meet energy shortage, exchange losses, etc. which could not be passed on to the customers on account of competition from overseas suppliers.

**Tuticorin Alkali Chemicals and Fertilisers Limited (TAC)**

During the year 2012-13, their Plant could be operated only for 235 days, primarily due to non-availability of Carbon-di-oxide from SPIC. The company produced 56,750 MTs of Soda Ash and 50,226 MTs of Ammonium Chloride, representing 49% capacity utilization. The turnover was Rs.155.91 crore with a net loss Rs.21.77 crore. BIFR (Board for Industrial and Financial Reconstruction) proceedings are in progress.

**SPIC Fertilizers And Chemicals FZE, Dubai (SFC FZE) and SPIC Fertilizers And Chemicals Ltd., Mauritius (SFCL, Mauritius)**

During the first quarter of the financial year 2010-11, as part of recovery process, the Jebel Ali Free Zone Authority (JAFZA) in Dubai, had taken over the land, plant & machinery of SFC FZE and the company did not have any other option in the matter. The Promoters viz., SPIC and the Emirates Trading Agency, Dubai have jointly decided to close the operations of SFC FZE, Dubai.

**SPIC Petrochemicals Limited (SPIC Petro)**

The assets and effects of SPIC Petro were taken over by the Official Liquidator (OL) during May 2010, Pursuant to Order dated 20 December 2010 passed by the Hon'ble High Court of Madras. ARCIL [Asset Reconstruction Company (India) Limited] took possession of the assets and effects of SPIC Petro during January 2011. On the application filed by Chennai Petroleum Corporation Limited to set aside the above said Order, an interim stay was granted by the Hon'ble High Court of Madras restraining ARCIL from selling the land belonging to SPIC Petro. ARCIL has filed its counter and the case is still pending in the Court.

**General exemption under Section 212 of the Companies Act, 1956:**

Pursuant to the general exemption granted to companies in the General Circular No. 51/12/2007 dated 8 February 2011 issued by the Ministry of Corporate Affairs, Government of India and the resolution passed by the Board of Directors at its meeting held on 29 May 2013, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Company's Annual Report. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the above said Circular. The Company will make available the said documents to any Member of the Company, who may be interested in obtaining the same. The said documents will also be kept open for inspection by any Member of the Company / its subsidiary(ies), at the Registered Office of the Company and that of the respective subsidiary companies.

**PREFERENTIAL ALLOTMENT OF SECURITIES**

1. During the year under review, in line with the rework package approved by Corporate Debt Restructuring Empowered Group,
   - On 27 April 2012, 12,631 Equity Shares of Rs.10/- each at a premium of Rs.9/- per share, fully paid up were allotted to Industrial Investment Bank of India (IIBI) pursuant to the approval of the shareholders at the Annual General Meeting held on 16 November 2011, by way of conversion of debt of Rs.2.40 lac into equity. IIBI later assigned its financial exposure in the Company to M/s Edelweiss Asset Reconstruction Company Limited during July 2012.
   - On 9 November 2012, 72,631 Equity Shares of Rs.10/- each at a premium of Rs.9/- per share, fully paid up were allotted to United India Insurance Company Limited pursuant to the approval of the shareholders at the Annual General Meeting held on 26 September 2012 by way of conversion of debt of Rs.13.80 lac into equity.
2. Your Company allotted equity shares to a company belonging to Promoters' group, on preferential basis, pursuant to the approval of the shareholders at the Annual General Meeting held on 26 September 2012 as detailed below:
   - On 10 January 2013, 74,55,350 Equity Shares of Rs.10/- each were allotted by way of part conversion of 1,49,10,700 Warrants that were issued on 11 October 2012;
   - On 13 March 2013, 74,55,350 Equity Shares of Rs.10/- each were allotted by way of conversion of the balance 74,55,350 Warrants issued under (a) above; and
   - On 13 March 2013, 2,23,66,000 Equity Shares of Rs.10/- each were allotted by way of full conversion of 2,23,66,000 Warrants that were issued on 7 March 2013 on receipt of requisite Exemption Order from SEBI.

**DIVIDEND**

In view of the accumulated losses, the Board of Directors are not in a position to recommend dividend on the Preference Share capital and Equity Share capital of the Company.

**SAFETY, HEALTH AND ENVIRONMENT**

Won Award for "Longest accident free man-hours worked for the year 2008", from National Safety Council, Tamilnadu Chapter. The online Ambient air quality monitoring system was erected and uploaded to Care Air Centre – Tamil Nadu Pollution Control Board.

**DISCONTINUED OPERATIONS**

*Discontinuance of Formulations and Enzymes operations of* Pharma Division are covered under 'Pharmaceuticals Division'.

**PUBLIC DEPOSITS**

As on 31 March 2013, there were no outstanding public deposits and the overdue unclaimed deposits covering 6 depositors, amounted to Rs. 0.52 lac.

**HUMAN RESOURCE DEVELOPMENT**

The Company considers its human resources as important assets and endeavours to nurture, groom and retain talent to meet the current and future needs of its business. The Company provides a conducive and challenging work environment and opportunities for professional development of its employees through training and development.

**INDUSTRIAL RELATIONS**

*Industrial Relations in the Company has been cordial during* the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company declare that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013.

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts on a 'going concern' basis.

**AUDITORS**

Your Company's Auditors, Deloitte Haskins & Sells , Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**DIRECTORS**

Since the date of the last Directors' Report, Thiru M Jayasankar resigned as Director of the Company. The Board of Directors at their meeting held on 29 May 2013 accepted the resignation of Thiru M Jayasankar and in his place Thiru S Shankar was appointed as an Independent Director in the casual vacancy caused by the resignation. The Board of Directors placed on record the invaluable services rendered by Thiru M Jayasankar during his tenure as Director of the Company.

Thiruvalargal B Narendran and M S Shanmugam, IAS, Directors shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-election. In accordance with Clause 49 of the Listing Agreement, Particulars relating to the appointment of Thiruvalargal Narendran and Shanmugam, IAS seeking re-election at the ensuing Annual General Meeting are furnished in the annexure to the Notice.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the National Stock Exchange of India Limited is presented in a separate section forming part of the Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS21 on Consolidated Financial Statements read with Accounting Standard AS23 on Accounting for investments in associates in Consolidated Financial Statements and AS27 on Financial reporting of interests in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report. Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SFC FZE, Dubai. SPIC Petro is under liquidation as per Order dated 17 April 2009 passed by the Hon'ble Madras High Court. Subsequently, ARCIL took possession of the assets from the Official Liquidator on 4 January 2011. Therefore the financial statements of subsidiary companies, SFCL, Mauritius and SPIC Petro have not been considered for consolidation. However, full provision had already been made in the earlier years. The Consolidated Financial Statements include financial results of other subsidiary companies.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

In terms of Section 217(1)(e) of the Companies Act, 1956, read with Rule-2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, information relating to conservation of energy is set out in the annexure forming part of this Report. There is no information to provide in respect of technology absorption, foreign exchange earnings and outgo and research and development.

**PARTICULARS OF EMPLOYEES**

No employee of the Company was in receipt of remuneration in excess of the amount prescribed by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,1975, as amended.

**COST AUDITOR**

Thiru P R Tantri, Cost Accountant, Bengaluru was appointed as the Cost Auditor of the Company for the financial year 2012-13 pursuant to Section 233B of the Companies Act, 1956 to carry out the audit of your Company's cost records. The Cost Audit report for the year ended 31 March 2012 certified by Thiru P R Tantri was filed on 31 January 2013 with the Ministry of Corporate Affairs.

**ACKNOWLEDGEMENT**

Your Company is grateful for the co-operation and continued support extended by the Department of Fertilizers, Ministry of Chemicals and Fertilizers, Ministry of Petroleum and Natural Gas, Ministry of Agriculture, Ministry of Corporate Affairs and other departments of the Central Government, the Government of Tamilnadu, other State Governments, Tamilnadu Industrial Development Corporation Limited, Tamilnadu Electricity Board, ARCIL, Financial Institutions and Banks. The Directors appreciate the dedicated and sincere services rendered by all employees of your Company.

For and on behalf of the Board of Directors

*Place : Chennai* **_ASHWIN C MUTHIAH_**

Date : 29 May 2013 **Chairman**

# ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, for the year ended 31 March 2013.

**Conservation of energy**

An Energy Audit group, consisting of senior executives and certified energy auditors, is focusing on various energy saving measures. This group identifies potential areas for improvement, scans the environment for innovative and reliable solutions and consider proposals for implementation. Efforts are continuously being taken to reduce the energy consumption of the plants.

Energy conservation measures implemented during the year:

- Condensing type steam drives in the reformer has been modified with back pressure type turbine. Along with, steam driven fan and boiler feed water pump at the boiler section was replaced with motor, resulted in an overall Steam savings of 14 MTPH.
- Performance of all pumps and compressors were studied. Various energy saving technologies like provision of VFD, speed reduction, Impeller trimming and smoothening the fluid passage with special coatings were implemented.

**FORM A (See Rule 2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

| | | | Current Year 2012-2013 | Previous Year 2011-2012 |
|---|---|---|---|---|
| A. | **Power and Fuel Consumption** | | | |
| 1 | **Electricity** | | | |
| | a) Purchased | | | |
| | Unit | MWH | 52958.563 | 81774.182 |
| | Total Amount | Rs. in lacs | 3540.05 | 4138.30 |
| | Rate per Unit | Rs/KWH | 6.69 | 5.06 |
| | b) Own Generation | | | |
| | i) through Diesel Generator | | | |
| | Unit | MWH | 94.07 | 1041.1 |
| | Unit per litre of Diesel oil | KWH/litre | 3.698 | 3.96 |
| | Diesel oil consumed Ltr. | | 25438 | 263033 |
| | Cost per Unit | Rs/KWH | 13.01 | 11.09 |
| | ii) through Steam turbine/ generator | | | |
| | Unit | MWH | 27412.6 | 44504.477 |
| | Cost per Unit | Rs/KWH | 12.73 | 12.17 |
| 2 | **Coal (Specify Quantity & where used)** | | | |
| | Quantity | -- | -- | -- |
| | Total cost | -- | -- | -- |
| | Average Rate | -- | -- | -- |
| 3 | **Furnace oil/LSHS** | | | |
| | Quantity | MT in lacs | 1.136 | 1.41 |
| | Total cost | Rs in lacs | 55014.65 | 63142.39 |
| | Average Rate | Rs per MT | 48413.60 | 44790 |

| | | | Current Year 2012-2013 | Previous Year 2011-2012 |
|---|---|---|---|---|
| **B.** | **Consumption per MT of Production (Energy intensive products only)** | | | |
| **Ammonia** | Production | MT | 277320 | 357291 |
| | Electricity | KWH | 51.22 | 41 |
| | Fuel oil | MT | 0.274 | 0.257 |
| **Urea** | Production | MT | 481820 | 620407 |
| | Electricity | KWH | 115.60 | 111 |
| | Fuel oil | MT | 0.063 | 0.06 |
| **DAP** | Production | MT | -- | 106521 |
| | Electricity | KWH | -- | 33.4 |
| | Fuel oil | MT | -- | 0.001 |
| **Complex fertiliser** | Production | MT | -- | 124377 |
| | Electricity | KWH | -- | 44 |
| | Fuel oil | MT | -- | 0.008 |
| **Penicillin-G** | Production | MMU | -- | -- |
| | Electricity | KWH | -- | -- |
| | Fuel oil | MT | -- | -- |

**FORM B (See Rule 2)**

Nil

# CORPORATE GOVERNANCE REPORT (2012-13)

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As a responsible corporate citizen, your Company is conscious that a business run on principles of fairness, transparency and accountability goes a long way in fostering a healthy relationship amongst all stakeholders. In its abiding commitment to adopt and follow the best practices of governance, your Company has been proactive to the changes introduced by SEBI for promoting a responsive and responsible business culture through the Corporate Governance Code. Your Company endeavours to constantly upgrade the management practices for ideal corporate governance.

## 2. BOARD OF DIRECTORS

On 31 March 2013, the Board of Directors of the Company had 7 (seven) Members. During the financial year 2012-13 viz., from 1 April 2012 to 31 March 2013, 8 (eight) Board meetings were held on 30 May 2012, 31 July 2012, 27 August 2012, 29 October 2012, 12 December 2012, 16 January 2013, 13 February 2013 and 21 March 2013.

| Name of the Director, designation and category | Attendance at Board Meetings | Attendance at previous AGM on 26 Sept 2012 | No. of other Directorship(s) (*) | No. of membership in Board/Committees in other companies (**) | |
|---|---|---|---|---|---|
| | | | | As Chairman | As Member |
| Ashwin C Muthiah<br>Chairman<br>Non-Executive Promoter Nominee | 6 | Yes | 4(3) | - | 1 |
| M S Shanmugam, IAS<br>TIDCO Nominee<br>Non-Executive Independent | - | No | 7 (1) | - | - |
| T K Arun<br>TIDCO Nominee<br>Non-Executive Independent | 7 | No | 11(1) | - | 7 |
| B Elangovan<br>TIDCO Nominee<br>Non-Executive Independent | 2 | Yes | 6 | - | 2 |
| M Jayasankar<br>Non-Executive Independent | 7 | Yes | 2 | 1 | 1 |
| B Narendran<br>Non-Executive Independent | 8 | Yes | 2 | 3 | - |
| K K Rajagopalan<br>Whoie-Time Director<br>Professional | 8 | Yes | 2 | 1 | 1 |
| Thirumathi Neeta Mukerji<br>Asset Reconstruction Company (India) Ltd Nominee<br>Non-Executive Independent<br>(up to 30 April 2012) | - | No | 2 | - | 1 |

(*) includes directorships held in public limited companies only. Directorships held in private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956 are excluded.

(**) includes only positions held in Audit Committee and Shareholders' / Investors' Grievance Committee.

Figures mentioned in brackets indicate the number of companies in which the Director is Chairman.

None of the Directors of the Company is the Chairman of more than five Board-Committees or Member of more than ten Board-Committees.

TIDCO is a Public Financial Institution under Section 4A of the Companies Act 1956 and the nominees are also considered Independent.

## 3. COMMITTEES OF THE BOARD

### (a) AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors primarily oversees the Company's financial reporting process and disclosure of its financial information to ensure the correctness and adequacy. The Committee provides reassurance to the Board on the existence of effective internal control systems.

**TERMS OF REFERENCE**

- To oversee the Company's financial reporting process;
- To recommend the appointment and removal of external auditors/fixation of their fees;
- To review the adequacy of the internal control systems;
- To review with the Management, the quarterly, half-yearly and annual financial statements before submission to the Board of Directors;
- To review the adequacy of the internal audit function, reporting structure coverage and frequency of internal audit;
- To review the findings of any internal investigations by the internal auditors and report the matter to the Board of Directors;
- To review the Company's financial and risk management policies; and
- To discuss with the Statutory Auditors periodically about the nature and scope of audit.

**COMPOSITION**

The Audit Committee comprises of 3 (Three) Members, all being Non-Executive Independent Directors, having sound financial management expertise. During the year, 4 (four) meetings were held on 30 May 2012, 31 July 2012, 29 October 2012 and 13 February 2013. The Statutory Auditors, Internal Auditor, Chief Financial Officer and the Chairman of the Board are invited to participate in the meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee.

| Name of the Director | Designation | No. of meetings attended | Category |
|---|---|---|---|
| M Jayasankar | Chairman | 4 | Non-Executive Independent |
| B Narendran | Member | 4 | Non-Executive Independent |
| T K Arun | Member | 3 | Non-Executive Independent |

### (b) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

**TERMS OF REFERENCE**

- To monitor the work relating to transfer, transmission, dematerialization, rematerialisation, sub-division / consolidation of shares;
- To issue duplicate share certificates; and
- To ensure that all the investors' grievances and complaints are redressed expeditiously to strengthen the investors' relations.

**COMPOSITION**

Thiru M Jayasankar, a Non-Executive Independent Director is the Chairman of the Committee. During the year 9 (nine) meetings were held on 27 April 2012, 17 July 2012, 21 September 2012, 11 October 2012, 9 November 2012, 10 January 2013, 21 February 2013, 7 March 2013 and 13 March 2013.

| Name of the Director | Designation | No. of meetings attended | Category |
|---|---|---|---|
| M Jayasankar | Chairman | 9 | Non-Executive Independent |
| B Narendran | Member | 9 | Non-Executive Independent |
| T K Arun | Member | 8 | Non-Executive Independent |

Investors' complaints received were redressed to the satisfaction of the Investors and SEBI. There were no share transfers pending registration as on 31 March 2013.

Thiru M B Ganesh, Secretary, is the Compliance Officer of the Company.

### (c) REMUNERATION COMMITTEE

Remuneration to Whole-time Director is fixed by the Board of Directors, based on the recommendations of the Remuneration Committee. The remuneration of Whole-time Director is recommended, taking into consideration his qualifications, experience and the prevailing remuneration trends in the industry. The Committee is headed by Thiru M Jayasankar, a Non-Executive Independent Director. There was no requirement for a meeting during the year 2012-13.

| Name of the Director | Designation | No. of meetings Attended | Category |
|---|---|---|---|
| M Jayasankar | Chairman | NIL | Non-Executive Independent |
| Ashwin C Muthiah | Member | NIL | Non-Executive Promoter Nominee |
| B Narendran | Member | NIL | Non-Executive Independent |
| T K Arun | Member | NIL | Non-Executive Independent |

**DIRECTORS' REMUNERATION DURING 2012-13**

| Name of the Director | Salary & Perquisites (*) (Rs.) | Special Allowance Paid/ Payable (Rs.) | Sitting Fees (Rs.) |
|---|---|---|---|
| Ashwin C Muthiah | - | - | 60,000 |
| M S Shanmugam (**) | - | - | NIL |
| T K Arun (**) | - | - | 1,80,000 |
| B Elangovan (**) | - | - | 20,000 |
| M Jayasankar | - | - | 2,00,000 |
| B Narendran | - | - | 2,10,000 |
| Thirumathi Neeta Mukerji (**) | - | - | NIL |
| K K Rajagopalan | 35,00,663 | - | - |

(*) includes Company's contribution to provident/superannuation fund, gratuity and leave encashment.

(**) Paid to the respective financial institution which the Directors represent as Nominees.

The components of remuneration of Thiru K K Rajagopalan as indicated above are fixed. There is no performance-linked incentive. The Company does not have a scheme for grant of stock options either to the Directors or to its employees. The Non-Executive Directors are paid sitting fees and out-of-pocket expenses for attending meetings of the Board/Board Committees.

### 4. CODE OF CONDUCT

The Code of Conduct applicable to all Board Members and Senior Management Personnel of the Company is a comprehensive code laying down its standards of business conduct, ethics and governance and the compliance of the same has been affirmed by them annually.

### 5. RECONCILIATION OF SHARE CAPITAL AUDIT

The Company has obtained a certificate from a qualified Practising Company Secretary reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital.

### 6. ANNUAL GENERAL MEETINGS

**DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS:**

| Year | Date | Time | Venue |
|---|---|---|---|
| 2010 | 21 September 2010 | 2.45 P.M. | Rajah Annamalai Hall, Chennai 600 108 |
| 2011 | 16 November 2011 | 2.30 P.M | - do - |
| 2012 | 26 September 2012 | 10.00 A.M | - do - |

The following special resolutions were passed in the previous three Annual General Meetings:

| | |
|---|---|
| 21 September 2010 | Issue and allotment of equity shares, on preferential basis to the secured lenders of the Company, by way of conversion of the Company's secured debt into equity. |
| 16 November 2011 | Issue and allotment of equity shares, on preferential basis to a secured lender of the Company by way of conversion of the Company's secured debt into equity. |
| 26 September 2012 | Appointment and payment of remuneration to Thiru K K Rajagopalan, as the Whole-time Director of the Company for a period of 2 years from 16 November 2011 to 15 November 2013;<br>Issue and allotment of 1,49,10,700 Convertible Warrants on preferential basis to AMI Holdings Private Limited, a company belonging to Promoter group.<br>Issue and allotment of 2,23,66,000 Convertible Warrants on preferential basis to AMI Holdings Private Limited, a company belong to Promoter group;<br>Issue and allotment of 72,631 equity shares on preferential basis to United India Insurance Company Limited, one of the secured lenders of the Company, by way of conversion of the Company's secured debt into equity. |

No resolution was passed through postal ballot during 2012-13.

## 7. DISCLOSURES

(a) During the financial year 2012-13 there was no materially significant related party transaction i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the Company at large,

(b) There is no instance of non-compliance by the Company or penalties/strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

(c) There was no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company during the financial year 2012-13.

(d) The Company has over the years followed an 'open door' management style, which provides personnel at all levels access to the top management to share their views and concerns.

(e) The Company has complied with all the mandatory requirements of Clause 49.

(f) Equity Shares of the Company held by Non-Executive Directors as on 31 March 2013:

Thiru Ashwin C Muthiah: 45; Thiru M Jayasankar: 650.

## 8. MEANS OF COMMUNICATION

The Financial Results of the Company are forwarded to the National Stock Exchange of India Limited immediately upon approval by the Board of Directors and are published in a leading newspaper in English language and Tamil (regional language). The Financial Results and official press releases are posted on the Company's website www.spic.in. In accordance with Listing Agreement requirements, data pertaining to shareholding pattern, quarterly financial results and other details are forwarded to the Stock Exchange.

## 9. GENERAL SHAREHOLDERS' INFORMATION

**(a) DATE, TIME AND VENUE OF ANNUAL GENERAL MEETING** : Monday, 2 September 2013 at 3.00 PM at Rajah Annamalai Hall, Chennai 600 108

**(b) DATES OF BOOK CLOSURE** : Monday, 19 August 2013 to Monday 2 September 2013 (both days inclusive).

**(c) DIVIDEND DECLARED** : NIL

**(d) LISTING ON STOCK EXCHANGES**

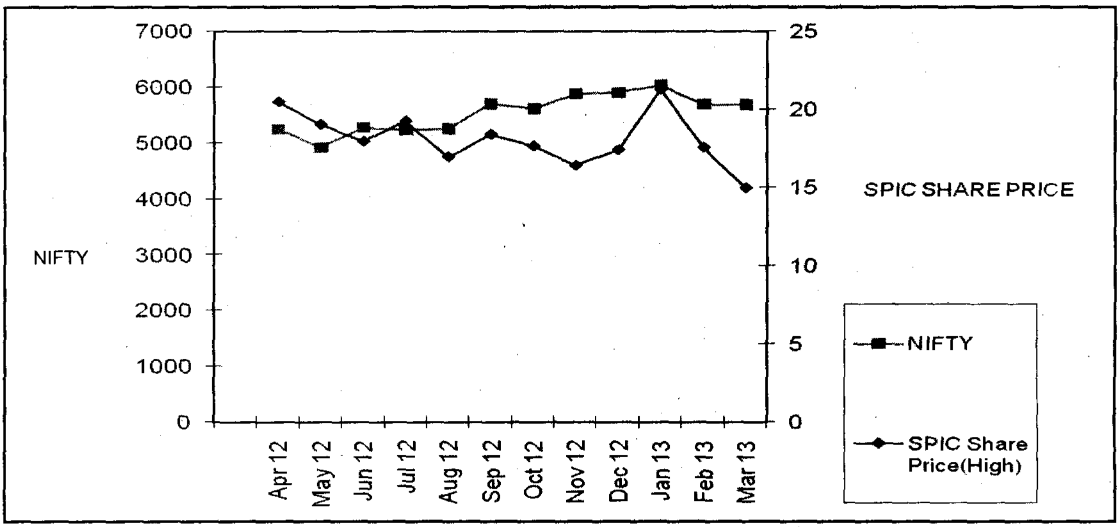
The equity shares of the Company are listed on the National Stock Exchange of India Ltd, Mumbai 400 051 [NSE] [Stock Symbol/Code: SPIC]. The Global Depository Receipts (GDRs) of the Company are listed at Societe de la Bourse de Luxembourg, Luxembourg. The Company paid the listing fees for the financial year 2012-13 to NSE and Luxembourg Exchange.

Demat International Securities Identification Number (ISIN) for equity shares is INE147A01011 [with National Securities Depository Ltd, and Central Depository Services (India) Ltd].

**(e) MARKET/SHARE PRICE DATA (In Rs.)**

| Month | Apr' 12 | May'12 | Jun'12 | July' 12 | Aug' 12 | Sep' 12 | Oct' 12 | Nov' 12 | Dec' 12 | Jan' 13 | Feb' 13 | Mar' 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High | 20.50 | 19.05 | 17.95 | 19.25 | 16.95 | 18.40 | 17.65 | 16.40 | 17.40 | 21.30 | 17.55 | 14.95 |
| Low | 17.50 | 15.80 | 15.20 | 15.45 | 12.40 | 13.00 | 14.70 | 14.15 | 15.05 | 15.25 | 13.85 | 12.40 |

**(f) PERFORMANCE OF SPIC'S EQUITY SHARES VIS-À-VIS THE NSE NIFTY INDEX**




**(g) SHARE TRANSFER SYSTEM**

The Shareholders' / Investors' Grievance Committee approve, inter alia, transfer of shares, transmission of shares etc., in physical form and also ratify the confirmations made to the demat requests and redress complaints from shareholders and investors received by the Company. During the year, 9 (nine) meetings were held. The entire process including dispatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

**(i) DISTRIBUTION OF SHAREHOLDING AS OF 31 MARCH 2013**

| Sl. No | Range | No. of Shares held | % to paid up Capital | No. of Members | % to total Members |
|---|---|---|---|---|---|
| 1 | Up to 500 | 9124565 | 4.48 | 59425 | 81.61 |
| 2 | 501 - 1000 | 5467249 | 2.68 | 6496 | 8.92 |
| 3 | 1001 - 2000 | 5170684 | 2.54 | 3288 | 4.52 |
| 4 | 2001 - 3000 | 2776759 | 1.36 | 1056 | 1.45 |
| 5 | 3001 - 4000 | 1886131 | 0.93 | 511 | 0.70 |
| 6 | 4001 - 5000 | 2706610 | 1.33 | 561 | 0.77 |
| 7 | 5001 - 10000 | 5271861 | 2.59 | 727 | 1.00 |
| 8 | 10001 and above | 171236477 | 84.09 | 752 | 1.03 |
| | **Total** | **203640336** | **100.00** | **72816** | **100.00** |

(ii) **SHAREHOLDING PATTERN AS OF 31 MARCH 2013**

| Particulars | No. of Equity shares held | % to paid-up Capital |
|---|---|---|
| PROMOTERS: | | |
| (a) TIDCO | 8840000 | 4.34 |
| (b) Dr M A Chidambaram Group | 96331548 | 47.31 |
| Financial Institutions & Nationalised Banks | 5486723 | 2.69 |
| The Bank of New York Mellon (as depository for Global Depository Receipts) | 17066800 | 8.38 |
| Foreign Institutional Investors | 799563 | 0.39 |
| Non-Resident Individuals | 1616628 | 0.80 |
| Foreign Companies | 39800 | 0.02 |
| Mutual Funds | 181674 | 0.09 |
| Public & Others | 73277600 | 35.98 |
| **Total** | **203640336** | **100.00** |

### (h) OUTSTANDING GDRs/ADRs

The equity shares of the underlying GDRs are held by The Bank of New York, Mellon, as depository for the GDRs, as shown in the shareholding pattern. The Company has not issued ADRs.

### (I) DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's equity shares are in the compulsory demat segment and are available for trading in the depository systems of National Securities Depository Limited and Central Depository Services (India) Limited. 16,18,17,394 equity shares, constituting 79.46 per cent of the paid-up equity capital of the Company, stood dematerialized as on 31 March 2013. The Company's equity shares are regularly traded on the National Stock Exchange of India Limited in the compulsory demat form.

### (j) NOMINATION OF PHYSICAL SHARES

Members holding shares in physical form are requested to nominate a person to whom the shares in the Company shall vest in the event of death. Nomination forms can be downloaded from the Company's website- www.spic.in under the Section 'For investors' or on request, will be sent to the Members.

### (k) UNCLAIMED SUSPENSE ACCOUNT

As on 27 December 2010, 2,06,122 equity shares of 2,315 shareholders were lying unclaimed with the Company. In compliance with legal provisions, the Company has sent 3 reminders, i.e., on 21 January 2011, 21 March 2011 and 1 June 2011. Till date 430 shareholders have claimed their shares and 211 shareholders have reported loss of original allotment letter. The Company is in the process of despatching Indemnity Bonds to those shareholders who have reported loss of allotment letters. The Company will dematerialize the unclaimed shares and keep it in 'Unclaimed Shares Account'. The voting rights on these shares shall remain frozen till the rightful owners claim the shares.

### (I) PLANT LOCATION

| | | |
|---|---|---|
| Fertilizer Division | : | SPIC Nagar, Tuticorin 628 005 |

### (m) FINANCIAL CALENDAR (TENTATIVE)

| | | |
|---|---|---|
| Financial year | : | 1 April to 31 March |
| First quarter results | : | July/August |
| Half-yearly results | : | October/November |
| Third quarter results | : | January/February |
| Annual results | : | April / May 2014 |
| 43rd Annual General Meeting | : | September 2014 |

**(n) ADDRESS FOR CORRESPONDENCE**

i) **REGISTRAR AND TRANSFER AGENTS**
Cameo Corporate Services Ltd.
"Subramanian Building" 1 Club House Road , Chennai – 600 002.
Tel: 044-28460390 / 28460718; Fax : 044–28460129;
E-mail : investor@cameoindia.com

ii) **SECRETARIAL DEPARTMENT**
Southern Petrochemical Industries Corporation Ltd.
SPIC House, 88 Mount Road, Guindy, Chennai 600 032
Phone No.044-22350245; Fax No.044-22350703/22352163
E-mail: (a) General: sectrl.dep@spic.co.in
(b) Investor complaints/grievance redressal: shares.dep@spic.co.in

**10. Non-Mandatory Requirements**

The Company has adopted non-mandatory requirement relating to setting up of a Remuneration Committee. The Board may consider adoption of the other non-mandatory requirements, when considered appropriate.

**DECLARATION ON CODE OF CONDUCT**

To the Members of Southern Petrochemical Industries Corporation Limited

Pursuant to Clause 49 D of the Listing Agreement with the Stock Exchange, this is to certify that all Members of the Board and designated Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, for the year ended 31 March 2013.

For Southern Petrochemical
Industries Corporation Limited

Place : Chennai
Date : 29 May 2013

K K RAJAGOPALAN
Whole-time Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of Southern Petrochemical Industries Corporation Limited**

We have examined the compliance of conditions of Corporate Governance by Southern Petrochemical Industries Corporation Limited (the "Company"), for the year ended on 31 March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration 008072S)

BHAVANI BALASUBRAMANAIAN
Partner
Membership No.22156

Place : Chennai
Date : 29 May 2013

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2012-13

India's overall foodgrain production in the 2012-13 crop marketing year ending in June 2013 is expected to be around 250 million tonnes, nine million tonnes less than previous year's record output of almost 259 million tonnes because of an uneven southwest monsoon in most parts of the country. Greater participation by the private sector in Indian agriculture is evidenced through infusion of new technologies such as hybrid seed, crop and soil specific customised fertilizers, bio fertilizers and drip irrigation, combined with water soluble fertilizers.

**Fertilizer Industry Scenario**

India is the second largest consumer of Urea in the world next to China; however, the average intensity of usage is much lower than most countries. Plants that provide food, fibre, fuel, housing and a host of other benefits to humanity need fertilizers. Forecasts estimate the world's population at nine billion by about 2050. Without fertilizer to boost crop production in the areas already cultivated, we would need to put additional land into production to keep people fed and healthy.

Due to lower unit price of Urea for the farmer, the demand for Urea was higher. This has led to shortage of indigenous Urea forcing the Government to resort to imports. To address the gap between demand and supply situation on a longer perspective, new policy guidelines have been issued by the Government for capacity expansions for brown and Greenfield projects. Cost of production of Fertilizers is high at the plant, owing to higher cost of inputs like naphtha and furnace oil vis-à-vis NG. Though India witnessed a rise in fertilizer consumption over a period of time, domestic production of Urea at 22 million tonnes is about 7 million tonnes short of the actual demand and therefore had to be bridged through imports. The proposed Urea investment policy aims to provide incentives for domestic capacity additions.

Values in MT

| | Year | |
|---|---|---|
| | 2011-12 | 2012-13 |
| Consumption | 29.57 | 30.04 |
| Production | 21.99 | 22.58 |
| Import | 7.83 | 8.04 |

Note : Import numbers are based on actual purchase.

**Challenges:**

Naphtha based units (like SPIC) have been given time till March 2014 for switching over to Natural Gas and the policy is still under review. In respect of the Company's plan to convert from Naphtha as feed stock to gas, in line with the mandate from Department of Fertilizers basic engineering work has been completed and detailed engineering is nearing completion. Orders for all long delivery items have been placed and civil foundation work has also commenced. The Company will be completing the entire conversion project by March 2014.

The Company is in a vantage location closer to a large potential gas field and after the laying of the pipeline, the Company will have considerable share of domestic gas to bring down the cost of production substantially. ONGC has informed that 0.6 MMSCMD of natural gas could be allocated from Ramnad gas field and the firm letter on allocation of gas from Ministry of Petroleum and Natural Gas is awaited.

**Company's performance:**

During the year, the Company's Urea Plant achieved a production of 4.82 lac MT as against 6.2 lac MT in the previous year. The Company's Urea Plant being part of the 1992 Naphtha group is an energy efficient unit amongst the Naphtha based plants of same vintage. The Company's strong brand image and its loyal dealer network have helped to regain the market leadership after a gap of three and a half years (2007 to 2010), during which period there was no production. The Company achieved a turnover of Rs.2042 crore as against Rs.3308 crore in the previous year.

**Fertilizer Policy:**

The existing New Pricing Scheme (NPS III) policy for Urea, which was implemented to be effective between October 2006 and March 2010, continues to be in vogue. The Government is contemplating to implement Modified NPS (III) policy providing for an increase in Fixed Cost reimbursement to neutralize the escalation in various costs and also other levies like service tax which was imposed after 2003 on all Urea producers. The policy also envisages incorporation of a provision for increasing the fixed cost on an annual basis linked to appropriate index. There is also a proposal to increase the selling price of Urea by 10% in the first year of the policy and for gradual increase in the selling price thereafter, to reduce the subsidy burden of the Government of India. The GoI has announced New investment Policy for Urea sector, which will assure Return on Equity (RoE) of 12% on the new investment at the floor price and the ceiling price at a RoE of 20%. On the above basis for Greenfield /Revival of closed units at a delivered gas price of up to USD 6.5 per mmbtu the Floor price is fixed at USD 310 per MT of Urea and the Ceiling price at USD 340 per MT of Urea. For each 0.1 USD per mmbtu revision in delivered gas price, correspondingly the Floor and Ceiling price will vary by USD 2 per MT up to a delivered gas price of USD 14 per mmbtu. In the event of delivered gas price exceeding USD 14 per mmbtu, the floor price to go up by USD 20 per MT of Urea for each dollar increase in the gas price. As per the above policy more than 10 units have submitted their proposals to increase the capacity. However the cost of production of Urea from these new Urea plants are expected to be substantially higher than the imported Urea at the current price of natural gas in the country. GoI has also announced direct disbursement of subsidy to the farmers instead of through industry, which should also improve the competitiveness amongst the industries to supply value added product to the farmers.

Fertilizer Industry in India is going through a transition phase of migrating from price control regime to market driven pricing mechanism (Nutrient Based Subsidy – NBS Scheme).

**Internal Control Systems and their adequacy :**

The Company has appropriate internal control systems to effectively monitor safety and security of its assets, reliability of financial transactions, adherence to applicable statues, accounting policies, approval procedures and to maximise the utilization of resources. The systems are periodically reviewed and upgraded under the overall supervision and superintendence of Audit Committee. Key audit observations along with recommendations and its implementation are reviewed by the Audit Committee and perused by the Board.

**Risk Management**

The risk management frame work comprises risk assessment, evaluation and mitigation measures. The potential risks in operational, strategic and financial areas and its impact are assessed continuously. Guidelines are framed for carrying out risk analysis regularly and reporting to Audit Committee, which provides strategic direction on important issues to the Executive Management.

**Segment-wise Financial Performance 2012-13** **(Rs. In lac)**

| Particulars | Urea Operations | Others | Total |
|---|---|---|---|
| Segment Revenue | 205655.28 | 2055.80 | 207711.08 |
| Unallocated income | | | 1440.70 |
| Segment results | 2956.50 | (679.23) | 2277.27 |
| Unallocable expenditure net of unallocable income | | | (112635.94) |
| Profit before interest and tax | | | 114913.21 |
| Finance cost | | | 4400.27 |
| Profit before taxation | | | 110512.94 |
| Tax relating to earlier years | | | - |
| Profit/(Loss) after taxation | | | 110512.94 |
| Capital employed | 20967.04 | 459.02 | 21426.06 |
| Capital employed (unallocated) | | | (7614.07) |

**Financial Performance** **(Rs. in Lac)**

| | 2012-13 | 2011-12 | Increase/(Decrease) |
|---|---|---|---|
| Turnover | 209152 | 332270 | (123118) |
| EBIDTA | 3484 | 13280 | (9796) |
| Less : Interest, Depreciation, Exceptional items & Tax | (107029) | 13911 | (120940) |
| Net Profit/(Loss) | 110513 | (631) | 111144 |

**Corporate Social Responsibility**

The Company implements several initiatives to benefit various sections of the population, but with the essential focus on the welfare of farmers. These initiatives include extension services for farmers, support to primary and vocational education, improvement of school infrastructure, rural health and support to various organisations dedicated to general social improvement.

(1) **Extension Services** – SPIC's extension services for farmers include soil testing at no cost to the farmers along with a free recommendation for the optimum use of various agri inputs, suggestions on crop patterns and crop combinations and water analysis carried out through the Company's mobile testing laboratory.

During the year, soil health cards with complete history of the soil profile of each identified plot were issued to 6262 numbers of farmers.

(2) **Training to farmers** is continued to be provided on modern farm practices, techniques of allied agricultural activities and income generation and improvement methods. The Company continues to publish its popular bi-monthly farm journal, Pannai Cheidhi Malar for the benefit of farmers. The journal contains engaging articles and information on the relevant and latest technologies and practices in agriculture. The readership of the journal is in excess of 1,00,000.

(3) **Education** – The Company for long has sponsored many programmes in schools aimed at reducing the dropout rate at the primary level. The Company also supports vocational training institutes and has created a sizeable pool of vocational talent and improves the employability of school passing students through the programmes.

The Company associates with its service clubs (Lions & Rotary International) to organise several health camps throughout the year addressing general health, ocular health, diabetes and pulse polio immunisation. A mobile health unit manned by qualified doctors and paramedical staff is deployed in and around Tuticorin to support the health initiatives at orphanages and old age homes in areas like the Cheshire Home and organisations that support the differently abled like the Spastics Society.

Students of both the SPIC Nagar High School and other schools in the area are encouraged to participate in various sports events by having these conducted at SPIC Nagar at the regional, state and national levels.

**Cautionary Statement**

This Report is based on the information available to the Company in its business and assumptions based on the experience in regard to domestic and global economic conditions and Government and regulatory policies. The performance of the Company is dependant on these factors. It may be materially influenced by macro environment changes, which may be beyond the Company's control, affecting the views expressed or perceived in this Report.

# INDEPENDENT AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

The accompanying abridged financial statements, which comprise the abridged Balance Sheet as at 31 March 2013, the abridged Statement of Profit and Loss and the abridged Cash Flow Statement for the year then ended and related Notes, are derived from the audited financial statements of Southern Petrochemical Industries Corporation Limited ("the Company") for the year ended 31 March 2013. We expressed an unmodified opinion on those financial statements in our report dated 29 May 2013.

The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") applied in the preparation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

**Management's Responsibility for the Abridged Financial Statements**

Management is responsible for the preparation of the abridged financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended), based on the audited financial statements of the Company for the year ended 31 March 2013 prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Act and accounting principles generally accepted in India.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the abridged financial statements based on our procedures conducted in accordance with Standard on Auditing (SA)810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

**Opinion**

In our opinion, the abridged financial statements prepared in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended), derived from the audited financial statements of the Company for the year ended 31 March 2013 prepared in accordance with Accounting Standards referred to in Section 211(3C) of the Act and accounting principles generally accepted in India, are a fair summary of those financial statements.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration Number:008072S)

**Bhavani Balasubramanian**
Partner
(Membership Number 22156)

Place: Chennai
Date: 29 May 2013

# ABRIDGED BALANCE SHEET AS AT 31 MARCH 2013

**(Statement containing the salient features of Balance Sheet as per section 219(1)(b)(iv) of the Companies Act, 1956)**

(Rupees in lac)

| S. No | Particulars | As at 31 March 2013 | | As at 31 March 2012 | |
|---|---|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Shareholders' funds** | | | | |
| | (a) Share capital | | | | |
| | (i) Equity (Refer Note 4) | 20364.03 | | 16627.84 | |
| | (ii) Preference | 1250.00 | | 1250.00 | |
| | | | 21614.03 | | 17877.84 |
| | (b) Reserves and surplus | | | | |
| | (i) Capital Reserve | 97.24 | | 97.24 | |
| | (ii) Capital Redemption Reserve | 6500.00 | | 6500.00 | |
| | (iii) Securities Premium Account | 21047.71 | | 18244.28 | |
| | (iv) Debenture Redemption Reserve | 3800.00 | | 3800.00 | |
| | (v) Statutory Reserve | 41.33 | | 41.33 | |
| | (vi) Surplus / (Deficit) in Statement of Profit and Loss | (39288.32) | | (149801.26) | |
| | | | (7802.04) | | (121118.41) |
| 2 | **Non-current liabilities** | | | | |
| | (a) Long-term borrowings (Refer Note 5) | 15401.49 | | 90298.20 | |
| | (b) Other long-term liabilities | 10633.33 | | 2153.96 | |
| | (c) Long-term provisions | 261.66 | | 313.69 | |
| | | | 26296.48 | | 92765.85 |
| 3 | **Current liabilities** | | | | |
| | (a) Trade payables | 18135.42 | | 27069.18 | |
| | (b) Other current liabilities | 10964.80 | | 62336.16 | |
| | (c) Short-term provisions | 671.34 | | 1179.80 | |
| | | | 29771.56 | | 90585.14 |
| | **TOTAL** | | 69880.03 | | 80110.42 |
| B | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| | (a) Fixed assets | | | | |
| | (i) Tangible assets (Original cost less depreciation) | 41213.48 | | 44761.36 | |
| | (ii) Capital work-in-progress | 355.89 | | 122.77 | |
| | | 41569.37 | | 44884.13 | |
| | (b) Non-current investments (Refer Note 6) | | | | |
| | Quoted | 3873.93 | | 4240.45 | |
| | (Market value Rs. 3651.08 lac (previous year Rs. 5054 lac)) | | | | |
| | Unquoted | 948.00 | | 41.92 | |
| | (c) Long-term loans and advances | 3517.86 | | 3774.53 | |
| | | | 49909.16 | | 52941.03 |
| 2 | **Current assets** | | | | |
| | (a) Inventories | 5542.33 | | 8734.24 | |
| | (b) Trade receivables | 1313.90 | | 1099.08 | |
| | (c) Cash and cash equivalents (Refer Note 7) | 3910.00 | | 1409.79 | |
| | (d) Short-term loans and advances | 9195.64 | | 15895.82 | |
| | (e) Other current assets | 9.00 | | 30.46 | |
| | | | 19970.87 | | 27169.39 |
| | **TOTAL** | | 69880.03 | | 80110.42 |
| | **See accompanying notes forming part of the financial statements** | | | | |

For and on behalf of the Board of Directors

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

# ABRIDGED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

**(Statement containing the salient features of Statement of Profit and Loss as per section 219(1)(b)(iv) of the Companies Act, 1956)**

(Rupees in lac)

| S.No | Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|---|
| A | **CONTINUING OPERATIONS** | | |
| 1 | Revenue from operations (gross) | **207265.75** | 244239.13 |
| | Less: Excise duty | **328.11** | 379.89 |
| | Revenue from operations (net) (Refer Note 8) | **206937.64** | 243859.24 |
| 2 | Other income | **1543.31** | 1151.30 |
| 3 | **Total revenue (1+2)** | **208480.95** | 245010.54 |
| 4 | **Expenses** | | |
| | (a) Cost of materials consumed | **120587.75** | 138798.97 |
| | (b) Purchases of stock-in-trade | **476.67** | 2088.91 |
| | (c) Changes in inventories of finished goods and work-in-progress | **907.90** | 1279.38 |
| | (d) Employee benefits expense | **3801.76** | 3967.65 |
| | (e) Power and fuel | **58873.87** | 65765.43 |
| | (f) Finance costs | **4400.27** | 7988.44 |
| | (g) Depreciation and amortisation expense | **4319.37** | 4446.49 |
| | (h) Other expenses | **20011.13** | 23165.16 |
| | **Total expenses** | **213378.72** | 247500.43 |
| 5 | **Loss before exceptional items and tax (3-4)** | **(4897.77)** | (2489.89) |
| 6 | Exceptional items (Refer Note 5 (b)) | **115775.00** | 2401.47 |
| 7 | **Profit / (Loss) before tax (5 + 6)** | **110877.23** | (88.42) |
| 8 | **Tax expense** | | |
| | Current tax relating to prior years | **-** | 2592.46 |
| 9 | **Profit / (Loss) from Continuing Operations after Tax (7-8)** | **110877.23** | (2680.88) |
| B | **DISCONTINUING OPERATIONS** (Refer Note 9) | | |
| 10.i | (Loss) / Profit from Discontinuing Operations Before Tax and Exceptional items | **(265.61)** | 1624.68 |
| 10.ii | Exceptional items | **-** | (663.82) |
| 10.iii | (Loss) / Profit from Discontinuing Operations Before Tax (10.i+10.ii) | **(265.61)** | 960.86 |
| 10.iv | **(Loss) / Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations (Net)** | **(98.68)** | 1089.23 |
| 10.v | **Tax expense of Discontinuing Operations** | **-** | - |
| 11 | (Loss) / Profit from Discontinuing Operations After Tax (10.iii+10.iv-10.v) | **(364.29)** | 2050.09 |
| 12 | **Profit / (Loss) after Tax (9+11)** | **110512.94** | (630.79) |
| 13 | **Earnings per share of Rs. 10 each before and after extraordinary items** (Refer Note 16) | | |
| | (a) Basic | | |
| | (i) Continuing Operations | **65.30** | (1.72) |
| | (ii) Total Operations | **65.09** | (0.49) |
| | (b) Diluted | | |
| | (i) Continuing Operations | **65.30** | (1.72) |
| | (ii) Total Operations | **65.09** | (0.49) |
| | **See accompanying notes forming part of the financial statements** | | |

For and on behalf of the Board of Directors

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

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## ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(Rupees in lac)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| Cash flow from Operating Activities | **9788.07** | 4337.17 |
| Cash flow (used in) / from Investing Activities | **(659.78)** | 40037.58 |
| Cash flow used in Financing Activities | **(6663.96)** | (47532.01) |
| Net Increase / (Decrease) in cash and cash equivalents | **2464.33** | (3157.26) |
| Cash and Cash equivalents at the beginning of the year * | **1185.52** | 4704.95 |
| Cash balance relating to Discontinuing Operations | - | 362.17 |
| Cash and Cash equivalents at the end of the year * | **3649.85** | 1185.52 |

* *Excludes Margin Money Deposit with Scheduled Banks* Rs.233.64 lac (Previous Year Rs.223.82 lac) and Escrow account balance of Rs.26.51 lac (Previous Year Rs.0.45 lac).

For and on behalf of the Board of Directors

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

# NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. **Corporate Information**

Southern Petrochemical Industries Corporation Limited (the Company), having its registered office at Chennai is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India. The Company is manufacturing and selling Urea, a Nitrogenous chemical fertilizer and has its manufacturing facility at Tuticorin.

2. **Basis of preparation**

The abridged financial statements have been prepared, on the basis of the complete set of audited standalone financial statements for the year ended March 31 2013, (hereinafter referred to as 'Annual Standalone Financial Statements'), in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

3. **Significant Accounting Policies**

(Refer Note 2 of the Annual Standalone Financial Statements)

4. **Increase in Equity Share Capital**

(Refer Note 3 of the Annual Standalone Financial Statements)

a) 12,631 equity shares of Rs.10 each fully paid up issued to Industrial Investment Bank of India, on preferential basis, at an issue price of Rs 19 per share, which includes a premium of Rs.9 per share by way of conversion of secured debt of Rs 2.40 lac, at the meeting of the Shareholders' / Investor's Grievance Committe held on 27 April 2012.

b) 72,631 equity shares of Rs.10 each fully paid up issued to United India Insurance Company Ltd., on preferential basis, at an issue price of Rs 19 per share, which includes a premium of Rs.9 per share by way of conversion of secured debt of Rs 13.80 lac, at the meeting of the Shareholders' / Investor's Grievance Committe held on 9 November 2012.

c) 3,72,76,700 equity shares of Rs.10 each fully paid up issued to AMI Holdings Pvt Ltd, a company belonging to promoter group, on preferential basis, at an issue price of Rs.17.50 per share, which includes a premium of Rs.7.50 per share by way of conversion of 3,72,76,700 warrants (which were issued during the current financial year), at the meetings of Shareholders' / Investor's Grievance Committe held on 10 January 2013 and 13 March 2013.

5. **Settlement of dues to Creditors**

(Refer Note 5 of the Annual Standalone Financial Statements)

a) As the Corporate Debt Restructuring (CDR) Package dated 19 March 2003 did not yield the desired results, secured lenders who held approximately 85.56% in value, assigned the financial assistance granted by them along with the attendant security interests in favour of Asset Reconstruction Company (India) Limited (ARCIL) under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

ARCIL and other Financial Institutions have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010 and Addendum dated 29 June 2011 to the Term Sheet). As the Company could not meet certain repayment obligations as per the rework package, the Corporate Debt Restructuring Empowered Group (CDREG) vide its letters dated 26 July 2011 and 5 September 2011 approved modifications and revised the rework package, stipulating certain changes in the repayment schedule. The total payment to ARCIL and other secured lenders as per total revised working upto 31 March 2013 amounted to Rs.130007.17 lac (Previous year Rs.126377.17 lac) including a sum of Rs.3630 lac (Previous Year Rs.43822.02 lac) paid during the year. ARCIL and certain other secured lenders have converted upto 31 March 2013 part of the debts amounting to Rs.5761.20 lac (Previous year Rs.5745 lac) into equity as stipulated in the CDR rework package, including Rs.16.20 lac (Previous year Rs. NIL) converted during the year. They have also converted part of the debt amounting to Rs. Nil (Previous year Rs.203.18 lac) into non-convertible debentures, out of which debentures amounting to Rs.145.13 lac (Previous year Rs.29.03 lac) have been redeemed including a sum of Rs.116.10 lac (Previous year Rs.29.03 lac) redeemed during the year.

b) The Company filed a Scheme of Compromise and Arrangement with certain creditors under Section 391 and other relevant provisions of the Companies Act, 1956, before the Hon'ble Madras High Court on 14 December 2011 for settlement of their dues. Pursuant to the directions of the Hon'ble Court, the meeting of the creditors of the Company was held on 24 February 2012 at Chennai. The Scheme was approved by the requisite majority and thereafter sanctioned by the Hon'ble Court vide its Order dated 16 August 2012. The effective date of the Scheme was 28 September 2012, being the date on which the Court Order was filed with the Registrar of Companies, Tamilnadu at Chennai.

As per the Court sanctioned Scheme, the Company offered the following settlement Options to its creditors and the settlements were to be made after the Option expiry date :

Option 1 : 60% of settlement liability payable in 46 quarterly instalments.

Option 2 : 22% of the settlement liability payable within 3 years.

Option 3 : An one time settlement equivalent to 18.15% of the settlement liability payable within 45 days. The creditor shall be entitled to pro-rata payment of an additional 1.5% per annum of the settlement liability calculated in days if the settlement liability is credited to the creditor account after 30 June 2012.

While 23% of the creditors had opted for Option 1, 77% of the creditors opted for Option 3. Based on the Options exercised, the first instalment and the final payment to those creditors who had exercised Option 1 and 3 respectively amounting to Rs.13276.01 lac were paid before the due date for payment (i.e.) 6 January 2013. On account of the above settlements/ payments, the excess liability of Rs.115775 lac including interest has been written back as an Exceptional Item during the year.

The creditor balances other than term loan are reflected under long term liabilities and trade payables based on repayment schedule specified in the scheme.

6 **Investment**

(Refer Note 12 of the Annual Standalone Financial Statements)

The Company had paid a capital advance of Rs.2091.04 lac (Previous year Rs.2091.04 lac) to MCC Finance Limited (now known as Mercantile Ventures Limited) in the earlier years, for purchase of certain immovable properties. Consequent to the withdrawal of the pending litigation before the Hon'ble Madras High Court, full provision was made in the accounts during the 1st quarter of the previous year. MCC Finance Ltd., filed a Scheme of Arrangement with its creditors under section 391 and other relevant provisions of the Companies Act, 1956 before the Hon'ble Madras High Court which was sanctioned by the Hon'ble Court vide its Order dt. 18 October 2012.

As per the sanctioned Scheme and the option exercised by the Company, MCC Finance Ltd., has allotted equity shares for a value of Rs.922 lac (92,20,000 equity shares with a face value of Rs.10 each with a premium of Rs.15/-) to the Company against the outstanding capital advance of Rs.2091.04 lac and the balance of Rs.1169.04 lac was charged off to the Statement of Profit and Loss. Consequently provision of Rs. 922 lac already made has been written back during the year.

7. **Cash and cash equivalents**

(Refer Note 16 of the Annual Standalone Financial Statements)

(Rupees in lac)

| **Particulars** | **As at 31 March 2013** | As at 31 March 2012 |
|---|---|---|
| Cash on hand | **4.22** | 5.34 |
| Cheques, drafts on hand | **0.07** | 500.00 |
| Balances with banks | | |
| - In current accounts | **3644.56** | 559.24 |
| - In EEFC accounts | **1.00** | 0.94 |
| - In deposit accounts | **-** | 120.00 |
| - In earmarked accounts | | |
| - Balances held as margin money or security against borrowings, guarantees and other commitments | **233.64** | 223.82 |
| -Balance in Escrow Account | **26.51** | 0.45 |
| **Total** | **3910.00** | 1409.79 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is | **3649.85** | 1185.52 |

8. **Revenue from Operations**

(Refer Note 19 of the Annual Standalone Financial Statements)

(Rupees in iac)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| Sale of products manufactured | **26454.29** | 36850.73 |
| Sale of products traded | **1370.35** | 908.88 |
| Subsidy Income | **178066.21** | 205462.22 |
| **Sales and Services** | **205890.85** | 243221.83 |
| Other operating revenues | **1374.90** | 1017.30 |
| | **207265.75** | 244239.13 |
| Less: Excise duty | **328.11** | 379.89 |
| **Total** | **206937.64** | 243859.24 |

9 **Discontinuing Operations**

(Refer Note 28 of the Annual Standalone Financial Statements)

a) The operations of the Formulations Industrial Unit at Maraimalai Nagar were discontinued with effect from 2 April 2012 due to low demand for its products in the domestic and export markets and uncertain power situation. Certain assets relating to the above unit were disposed off during the year and the loss of Rs.11.28 lac has been included in "(Loss)/Gain on disposal of assets".

b) The operations of Enzyme Unit of the Pharmaceutical Division were discontinued during the year in view of its uneconomical business size, constraints in fund infusion/restart-up of the operations after being relocated from various places and paucity of working capital. Certain assets of the above unit were sold on 18 December 2012 based on an Asset Sale Agreement and the loss arising out of such sale amounting to Rs.87.40 lac is included in "(Loss)/Gain on disposal of assets".

c) **Notes to Discontinuing Operations - for the year ended 31 March 2013** (Rupees in lac)

| S. No | Particulars | Discontinuing | | |
|---|---|---|---|---|
| | | Bulk Drugs and Formulations | Enzymes | Total |
| 1 | Revenue from operations (gross) | 313.30 | 381.99 | 695.29 |
| | Less: Excise duty | 0.97 | 23.49 | 24.46 |
| | **Revenue from operations (net)** | **312.33** | **358.50** | **670.83** |
| 2 | **Expenses** | | | |
| | (a) Cost of materials consumed | - | 85.69 | 85.69 |
| | (b) Purchases of stock-in-trade | - | 107.62 | 107.62 |
| | (c) Changes in inventories of finished goods and work-in-progress | 36.68 | 20.20 | 56.88 |
| | (d) Employee benefits expense | 123.93 | 137.09 | 261.02 |
| | (e) Depreciation and amortisation expense | 10.67 | 15.26 | 25.93 |
| | (f) Other expenses | 179.35 | 219.95 | 399.30 |
| | **Total expenses** | **350.63** | **585.81** | **936.44** |
| 3 | **Loss from Discontinuing Operations (1 - 2)** | **(38.30)** | **(227.31)** | **(265.61)** |
| 4 | Loss on disposal of assets / settlement of liabilities attributable to the discontinuing operations | (11.28) | (87.40) | (98.68) |
| 5 | **Loss before and after tax (3 + 4)** | **(49.58)** | **(314.71)** | **(364.29)** |

d) **Notes to Discontinuing Operations - for the year ended 31 March 2012** (Rupees in lac)

| S. No | Particulars | Discontinuing | | | | |
|---|---|---|---|---|---|---|
| | | Phosphatic Operations | Bulk Drugs and Formulations | Enzymes | SMO | Total |
| 1 | Revenue from operations (gross) | 67647.38 | 1187.15 | 475.33 | 18167.80 | 87477.66 |
| | Less: Excise duty | 438.83 | - | 6.59 | - | 445.42 |
| | Revenue from operations (net) | 67208.55 | 1187.15 | 468.74 | 18167.80 | 87032.24 |
| 2 | Other income | 159.17 | - | - | 68.08 | 227.25 |
| 3 | **Total revenue (1+2)** | **67367.72** | **1187.15** | **468.74** | **18235.88** | **87259.49** |
| 4 | **Expenses** | | | | | |
| | (a) Cost of materials consumed | 49961.22 | 405.40 | 79.08 | - | 50445.70 |
| | (b) Purchases of stock-in-trade | - | 2.42 | 190.89 | - | 193.31 |
| | (c) Changes in inventories of finished goods and work-in-progress | 1040.23 | (29.45) | 9.28 | (769.06) | 251.00 |
| | (d) Employee benefits expense | 1364.96 | 328.81 | 148.86 | 497.26 | 2339.89 |
| | (e) Finance costs | 11.53 | - | - | 24.32 | 35.85 |
| | (f) Depreciation and amortisation expense | 955.11 | 640.76 | 17.66 | 61.11 | 1674.64 |
| | (g) Other expenses | 11254.24 | 958.96 | 143.28 | 18337.94 | 30694.42 |
| | **Total expenses** | **64587.29** | **2306.90** | **589.05** | **18151.57** | **85634.81** |
| 5 | **Profit / (Loss) before exceptional items and tax (3 - 4)** | **2780.43** | **(1119.75)** | **(120.31)** | 84.31 | **1624.68** |
| 6 | Exceptional items | | | | | |
| | (a) VRS Compensation | - | (1179.31) | - | - | (1179.31) |
| | (b) Reversal / (Provision) relating to Asset Impairment (net) | - | 633.10 | (117.61) | - | 515.49 |
| 7 | **Profit / (Loss) from Discontinuing Operations (5 + 6)** | **2780.43** | **(1665.96)** | **(237.92)** | **84.31** | **960.86** |
| 8 | Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations | 2166.28 | 668.51 | - | (1745.56) | 1089.23 |
| 9 | **Profit / (Loss) before and after tax (7 + 8)** | **4946.71** | **(997.45)** | **(237.92)** | **(1661.25)** | **2050.09** |

e) **Carrying Value of Assets and Liabilities of Discontinuing Operations as at 31 March 2013 with Comparative Previous Year figures**

(Rupees in lac)

| Particulars | Bulk Drugs and Formulations | Enzymes | Total |
|---|---|---|---|
| **Total Assets** | | | |
| **31 March 2013** | **-** | **123.23** | **123.23** |
| 31 March 2012 | 566.18 | 366.88 | 933.06 |
| **Total Liabilities** | | | |
| **31 March 2013** | **221.20** | **5.73** | **226.93** |
| 31 March 2012 | 802.38 | 45.60 | 847.98 |

f) **Cash Flow of Discontinuing Operations for the Year ended 31 March 2013 with Comparative Previous Year figures.**

(Rupees in lac)

| Particulars | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | Enzymes | SMO | Total |
|---|---|---|---|---|---|
| **Cash flow from / (used in) Operating Activities** | | | | | |
| **31 March 2013** | **-** | **(160.03)** | **(180.02)** | **-** | **(340.05)** |
| 31 March 2012 | 8507.52 | (1450.88) | (119.93) | (357.36) | 6579.35 |
| **Cash flow from Investing Activities** | | | | | |
| **31 March 2013** | **-** | **52.65** | **17.26** | **-** | **69.91** |
| 31 March 2012 | 30360.01 | 3080.01 | 137.98 | 4818.74 | 38396.74 |
| **Cash flow used in Financing Activities** | | | | | |
| **31 March 2013** | **-** | **-** | **-** | **-** | **-** |
| 31 March 2012 | (0.02) | - | - | - | (0.02) |

**10. Plant Operation**

(Refer Note 29 of the Annual Standalone Financial Statements)

a) Due to failure of Southwest monsoon, there was an acute water scarcity in the Southern parts of Tamilnadu. Tamilnadu Water Supply and Drainage Board (TWAD) had discontinued supply of water to the Tuticorin Plant due to which production of Urea was stopped effective 12 August 2012. The production was resumed on 4 October 2012 after commencement of partial supplies by TWAD.

b) There has been delay in the disbursement of fertilizer subsidy by the Department of Fertilizers, Government of India, during February and March 2013, due to which the payments to Indian Oil Corporation (IOC) for raw material supplies could not be made before the stipulated due dates, resulting in shutdown of the Nitrogenous plants with effect from 2 March 2013 to till date. The Company is in discussion with the Dept. of Fertilizers, Govt. of India, for the renewal of fertilizer subsidy on a priority basis and also renegotiating with IOC for better credit terms for raw material supplies. The Company is hopeful of recommencing the operations of the Nitrogenous plants at Tuticorin after the resumption of raw material supplies by IOC.

**11 Capital Commitments**

(Refer Note 30 of the Annual Standalone Financial Statements)

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1544.20 lac (Previous year Rs. 362.90 lac).

b) Confirmed sales commitments to be fulfilied within one year as on 31 March 2013 is Rs. Nil (Previous year Rs.1800 lac).

**12 Contingent Liabilities**

(Refer Note 31 of the Annual Standalone Financial Statements)

(a) Claims not acknowledged as debts: (Rupees in lac)

| S. No. | Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|
| 1 | Tuticorin Lease Rent for 415.19 acre | **16873.97** | 16873.97 |
| 2 | TWAD claim | **1633.70** | 1242.70 |
| 3 | TANGEDCO, Cuddalore | **155.48** | 155.48 |
| 4 | Other claims – challenged before various Courts | **4379.04** | 4304.95 |
| 5 | Taxes, Duties and other demands (under various stages of appeal) | **14174.76** | 13448.19 |

In respect of the above claims, the Company is of the view that there are reasonable chances of successful outcome of the Appeals / Petitions filed before the Hon'ble Madras High Court/Government/Statutory Authorities and accordingly no further provision is considered necessary.

(b) Guarantees/Security given to Banks/Financial Institutions on behalf of other companies Rs. 4500 lac (Previous year Rs. 4500 lac)

(c) Other Bank Guarantees outstanding Rs.781.78 lac (Previous year Rs. 781.78 lac).

(d) Cumulative amount of Preference Dividend and Dividend Tax thereon not provided for the period from 1 April 2001 to 31 March 2013 is Rs.2465.04 lac (Previous year Rs. 2288.09 lac)

## 13 Taxation

(Refer Note 34 and 35 of the Annual Standalone Financial Statements)

a) The Company has reviewed its deferred tax assets and liabilities as at 31 March 2013. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs.30068.10 lac (Previous Year Rs.28458.84 lac). However in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, the said deferred tax asset that can be recognized is restricted to the net deferred tax liability of Rs. 1848.15 lac (Previous Year Rs. 615.57 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2013 to be accounted for.

(Rupees in lac)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| Depreciation | **2640.64** | 2048.33 |
| Subsidy | **248.43** | 280.55 |
| Deferred tax liability | **2889.07** | 2328.88 |
| Provision for doubtful debts | **784.38** | 1407.20 |
| VRS Compensation | **256.54** | 306.11 |
| Carry forward business losses and unabsorbed depreciation restricted to | **1848.15** | 615.57 |
| Deferred tax asset | **2889.07** | 2328.88 |

b) There is no provision for tax under Sec 115-JB of the Income Tax Act 1961 on the basis of adjustments permissible under that section and is also supported by the legal opinion obtained by the Company. No provision for tax is required to be made under other provisions of the aforesaid Act, in view of the carry forward losses/unabsorbed depreciation.

## 14. SEGMENT REPORTING

(Refer Note 36 of the Annual Standalone Financial Statements)

**Primary segment information (Business segments)** (Rupees in lac)

| Particulars | Continuing | | Discontinuing | | | | Total |
|---|---|---|---|---|---|---|---|
| | Agro Inputs (Urea operations) | Others (Agribusiness) | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | SMO | Others (Enzymes) | |
| **Segment revenue** | | | | | | | |
| Sales to external Customers | **204192.39** | **1370.35** | - | **20.06** | - | **328.91** | **205911.71** |
| | (241347.06) | (1494.88) | (66784.63) | (987.02) | (18165.95) | (464.14) | (329243.68) |
| Operating Income | **1360.28** | **14.61** | - | **292.28** | - | **29.59** | **1696.76** |
| | (945.57) | (26.02) | (423.92) | (200.13) | (1.85) | (4.60) | (1602.09) |
| Other Income | **102.61** | - | - | - | - | - | **102.61** |
| | (35.61) | (-) | (159.17) | (-) | (68.08) | (-) | (262.86) |
| Unallocated income | | | | | | | **1440.70** |
| | | | | | | | (1161.40) |
| Inter segment Revenue | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| **Total Revenue** | **205655.28** | **1384.96** | - | **312.34** | - | **358.50** | **209151.78** |
| | (242328.24) | (1520.90) | (67367.72) | (1187.15) | (18235.88) | (468.74) | (332270.03) |
| Elimination of inter segment sales | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| **Total Net Revenue** | **205655.28** | **1384.96** | - | **312.34** | - | **358.50** | **209151.78** |
| | (242328.24) | (1520.90) | (67367.72) | (1187.15) | (18235.88) | (468.74) | (332270.03) |

**Segment Reporting (continued)**

(Rupees in lac)

| Particulars | Continuing | | Discontinuing | | | | Total |
|---|---|---|---|---|---|---|---|
| | Agro Inputs (Urea operations) | Others (Agribusiness) | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | SMO | Others (Enzymes) | |
| **Segment results** | **2956.50** | **(314.94)** | **-** | **(49.58)** | **-** | **(314.71)** | **2277.27** |
| | (13673.08) | (-23.62) | (4958.23) | (-997.45) | (-1636.94) | (-237.92) | (15735.38) |
| **Unallocated expenditure net of unallocated income** | | | | | | | **(112635.94)** |
| | | | | | | | (5749.43) |
| **Profit / (Loss) before interest and taxation** | | | | | | | **114913.21** |
| | | | | | | | (9985.95) |
| Finance Cost | | | | | | | **4400.27** |
| | | | | | | | (8024.28) |
| **Profit / (Loss) before taxation** | | | | | | | **110512.94** |
| | | | | | | | (1961.67) |
| Tax expense | | | | | | | **-** |
| | | | | | | | (2592.46) |
| **Profit / (Loss) after Taxation** | | | | | | | **110512.94** |
| | | | | | | | (-630.79) |
| ***Other Information*** | | | | | | | |
| Segment assets | **47601.78** | **801.22** | **-** | **-** | **-** | **123.23** | **48526.23** |
| | (58521.35) | (1162.55) | (-) | (566.18) | (-) | (366.88) | (60616.96) |
| Unallocated Corporate Assets | | | | | | | **21353.81** |
| | | | | | | | (19493.45) |
| **Total Assets** | | | | | | | **69880.04** |
| | | | | | | | (80110.41) |
| Segment liabilities | **26634.74** | **238.50** | **-** | **221.20** | **-** | **5.73** | **27100.17** |
| | (27108.78) | (227.98) | (-) | (802.38) | (-) | (45.60) | (28184.74) |
| Unallocated Corporate Liabilities | | | | | | | **28967.88** |
| | | | | | | | (155166.24) |
| **Total Liabilities** | | | | | | | **56068.05** |
| | | | | | | | (183350.98) |
| Capital expenditure (allocable) | **1234.97** | **26.12** | **-** | **-** | **-** | **22.57** | **1283.66** |
| | (374.13) | (5.96) | (182.42) | (1.47) | (843.49) | (4.37) | (1411.84) |
| Capital expenditure (Unallocable) | | | | | | | **50.08** |
| | | | | | | | (82.89) |
| Depreciation (allocable) | **4145.61** | **36.46** | **-** | **10.67** | **-** | **15.26** | **4208.00** |
| | (4253.81) | (55.85) | (955.11) | (640.76) | (61.11) | (17.66) | (5984.30) |
| Depreciation (Unallocable) | | | | | | | **137.30** |
| | | | | | | | (136.83) |
| Non-cash expenditure other than depreciation (allocable) | **172.87** | **0.22** | **-** | **156.06** | **-** | **122.65** | **451.80** |
| | (-11.78) | (-) | (859.49) | (136.05) | (-) | (29.19) | (1012.95) |
| Non-cash expenditure other than depreciation (unallocable) | | | | | | | **474.98** |
| | | | | | | | (3031.05) |

**Segment Reporting (continued)**

(Rupees in lac)

| Secondary segment Information (Geographical Segments) | Revenue | Carrying amount of segment assets | Capital Expenditure |
|---|---|---|---|
| Within India | **207686.18** | **48526.23** | **1283.66** |
| | (330071.66) | (60616.96) | (1411.84) |
| Outside India | **24.90** | **-** | **-** |
| | (1036.97) | (-) | (-) |
| **Total** | **207711.08** | **48526.23** | **1283.66** |
| | (331108.63) | (60616.96) | (1411.84) |

NOTES

(a) **Business segments**

The business segment has been considered as the primary segment for disclosure. The products included in each of the business segments are as follows:

**Continuing**

(i) Agro inputs - Urea Operations

(ii) Others - Tissue culture and Seeds

**Discontinuing**

(i) Bulk drugs and formulations - includes Penicillin - G and formulations

(ii) Others - Enzymes

Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenditure net of unallocated income."

Unallocated corporate assets and unallocated corporate liabilities include the assets and liabilities which are not directly attributable to segments.

**(b) Geographical segments**

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India
- Sales outside India include sales to customers located outside India.

**15 (i) Related party disclosures under Accounting Standard - 18**

(Refer Note 37 of the Annual Standalone Financial Statements)

**The list of related parties as identified by the management are as under:**

| Nature | Parties |
|---|---|
| Subsidiaries | 1 SPIC Fertilizers and Chemicals Limited, Mauritius<br>2 SPIC Fertilizers and Chemicals FZE, Dubai<br>3 SPEL Semiconductor Limited<br>4 SPEL America Inc., USA |
| Associates | 1 Tuticorin Alkali Chemicals and Fertilisers Limited<br>2 Gold Nest Trading Company Limited |
| Jointly Controlled entities | 1 Tamilnadu Petroproducts Limited<br>2 National Aromatics and Petrochemicals Corporation Limited |
| Key management personnel of the Company | 1 Thiru. Ashwin C Muthiah<br>2 Thiru. K K Rajagopalan |

Related party disclosures (continued)

| Nature | Parties |
|---|---|
| Enterprises owned by / over which Key Management Personnel is able to exercise significant influence | 1 Wilson International Trading Pte Ltd, Singapore<br>2 Wilson International Trading India Private Limited<br>3 Manali Petrochemicals Limited<br>4 Greenstar Fertilizers Limited<br>5 AMI Holdings Private Limited<br>6 Bengal Auto Parts Private Limited<br>7 Sicagen India Limited<br>8 Wilson Cables Private Limited, Singapore |

**(ii) The following transactions were carried out with the related parties:** (Rupees in lac)

| S.No | PARTICULARS | RELATIONSHIP | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|---|
| A | **BALANCE OUTSTANDING AS AT 31.03.2013** | | | |
| | **(a) Receivables including Advances** | | | |
| | SPEL Semiconductor Limited | Subsidiary | **0.36** | 0.36 |
| | SPIC Fertilizers and Chemicals FZE, Dubai* | Subsidiary | **1053.47** | 1053.47 |
| | SPIC Fertilizers and Chemicals Limited, Mauritius* | Subsidiary | **1.93** | 1.93 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.80** | 1.20 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **1677.80** | 1256.59 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **80.22** | 8.86 |
| | National Aromatics and Petrochemicals Corporation Limited* | Jointly controlled entity | **1477.75** | 1474.80 |
| | Thirumathi Devaki Muthiah | Relative of Key Management Personnel | **-** | 3.75 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **9.24** | - |
| | **(b) Payables** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **2444.07** | 1799.99 |
| | SPEL Semiconductor Limited | Subsidiary | **-** | 0.62 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **6.29** | 0.50 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **827.24** | 101.69 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.96** | - |
| | **(c) Advance against equity** | | | |
| | SPIC Fertilizers and Chemicals FZE, Dubai* | Subsidiary | **1038.37** | 1038.37 |
| | **(d) Guarantee Received** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **2500.00** | 2500.00 |
| | **(e) Loans including interest** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **3449.13** | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | **4027.62** | - |
| | **(f) Share Capital including Securities premium** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **6523.42** | - |

* Dues have been fully provided for

Related parties transaction (continued) (Rupees in lac)

| S.No | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| B | **TRANSACTIONS DURING THE YEAR 2012 - 13** | | | |
| 1 | **Sale of goods** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **427.17** | 562.47 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **244.62** | 135.58 |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **42.81** | - |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.89** | - |
| 2 | **Purchase of materials** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **5.46** | 1.31 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **-** | 1.33 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **20.04** | 19.32 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **14.33** | - |
| | Wilson International Trading Pte Ltd, Singapore | Enterprises over which KMP exercise Significant Influence | **-** | 29155.12 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **31.32** | - |
| 3 | **Reimbursement of Expenses (Receipts)** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **0.01** | 0.09 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **-** | 0.87 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **-** | 27.07 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.02** | 26.35 |
| | National Aromatics and Petrochemicals Corporation Limited | Jointly controlled entity | **2.96** | 3.35 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **14.08** | 0.35 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **4.24** | - |
| 4 | **Reimbursement of Expenses (Payments)** | | | |
| | SPEL Semiconductor Limited | Subsidiary | **-** | 2.33 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **0.22** | - |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **1.72** | - |

**Related parties transaction (continued)** (Rupees in lac)

| S.No | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| 5 | **Income from services rendered** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **0.25** | 0.40 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.10** | 0.39 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **7.97** | 211.60 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **1142.44** | 451.62 |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **0.38** | 0.16 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.39** | - |
| | SPEL Semiconductor Limited | Subsidiary | **-** | 0.16 |
| 6 | **Services/Consultancy charges** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **0.02** | 0.10 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **84.27** | 82.23 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **1027.76** | 442.34 |
| 7 | **Sale of Business Unit** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **-** | 30600.00 |
| 8 | **Income from Rentals** | | | |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **1.80** | 1.61 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **70.95** | 18.97 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **17.32** | - |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **-** | 0.90 |
| 9 | **Dividend Income** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **-** | 57.31 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **76.17** | 152.34 |
| 10 | **Provision for doubtful advances** | | | |
| | National Aromatics and Petrochemicals Corporation Limited | Jointly controlled entity | **2.96** | 3.35 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **-** | 8.82 |
| 11 | **Provision for diminution in the value of investment** | | | |
| | SPEL Semiconductor Limited | Subsidiary | **366.52** | 539.47 |

**Related parties transaction (continued)** (Rupees in lac)

| S.No | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| 12 | **Finance and Other Charges** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | - | 14.40 |
| | Wilson International Trading Pte Ltd, Singapore | Enterprises over which KMP exercise Significant Influence | - | 304.16 |
| 13 | **Profit on Phosphatic operations transferred** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | - | 1118.02 |
| 14 | **Managerial Remuneration** | | | |
| | Dr. A C Muthiah | Key Management Personnel | - | 32.88 |
| | Thiru. K K Rajagopalan | Key Management Personnel | **35.01** | 12.39 |
| 15 | **Rent Paid** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **265.87** | 92.39 |
| | Thirumathi Devaki Muthiah | Relative of Key Management Personnel | - | 3.77 |
| 16 | **Sitting Fees** | | | |
| | Thiru. Ashwin C Muthiah | Key Management Personnel | **0.60** | 1.00 |
| 17 | **Trade advance received** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **610.00** | 7800.00 |
| 18 | **Trade advance repaid/returned** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **310.00** | 6000.00 |
| 19 | **Special Rebate Paid** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **386.92** | - |
| 20 | **Amount received against Share Capital and Securities Premium** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **6523.42** | - |
| 21 | **Amount received against Loans** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **3147.58** | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | **4000.00** | - |
| 22 | **Interest on Borrowings** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **335.05** | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | **30.68** | - |

## 16 Earning per Share

(Refer Note 39 of the Annual Standalone Financial Statements)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| **(i) Continuing Operations** | | |
| Face Value per share (In Rupees) | **10** | 10 |
| Profit / (Loss) for the year (Rupees in lac) | **110877.23** | (2680.88) |
| Less:Arrears of Preference Dividend | **176.95** | 175.79 |
| Profit / (Loss) for the year after preference dividend (Rupees in lac) | **110700.27** | (2856.67) |
| **Basic** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166278374 |
| Earnings/(Loss) per share (In Rupees) | **65.30** | (1.72) |
| **Diluted** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166291005 |
| Earnings/(Loss) per share (In Rupees) | **65.30** | (1.72) |
| **(ii) Total Operations** | | |
| Face Value per share (In Rupees) | **10** | 10 |
| Profit / (Loss) for the year (Rupees in lac) | **110512.94** | (630.79) |
| Less:Arrears of Preference Dividend | **176.95** | 175.79 |
| Profit / (Loss) for the year after preference dividend (Rupees in lac) | **110335.99** | (806.58) |
| **Basic** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166278374 |
| Earnings/(Loss) per share (In Rupees) | **65.09** | (0.49) |
| **Diluted** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166291005 |
| Earnings/(Loss) per share (In Rupees) | **65.09** | (0.49) |

17. (Refer Note 40 of the Annual Standalone Financial Statements)

(a) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

(b) Assets and Liabilities in the Balance Sheet include figures both for Continuing and Discontinuing Operations.

(c) Previous year figures are given in brackets.

SPIC

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | SPEL Semiconductor Limited | SPEL America Inc., U.S.A. (Subsidiary of SPEL Semiconductor Limited) | SPIC Fertilizers and Chemicals Limited (SFCL) Mauritius |
|---|---|---|---|
| a. Name of Subsidiary Company | SPEL Semiconductor Limited | SPEL America Inc., U.S.A. (Subsidiary of SPEL Semiconductor Limited) | SPIC Fertilizers and Chemicals Limited (SFCL) Mauritius |
| b. Financial year of the Subsidiary Company ended on | 31 March 2013 | 31 March 2013 | 31 March 2013 |
| c. Holding Company's Interest: | | | |
| (i) No. of Equity Shares | 25811207 | 10 | 32640000 |
| Face Value | Rs. 10 | USD 10 | One USD |
| Paid up Value | Rs. 258112070 | USD 100 | USD 32640000 |
| (ii) Extent of Holding | 55.97 per cent | 55.97 per cent | 83.54 percent |
| d. Net aggregate amount of Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts: | | | |
| (i) for subsidiary's financial year | (Rs. 25467807) | USD 2191 | NIL |
| (ii) for its previous financial years | Rs. 3186800 | (USD 2597) | NIL |
| e. Net aggregate amount of subsidiary's profits/(losses) dealt with in the Holding Company's accounts: | | | |
| (i) for subsidiary's financial year | NIL | NIL | NIL |
| (ii) for its previous financial year | NIL | NIL | NIL |
| f. Changes in the interest of the Holding Company between the end of the Subsidiary's financial year ended 31 March 2013 | | | |
| (i) Holding Company's interest as on 31 March 2013 | Not Applicable | Not Applicable | Not Applicable |
| Number of Equity Shares | | | |
| Face Value | | | |
| Paid up value | | | |
| ii) Extent of Shareholding | | | |
| g. Material changes between the end of the Subsidiary's financial year ended 31 March 2013 in respect of : | | | |
| (i) Subsidiary's Fixed Assets | Not Applicable | Not Applicable | Not Applicable |
| (ii) Subsidiary's Investments | Not Applicable | Not Applicable | Not Applicable |
| (iii) Monies lent by subsidiary | Not Applicable | Not Applicable | Not Applicable |
| (iv) Monies borrowed by the subsidiary, other than for meeting current liabilities | Not Applicable | Not Applicable | Not Applicable |

1. SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL)(a wholly owned subsibidiary of the Company) holds 1 equity share of One Million Arab Emirate Dirham each in SPIC Fertilizers and Chemicals FZE,Dubai (SFC, FZE). Hence the combined share of the Company and its subsidiary in SFC, FZE Dubai is 83.54%. As assets of SFC,FZE Dubai were taken over by Jebel Ali Free Zone Authorities (JAFZA), Dubai SFCL, Mauritius ceased to have control over its subsidiary SFC,FZE. Hence the details of SFC,FZE Dubai is not given in the above statement.
2. As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals (SFC, FZE), Dubai, the holding company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. Hence the financial statements of the subsidiary company SFCL Mauritius have not been considered for consolidation.
3. SPIC Petrochemicals Limited (SPIC Petro), is under liquidation as per Order dated 17 April 2009 passed by the Hon'ble Madras High Court. Subsequently, the Official Liquidator took possession of the assets and effects of SPIC Petro on 14 May 2010. Pursuant to the Order dated 20 December 2010 by the Hon'ble Madras High Court, ARCIL took possession of the assets from the Official Liquidator on 4 January 2011. In view of the above developments, the Company had lost its control over SPIC Petro. Hence details of SPIC Petro are not given in the above statement.

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

Place : Chennai
Date : 29 May 2013

**M B GANESH**
Secretary

# Consolidated Financial Statements

## INDEPENDENT AUDITORS' REPORT ON THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

1. The accompanying abridged consolidated financial statements, which comprise the Abridged Consolidated Balance Sheet as at 31 March 2013, the Abridged Consolidated Statement of Profit and Loss and the Abridged Consolidated Cash Flow Statement for the year then ended and related Notes are derived from the audited consolidated financial statements ("the audited consolidated financial statements") of Southern Petrochemical Industries Corporation Limited ("the Company"), its subsidiaries and jointly controlled entity ("the Group") for the year ended 31 March 2013. We expressed a qualified audit opinion on those consolidated financial statements in our report dated 29 May 2013.

2. The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ('the Act') which were applied in the preparation of the audited financial statements of the Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

### Management's Responsibility for the Abridged Consolidated Financial Statements

3. Management is responsible for the preparation of these abridged consolidated financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended) based on the audited consolidated financial statements of the Company for the year ended 31 March 2013, which were prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Act and accounting principles generally accepted in India.

### Auditors' Responsibility

4. Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures conducted in accordance with the Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

### Opinion

5. In our opinion, the abridged consolidated financial statements, derived from the audited consolidated financial statements of the Group for the year ended 31 March 2013, are a fair summary of those consolidated financial statements. However the abridged consolidated financial statements have the same limitations as the audited consolidated financial statements on which we have issued a qualified audit opinion. Our qualified audit opinion in our report dated 29 May 2013 contains a basis for qualified opinion, the qualified opinion and an other matter paragraph which are reproduced below:

### Basis for Qualified Opinion

a) Attention is invited to Note 2(b)(i) to the Consolidated Financial Statements describing non consolidation of the financial statements of a subsidiary to reflect the adjustments relating to the period April 1, 2011 to March 31, 2013, as the said financial statements are not available to the Company for the reasons explained in the said Note. Our audit report for the previous year was also similarly qualified.

b) The consolidated financial statements include the unaudited financial information of two subsidiaries and one jointly controlled entity of a jointly controlled entity (Previous year ended 31 March, 2012: four subsidiaries and one jointly controlled entity), whose financial information reflect total assets (net) of Rs.98.53 lac as at 31 March, 2013 (As at 31st March, 2012: Rs.638.93 lac), total revenue of Rs.10.16 lac (Previous year ended 31st March, 2012: Rs.235.83 lac) and net cash flows amounting to Rs.978.38 lac for the year ended on that date (Previous year ended 31st March, 2012: Rs.79.06 lac), as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs.64.84 lac for the year ended 31 March, 2013, as considered in the consolidated financial statements, in respect of an associate (Previous year ended 31 March, 2012:Rs.50.96 lac), based on their unaudited financial information. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, jointly controlled entity and associate, is based solely on such unaudited financial information.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the consequential effects of the matter described under (a) which is not quantifiable and the effects of the matter described under (b) in the Basis for Qualified Opinion paragraph above, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entities and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matter paragraph**

We did not audit the financial statements of two subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of Rs.16,970.29 lac as at 31$^{st}$ March, 2013, total revenues of Rs.8200.35 lac and net cash outflows amounting to Rs.96.33 lac for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss Rs. Nil for the year ended 31 March 2013, as considered in the consolidated financial statments, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

**Bhavani Balasubramanian**
Partner
(Membership No. 22156)

Chennai
29 May 2013

# ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

**(Statement containing the salient features of Consolidated Balance Sheet as per section 219(1)(b)(iv) of the Companies Act, 1956)**

(Rupees in Lac)

| S. No. | Particulars | As at 31 March 2013 | | As at 31 March 2012 | |
|---|---|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Shareholders' funds** | | | | |
| | (a) Share capital | | | | |
| | Equity (Refer Note 7) | 20364.03 | | 16627.84 | |
| | Preference | 1250.00 | | 1250.00 | |
| | | | 21614.03 | | 17877.84 |
| | (b) Reserves and surplus | | | | |
| | Capital Reserve | 97.33 | | 97.33 | |
| | Capital Redemption Reserve | 6500.00 | | 6500.00 | |
| | Securities Premium Account | 21074.20 | | 18270.78 | |
| | Debenture Redemption Reserve | 3800.00 | | 3800.00 | |
| | Revaluation Reserve | 1141.98 | | 1141.99 | |
| | Foreign currency translation reserve | 2844.67 | | 2844.67 | |
| | Hedge Reserve | - | | 15.16 | |
| | Statutory Reserve | 41.34 | | 41.34 | |
| | Surplus / (Deficit) in Statement of Profit and Loss | (41027.50) | | (151577.78) | |
| | **Proportionate Share in Jointly controlled entities** | | | | |
| | Securities Premium Account | 780.74 | | 780.85 | |
| | Capital Reserve | 7.14 | | 7.15 | |
| | Revaluation Reserve | 339.68 | | 343.08 | |
| | General Reserve | 2346.50 | | 2346.24 | |
| | Surplus / (Deficit) in Statement of Profit and Loss | 1272.67 | | 1848.43 | |
| | | | (781.25) | | (113540.76) |
| 2 | Share application money pending allotment | | 1445.00 | | 1686.59 |
| 3 | Minority Interest | | 3844.45 | | 4325.35 |
| 4 | **Non-current liabilities** | | | | |
| | (a) Long-term borrowings (Refer Note 8) | 17200.43 | | 92871.08 | |
| | (b) Deferred Tax liabilities | 1816.46 | | 2305.52 | |
| | (c) Other long-term liabilities | 11233.71 | | 2854.93 | |
| | (d) Long-term provisions | 538.40 | | 581.22 | |
| | | | 30789.00 | | 98612.75 |
| 5 | **Current liabilities** | | | | |
| | (a) Short Term borrowings | 4059.52 | | 3083.95 | |
| | (b) Trade payables | 22611.89 | | 30084.15 | |
| | (c) Other current liabilities | 12270.02 | | 63953.69 | |
| | (d) Short-term provisions | 733.66 | | 1400.35 | |
| | | | 39675.09 | | 98522.14 |
| | **TOTAL** | | 96586.32 | | 107483.91 |
| B | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| | (a) Fixed assets | | | | |
| | (i) Tangible assets (Original cost less depreciation) | 58631.89 | | 63091.15 | |
| | (ii) Intangible assets | 26.70 | | 35.91 | |
| | (iii) Intangible assets under development | 429.47 | | 429.47 | |
| | (iv) Expenditure during construction period pending allocation | - | | 913.86 | |
| | (v) Capital work-in-progress | 1878.81 | | 2064.12 | |
| | | 60966.87 | | 66534.51 | |
| | (b) Non-current investments (Refer Note 9) | | | | |
| | Quoted [Market value Rs. 96.46 lac (previous year Rs. 123.45 lac)] | 2.73 | | 2.73 | |
| | Unquoted | 1173.29 | | 302.74 | |
| | (c) Long-term loans and advances | 4496.65 | | 4213.62 | |
| | | | 66639.54 | | 71053.60 |
| 2 | **Current assets** | | | | |
| | (a) Inventories | 10832.75 | | 12655.99 | |
| | (b) Trade receivables | 3571.46 | | 3253.71 | |
| | (c) Cash and cash equivalents (Refer Note 4) | 5379.31 | | 3209.79 | |
| | (d) Short-term loans and advances | 10142.71 | | 16847.78 | |
| | (e) Other current assets | 20.55 | | 463.04 | |
| | | | 29946.78 | | 36430.31 |
| | **TOTAL** | | 96586.32 | | 107483.91 |
| | **See accompanying notes forming part of the financial statements** | | | | |

For and on behalf of the Board of Directors

In terms of our report attached

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

# ABRIDGED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

**(Statement containing the salient features of Consolidated Statement of Profit and Loss as per section 219(1)(b)(iv) of the Companies Act, 1956)**

(Rupees in lac)

| S. No | Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|---|
| A | **CONTINUING OPERATIONS** | | |
| 1 | Revenue from operations (gross) | **239600.34** | 276423.09 |
| | Less: Excise duty | **2890.97** | 2417.98 |
| | Revenue from operations (net) (Refer Note 5) | **236709.37** | 274005.11 |
| 2 | Other income | **1694.22** | 1515.65 |
| 3 | **Total revenue (1+2)** | **238403.59** | 275520.76 |
| 4 | **Expenses** | | |
| | (a) Cost of materials consumed | **138212.89** | 154887.01 |
| | (b) Purchases of stock-in-trade | **1035.83** | 2119.57 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | **(21.63)** | 761.23 |
| | (d) Employee benefits expense | **6088.32** | 6102.21 |
| | (e) Power and fuel | **59581.27** | 66317.68 |
| | (f) Finance costs | **5523.37** | 8764.16 |
| | (g) Depreciation and amortisation expense | **6159.45** | 6015.38 |
| | (h) Other expenses | **28189.00** | 32525.38 |
| | **Total expenses** | **244768.50** | 277492.62 |
| 5 | **Loss before exceptional items and tax (3-4)** | **(6364.91)** | (1971.86) |
| 6 | Exceptional items (Refer Note 8 (b)) | **116080.44** | 2401.47 |
| 7 | **Profit before tax (5 + 6)** | **109715.53** | 429.61 |
| 8 | **Tax expense** | | |
| | (a) Current tax expense for current year | **0.88** | 84.11 |
| | (b) (Less): MAT credit | **-** | (17.52) |
| | (c) Current tax expense relating to prior years | **-** | 2592.46 |
| | (d) Deferred Tax | **(489.06)** | (36.74) |
| | **Total Tax Expense** | **(488.18)** | 2622.31 |
| 9 | **Profit / (Loss) from Continuing Operations after Tax (7-8)** | **110203.71** | (2192.70) |
| B | **DISCONTINUING OPERATIONS** (Refer Note 6) | | |
| 10.i | Profit from discontinuing operations before tax and exceptional items | **(265.61)** | 1624.68 |
| 10.ii | Exceptional items | **-** | (663.82) |
| 10.iii | Profit from discontinuing operations before tax (10.i+10.ii) | **(265.61)** | 960.86 |
| 10.iv | Gain/(Loss) on disposal of assets/settlement of liabilities attributable to the discontinuing operations (Net) | **(98.68)** | 1089.23 |
| 10.v | Tax expense of Discontinuing Operations | **-** | - |
| 11 | Profit/(Loss) from discontinuing operations after tax (10.iii+10.iv-10.v) | **(364.29)** | 2050.09 |
| 12 | **Profit/(Loss) for the year after Tax (9+11)** | **109839.42** | (142.61) |
| 13 | **Share of Profit/(Loss) of Associates (Net)** | **(64.77)** | (50.99) |
| 14 | **Profit/(Loss) before Minority Interest (12+13)** | **109774.65** | (193.60) |
| 15 | **Profit/(Loss) applicable to Minority Interest** | **(200.00)** | 23.92 |
| 16 | **Net Profit/(Loss) for the year (14-15)** | **109974.65** | (217.52) |
| 17 | **Earnings per share of Rs. 10 each before and after extraordinary items (Refer Note 16)** | | |
| | (a) Basic | | |
| | (i) Continuing Operations | **64.98** | (1.47) |
| | (ii) Total Operations | **64.77** | (0.24) |
| | (b) Diluted | | |
| | (i) Continuing Operations | **64.98** | (1.47) |
| | (ii) Total Operations | **64.77** | (0.24) |
| | **See accompanying notes forming part of the financial statements** | | |

For and on behalf of the Board of Directors

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

## ABRIDGED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(Rupees in lac)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| Cash flow from Operating Activities | **10141.65** | 6460.70 |
| Cash flow from Investing Activities | **774.24** | 37747.86 |
| Cash flow used in Financing Activities | **(7756.17)** | (47525.24) |
| Exchange differences on translation of foreign currency cash and cash equivalents | **31.06** | - |
| Net Increase / (Decrease) in cash and cash equivalents | **3190.78** | (3316.68) |
| Cash and Cash equivalents at the beginning of the year * | **1676.12** | 5354.97 |
| Cash balance relating to Discontinuing Operations | **-** | 362.17 |
| Cash and Cash equivalents at the end of the year * | **4866.90** | 1676.12 |

* Includes Rs. Nil (Previous year Rs. 2.44 lac) being the effect of exchange differences on restatement of foreign currency cash and cash equivalents

* Excludes Margin Money Deposit with Scheduled Banks Rs. 338.40 lac (Previous Year Rs. 347.70 lac) and Escrow account balance of Rs. 26.51 lac (Previous Year Rs. 0.45 lac).

* Excludes Rs. 134.20 lac (Previous year Rs. 1172.63 lac) being money in deposit accounts with original maturity of more than three months

* Excludes Rs. 13.29 lac (Previous year Rs. 15.33 lac) being money in unpaid dividend account

For and on behalf of the Board of Directors

In terms of our report attached

**For DELOITTE HASKINS & SELLS**
Chartered Accountants

**BHAVANI BALASUBRAMANIAN**
Partner

Place : Chennai
Date : 29 May 2013

**ASHWIN C MUTHIAH**
Chairman

**T K ARUN**
Director

**S SHANKAR**
Director

**K K RAJAGOPALAN**
Whole-Time Director

**M B GANESH**
Secretary

# NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. **Basis of accounting and preparation of consolidated financial statements:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April 2006, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

With respect to a subsidiary, the financial statements have been prepared on accrual basis under the historical cost convention except certain fixed assets which are revalued.

With respect to a jointly controlled entity the financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April 1996, that are carried at revalued amounts.

Consolidated financial statements are prepared using uniform accounting policies except as stated in Note 3 of this Schedule, the adjustments arising out of the same are not considered material.

2. **Principles of consolidation**

The consolidated financial statements relate to Southern Petrochemical Industries Corporation Limited (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / (loss) in its associates. The consolidated financial statements have been prepared on the following basis:

The financial statements of the subsidiary companies, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March 2013 except in respect to a subsidiary and an associate as stated in note below.

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The consolidated financial statements include the share of profit / (loss) of the associate companies which have been accounted for using equity method as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements". Accordingly, the share of profit / (loss) of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

Share of profit / (loss), assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 "Financial Reporting of Interests in Joint Ventures".

The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies/ jointly controlled entities as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / (loss) for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.

Following subsidiary companies, associates and jointly controlled entities have been considered in the preparation of the consolidated financial statements:

(i) The subsidiary companies considered in these consolidated financial statements are:

| Name | Country of Incorporation | **Percentage of ownership interest as at 31 March 2013** | Percentage of ownership interest as at 31 March 2012 |
|---|---|---|---|
| SPIC Fertilizers and Chemicals Limited (SFCL, Mauritius) | Mauritius | **83.54** | 83.54 |
| SPIC Fertilizers and Chemicals FZE, Dubai (through a subsidiary company – SFCL Mauritius) | Dubai | **83.54** | 83.54 |
| SPEL Semiconductor Limited | India | **55.97** | 55.97 |
| SPEL America, Inc., USA (through a subsidiary company – SPEL Semiconductor Limited, India) | America | **55.97** | 55.97 |

As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals (SFC) FZE, Dubai, the holding company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. The accounts relating to the subsidiary company SFCL Mauritius included in the consolidated financial statements is as at 31 March 2011 which are based on Management accounts. As the records have been seized by JAFZA authorities, there are no financial statements available from 1 April 2011 to 31 March 2013 and adjustments if any to liabilities, in the consolidated financial statements for the said period has not been made in respect of these two subsidiaries.

(ii) **Interests in Jointly Controlled entities:**

The Group's interests in jointly controlled entities are:

| Name | Country of incorporation | **Percentage of ownership interest as at 31 March 2013** | Percentage of ownership interest as at 31 March 2012 |
|---|---|---|---|
| Tamilnadu Petroproducts Limited | India | **16.93** | 16.93 |
| National Aromatics and Petrochemicals Corporation Limited | India | **50.00** | 50.00 |

(iii) **Investments in Associates:**

The Group's associates are

| Name | Country of incorporation | **Percentage of Ownership interest as at 31 March 2013** | Percentage of Ownership interest as at 31 March 2012 |
|---|---|---|---|
| Tuticorin Alkali Chemicals and Fertilisers Limited | India | **45.15** | 45.15 |
| Gold Nest Trading Company Limited | India | **32.76** | 32.76 |

(iv) The financial statements of the associates other than Gold Nest Trading Company Limited were drawn up to 31 March 2013 while that of Gold Nest Trading Company Limited has been drawn up to 30 September 2012.

(v) Investment in Tuticorin Alkali Chemicals and Fertilisers Limited, an associate company in which the Company holds 45.15% of its share capital, has not been accounted under "equity method" as required under Accounting Standard (AS) 23, since the carrying amount of investment as on 31 March 2013 is Nil. Accordingly, the goodwill arising on investment and the Company's share in the post-acquisition movements in the net assets of the associate company have not been recognised in the consolidated financial statements.

(vi) Investment in Gold Nest Trading Company Limited, an associate company in which the Company holds 32.76 % of its share capital, has not been accounted under "equity method" as required under Accounting Standard (AS) 23, since the carrying amount of investment as on 31 March 2013 is Nil. Accordingly, the goodwill arising on investment and the Company's share in the post-acquisition movements in the net assets of the associate company have not been recognised in the consolidated financial statements.

3. **Significant Accounting Policies**

(Refer Note 4 of the Annual Consolidated Financial Statements)

4. **Cash and cash equivalents**

(Refer Note 18 of the Annual Consolidated Financial Statements) (Rupees in lac)

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|
| Cash on hand | **7.94** | 6.55 |
| Cheques, drafts on hand | **0.07** | 500.00 |
| Balances with banks | | |
| - In current accounts | **3685.38** | 674.97 |
| - In EEFC accounts | **1.00** | 0.94 |
| - In deposit accounts | **-** | 160.00 |
| - In earmarked accounts | | |
| - Balances held as margin money or security against borrowings, guarantees and other commitments | **444.58** | 321.48 |
| - Balance in Escrow Account | **26.51** | 0.45 |
| Share in Joint Ventures - Jointly controlled entities | **1213.83** | 1545.40 |
| **Total** | **5379.31** | 3209.78 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is | **4866.90** | 1676.12 |

5. **Revenue from operations**

(Refer Note 21 of the Annual Consolidated Financial Statements) (Rupees in lac)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| Sale of products manufactured | **34406.58** | 44690.38 |
| Sale of products traded | **1370.35** | 908.88 |
| Subsidy Income | **178066.21** | 205462.22 |
| Sale of Service | **103.98** | 92.61 |
| **Sales and Services** | **213947.12** | 251154.09 |
| Other operating revenues | **1398.88** | 1066.49 |
| | **215346.00** | 252220.58 |
| Less: Excise duty | **331.44** | 382.71 |
| | **215014.56** | 251837.87 |
| **Share in Joint Ventures - Jointly controlled entities** | | |
| Total Revenue | **24254.34** | 24202.51 |
| Less: Excise Duty | **2559.53** | 2035.27 |
| Net Sales | **21694.81** | 22167.24 |
| **Total** | **236709.37** | 274005.11 |

6. **Discontinuing Operations**

(Refer Note 30 of the Annual Consolidated Financial Statements)

a) The operations of the Formulations Industrial Unit at Maraimalai Nagar were discontinued with effect from 2 April 2012 due to low demand for its products in the domestic and export markets and uncertain power situation. Certain assets relating to the above unit were disposed off during the year and the loss of Rs.11.28 lac has been included in "(Loss)/Gain on disposal of assets".

b) The operations of Enzymes Unit of the Pharmaceutical Division were discontinued during the year in view of its uneconomical business size, constraints in fund infusion/restart-up of the operations after being relocated from various places and paucity of working capital. Certain assets of the above unit were sold on 18 December 2012 based on an Asset Sale Agreement and the loss arising out of such sale amounting to Rs.87.40 lac is included in "(Loss)/Gain on disposal of assets".

6 (c) **Discontinuing Operations - for the year ended 31 March 2013** (Rupees in lac)

| S. No | Particulars | Discontinuing | | |
|---|---|---|---|---|
| | | Bulk Drugs and Formulations | Enzymes | Total |
| 1 | Revenue from operations (gross) | 313.30 | 381.99 | 695.29 |
| | Less: Excise duty | 0.97 | 23.49 | 24.46 |
| | **Revenue from operations (net)** | **312.33** | **358.50** | **670.83** |
| 2 | **Expenses** | | | |
| | (a) Cost of materials consumed | - | 85.69 | 85.69 |
| | (b) Purchases of stock-in-trade | - | 107.62 | 107.62 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 36.68 | 20.20 | 56.88 |
| | (d) Employee benefits expense | 123.93 | 137.09 | 261.02 |
| | (e) Depreciation and amortisation expense | 10.67 | 15.26 | 25.93 |
| | (f) Other expenses | 179.35 | 219.95 | 399.30 |
| | **Total expenses** | **350.63** | **585.81** | **936.44** |
| 3 | **Loss from Discontinuing Operations (1 - 2)** | **(38.30)** | **(227.31)** | **(265.61)** |
| 4 | (Loss) / Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations | (11.28) | (87.40) | (98.68) |
| 5 | **Loss before and after tax (3 + 4)** | **(49.58)** | **(314.71)** | **(364.29)** |

6. (d) **Discontinuing Operations - for the year ended 31 March 2012** (Rupees in lac)

| S. No | Particulars | Discontinuing | | | | |
|---|---|---|---|---|---|---|
| | | Phosphatic Operations | Bulk Drugs and Formulations | Enzymes | SMO | Total |
| 1 | Revenue from operations (gross) | 67647.38 | 1187.15 | 475.33 | 18167.80 | 87477.66 |
| | Less: Excise duty | 438.83 | - | 6.59 | - | 445.42 |
| | Revenue from operations (net) | 67208.55 | 1187.15 | 468.74 | 18167.80 | 87032.24 |
| 2 | Other income | 159.17 | - | - | 68.08 | 227.25 |
| 3 | Total revenue (1+2) | 67367.72 | 1187.15 | 468.74 | 18235.88 | 87259.49 |
| 4 | Expenses | | | | | |
| | (a) Cost of materials consumed | 49961.22 | 405.40 | 79.08 | - | 50445.70 |
| | (b) Purchases of stock-in-trade | - | 2.42 | 190.89 | - | 193.31 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 1040.23 | (29.45) | 9.28 | (769.06) | 251.00 |
| | (d) Employee benefits expense | 1364.96 | 328.81 | 148.86 | 497.26 | 2339.89 |
| | (e) Finance costs | 11.53 | - | - | 24.32 | 35.85 |
| | (f) Depreciation and amortisation expense | 955.11 | 640.76 | 17.66 | 61.11 | 1674.64 |
| | (g) Other expenses | 11254.24 | 958.96 | 143.28 | 18337.94 | 30694.42 |
| | Total expenses | 64587.29 | 2306.90 | 589.05 | 18151.57 | 85634.81 |
| 5 | Profit / (Loss) before exceptional items and tax (3 - 4) | 2780.43 | (1119.75) | (120.31) | 84.31 | 1624.68 |
| 6 | Exceptional items | | | | | |
| | (a) VRS Compensation | - | (1179.31) | - | - | (1179.31) |
| | (b) Reversal / (Provision) relating to Asset Impairment (net) | - | 633.10 | (117.61) | - | 515.49 |
| 7 | Profit / (Loss) from Discontinuing Operations (5 + 6) | 2780.43 | (1665.96) | (237.92) | 84.31 | 960.86 |
| 8 | Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations | 2166.28 | 668.51 | - | (1745.56) | 1089.23 |
| 9 | Profit / (Loss) before and after tax (7 + 8) | 4946.71 | (997.45) | (237.92) | (1661.25) | 2050.09 |

6 (e) **Carrying Value of Assets and Liabilities of Discontinuing Operations as at 31 March 2013 with Comparative Previous Year figures**

(Rupees in lac)

| Particulars | Bulk Drugs and Formulations | Enzymes | Total |
|---|---|---|---|
| **Total Assets** | | | |
| **31 March 2013** | **-** | **123.23** | **123.23** |
| 31 March 2012 | 566.18 | 366.88 | 933.06 |
| **Total Liabilities** | | | |
| **31 March 2013** | **221.20** | **5.73** | **226.93** |
| 31 March 2012 | 802.38 | 45.60 | 847.98 |

6. (f) **Cash Flow of Discontinuing Operations for the Year ended 31 March 2013 with Comparative Previous Year figures.**

(Rupees in lac)

| Particulars | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | Enzymes | SMO | Total |
|---|---|---|---|---|---|
| **Cash flow from / (used in) Operating Activities** | | | | | |
| **31 March 2013** | **-** | **(160.03)** | **(180.02)** | **-** | **(340.05)** |
| 31 March 2012 | 8507.52 | (1450.88) | (119.93) | (357.36) | 6579.35 |
| **Cash flow from Investing Activities** | | | | | |
| **31 March 2013** | **-** | **52.65** | **17.26** | **-** | **69.91** |
| 31 March 2012 | 30360.01 | 3080.01 | 137.98 | 4818.74 | 38396.74 |
| **Cash flow used in Financing Activities** | | | | | |
| **31 March 2013** | **-** | **-** | **-** | **-** | **-** |
| 31 March 2012 | (0.02) | - | - | - | (0.02) |

7. **Increase in Equity Share Capital**

(Refer Note 3 of the Annual Consolidated Financial Statements)

a) 12,631 equity shares of Rs.10 each fully paid up issued to Industrial Investment Bank of India, on preferential basis, at an issue price of Rs. 19 per share, which includes a premium of Rs.9 per share by way of conversion of secured debt of Rs. 2.40 lac, at the meeting of the Shareholders' / Investors' Grievance Committe held on 27 April 2012.

b) 72,631 equity shares of Rs.10 each fully paid up issued to United India Insurance Company Ltd., on preferential basis, at an issue price of Rs. 19 per share, which includes a premium of Rs.9 per share by way of conversion of secured debt of Rs. 13.80 lac, at the meeting of the Shareholders' / Investors' Grievance Committe held on 9 November 2012.

c) 3,72,76,700 equity shares of Rs.10 each fully paid up issued to AMI Holdings Pvt Ltd, a company belonging to promoter group, on preferential basis, at an issue price of Rs.17.50 per share, which includes a premium of Rs.7.50 per share by way of conversion of 3,72,76,700 warrants, at the meetings of Shareholders' / Investors' Grievance Committe held on 10 January 2013 and 13 March 2013.

8. **Settlement of dues to Creditors:**

(Refer Note 5 of the Annual Consolidated Financial Statements)

a) As the Corporate Debt Restructuring (CDR) Package dated 19 March 2003 did not yield the desired results, secured lenders who held approximately 85.56% in value, assigned the financial assistance granted by them along with the attendant security interests in favour of Asset Reconstruction Company (India) Limited (ARCIL) under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

ARCIL and other Financial Institutions have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010 and Addendum dated 29 June 2011 to the Term Sheet). As the Company could not meet certain repayment obligations as per the rework package, the Corporate Debt Restructuring Empowered Group (CDREG) vide its letters dated 26 July 2011 and 5 September 2011 approved modifications and revised the rework package, stipulating certain changes in the repayment schedule. The total payment to ARCIL and other secured lenders upto 31 March 2013 amounted to Rs.130007.17 lac (Previous year Rs.126377.17 lac) including a sum of Rs.3630 lac (Previous Year Rs.43822.02 lac) paid during the year. ARCIL and certain other secured lenders have converted upto 31 March 2013 part of the debts amounting to Rs.5761.20 lac (Previous year Rs.5745 lac) into equity as stipulated in the CDR rework package, including Rs.16.20 lac (Previous year Rs. Nil) converted during the year. They have also converted part of the debt amounting to Rs. Nii (Previous year Rs.203.18 lac) into non-convertible debentures, out of which debentures amounting to Rs.145.13 lac (Previous year Rs.29.03 lac) have been redeemed including a sum of Rs.116.10 lac (Previous year Rs.29.03 lac) redeemed during the year.

b) The Company filed a Scheme of Compromise and Arrangement with certain creditors under Section 391 and other relevant provisions of the Companies Act, 1956, before the Hon'ble Madras High Court on 14 December 2011 for settlement of their dues. Pursuant to the directions of the Hon'ble Court, the meeting of the creditors of the Company was held on 24 February 2012 at Chennai. The Scheme was approved by the requisite majority and thereafter sanctioned by the Hon'ble Court vide its Order dated 16 August 2012. The effective date of the Scheme was 28 September 2012, being the date on which the Court Order was filed with the Registrar of Companies, Tamilnadu at Chennai.

As per the Court sanctioned Scheme, the Company offered the foiiowing settlement Options to its creditors and the settlements were to be made after the Option expiry date :

Option 1 : 60% of settlement liability payable in 46 quarterly instalments.

Option 2 : 22% of the settlement liability payable within 3 years.

Option 3 : An one time settlement equivalent to 18.15% of the settlement liability payable within 45 days. The creditor shall be entitled to pro-rata payment of an additional 1.5% per annum of the settlement liability calculated in days if the settlement liability is credited to the creditor account after 30 June 2012.

While 23% of the creditors have opted for Option 1, 77% of the creditors opted for Option 3. Based on the Options exercised, the first instalment and the final payment to those creditors who have exercised Option 1 and 3 respectively amounting to Rs.13276.01 lac were paid before the due date for payment (i.e.) 6 January 2013. On account of the above settlements/payments, the excess liability of Rs.115775 lac including interest has been written back as an Exceptional Item during the year.

9. **Investment**

(Refer Note 14 of the Annual Consolidated Financial Statements)

The Company had paid a capital advance of Rs.2091.04 lac (Previous year 2091.04 lac) to MCC Finance Limited (now known as Mercantile Ventures Limited) in the earlier years, for purchase of certain immovable properties. Consequent to the withdrawal of the pending litigation before the Hon'ble Madras High Court, full provision was made in the accounts during the 1st quarter of the previous year. MCC Finance Ltd., filed a Scheme of Arrangement with its creditors under section 391 and other relevant provisions of the Companies Act, 1956 before the Hon'ble Madras High Court which was sanctioned by the Hon'ble Court vide its Order dt. 18 October 2012.

As per the sanctioned Scheme and the option exercised by the Company, MCC Finance Ltd., has allotted equity shares for a value of Rs.922 lac (92,20,000 equity shares with a face value of Rs.10 each with a premium of Rs.15/-) to the Company against the outstanding capital advance of Rs.2091.04 lac and the balance of Rs.1169.04 lac was charged off to the Statement of Profit and Loss. Consequently provision of Rs. 922 lac already made has been written back to other income during the year.

10. **Plant Operation**

(Refer Note 33 of the Annual Consolidated Financial Statements)

a) Due to failure of Southwest monsoon, there was an acute water scarcity in the Southern parts of Tamilnadu. Tamilnadu Water Supply and Drainage Board (TWAD) had discontinued supply of water to the Tuticorin Plant due to which production of Urea was stopped effective 12 August 2012. The production was resumed on 4 October 2012 after commencement of partial supplies by TWAD.

b) There has been delay in the disbursement of fertilizer subsidy by the Department of Fertilizers, Government of India, during February and March 2013, due to which the payments to Indian Oil Corporation (IOC) for raw material supplies could not be made before the stipulated due dates, resulting in shutdown of the Nitrogenous plants with effect from 2 March 2013 to till date. The Company is in discussion with the Dept. of Fertilizers, Govt. of India, for the renewal of fertilizer subsidy on a priority basis and also renegotiating with IOC for better credit terms for raw material supplies. The Company is hopeful of recommencing the operations of the Nitrogenous plants at Tuticorin after the resumption of raw material supplies by IOC.

11. **Commitments**:

(Refer Note 31 of the Annual Consolidated Financial Statements)

(a) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1553.79 lac (Previous year Rs. 373.63 lac). (including share of joint venture – jointly controlled entities – Rs. 9.59 lac (Previous year Rs. 10.73 lac))

(b) Confirmed sales commitments (in respect of joint venture – jointly controlled entities) to be fulfilled within one year as on 31 March 2013 is Rs. 3833.59 lac (Previous year Rs.1800 lac).

(c) Confirmed purchase commitments to be fulfilled within one year as on 31 March 2013 in respect of joint venture – jointly controlled entities is Rs. 8336.63 lac.

(d) Letter of Credit outstanding (relating to subsidiary) – Rs. 355.11 lac (previous year Rs. 526.29 lac)

12. **Contingent Liabilities**

(Refer Note 32 of the Annual Consolidated Financial Statements)

(a) Claims not acknowledged as debts

(Rupees in lac)

| S. No. | Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|
| 1 | Tuticorin Lease Rent for 415.19 acre | **16873.97** | 16873.97 |
| 2 | TWAD claim | **1633.70** | 1242.70 |
| 3 | TANGEDCO, Cuddalore | **155.48** | 155.48 |
| 4 | Other claims – challenged before various Courts | **4379.04** | 4304.95 |
| 5 | Taxes, Duties and other demands (under various stages of appeal) | **14962.04** | 14290.27 |

In respect of the above claims, the Company is of the view that there are reasonable chances of successful outcome of the Appeals / Petitions filed before the Hon'bie Madras High Court/Government/Statutory Authorities and accordingly no further provision is considered necessary.

(b) Guarantees/Security given to Banks/Financial Institutions on behalf of other companies Rs.4500 lac (Previous year Rs. 4500 lac)

(c) Other Bank Guarantees outstanding Rs.781.78 lac (Previous year Rs. 781.78 lac).

(d) Cumulative amount of Preference Dividend and Dividend Tax thereon not provided for the period from 1 April 2001 to 31 March 2013 is Rs.2465.04 lac (Previous year Rs. 2288.09 lac)

## 13. Taxation

(Refer Note 34 and 38 of the Annual Consolidated Financial Statements)

a) (i) The Company has reviewed its deferred tax assets and liabilities as at 31 March 2013. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs.30068.10 lac (Previous Year Rs.28458.84 lac). However in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, the said deferred tax asset that can be recognized is restricted to the net deferred tax liability of Rs. 1848.15 lac (Previous Year Rs. 615.57 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2013 to be accounted for.

(Rupees in lac)

| Particulars | **Year ended 31 March 2013** | Year ended 31 March 2012 |
|---|---|---|
| Depreciation | **2640.64** | 2048.33 |
| Subsidy | **248.43** | 280.55 |
| Deferred tax liability | **2889.07** | 2328.88 |
| Provision for doubtful debts | **784.38** | 1407.20 |
| VRS Compensation | **256.54** | 306.11 |
| Carry forward business losses and unabsorbed depreciation restricted to | **1848.15** | 615.57 |
| Deferred tax asset | **2889.07** | 2328.88 |

(ii) Subsidiaries and share in Joint Ventures – Jointly controlled entities

The deferred tax position as at 31 March 2013 has arisen on account of the following:

(Rupees in lac)

| Particulars | **As at 31 March 2013** | As at 31 March 2012 |
|---|---|---|
| Depreciation | **1089.72** | 1206.75 |
| **Deferred Tax liability** | **1089.72** | 1206.75 |
| **Deferred Tax Assets** | **-** | - |
| **Net Deferred Tax Liability (in respect of Subsidiaries)** | **1089.72** | 1206.75 |
| Proportionate share in Joint Ventures – Jointly controlled entities | **726.74** | 1098.77 |
| **Grand Total** | **1816.46** | 2305.52 |

b) In respect of holding company, there is no provision for tax under Sec 115-JB of the Income Tax Act 1961 on the basis of adjustments permissible under that section and is also supported by the legal opinion obtained by the Company. No provision for tax is required to be made under other provisions of the aforesaid Act, in view of the carry forward losses/ unabsorbed depreciation.

## 14. SEGMENT REPORTING

(Refer Note 40 of the Annual Consolidated Financial Statements)

**Primary segment information (Business segments)** (Rupees in Lac)

| Particulars | Continuing | | | | Discontinuing | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Agro Inputs (Urea operations) | Integrated Circuits | Petro chemicals | Others | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | SMO | Others (Enzymes) | |
| **Segment revenue** | | | | | | | | | |
| Sales to external Customers | **204192.39** | **8052.95** | - | **23024.02** | - | **20.06** | - | **328.91** | **235618.33** |
| | (241347.06) | (7929.44) | (-) | (23630.29) | (66784.63) | (987.02) | (18165.95) | (464.14) | (359308.53) |
| Operating Income | **1360.28** | **23.97** | - | **55.75** | - | **292.28** | - | **29.59** | **1761.87** |
| | (945.57) | (49.18) | (-) | (57.85) | (423.92) | (200.13) | (1.85) | (4.60) | (1683.10) |
| Other Income | **102.61** | **122.75** | - | **104.15** | - | - | - | - | **329.51** |
| | (35.61) | (86.38) | (-) | (432.80) | (159.17) | (-) | (68.08) | (-) | (782.04) |
| Unallocated income | | | | | | | | | **1364.71** |
| | | | | | | | | | (1161.40) |
| Inter segment Revenue | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (154.83) | (-) | (-) | (-) | (-) | (154.83) |
| **Total Revenue** | **205655.28** | **8199.67** | - | **23183.92** | - | **312.34** | - | **358.49** | **239074.42** |
| | (242328.24) | (8065.00) | (-) | (23966.11) | (67367.72) | (1187.15) | (18235.88) | (468.74) | (362780.24) |
| Elimination of inter segment sales | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| **Total Net Revenue** | **205655.28** | **8199.67** | - | **23183.92** | - | **312.34** | - | **358.49** | **239074.42** |
| | (242328.24) | (8065.00) | (-) | (23966.11) | (67367.72) | (1187.15) | (18235.88) | (468.74) | (362780.24) |
| **Segment results** | **2956.50** | **14.68** | - | **(964.31)** | - | **(49.58)** | - | **(314.71)** | **1642.58** |
| | (13673.08) | (315.19) | (-) | (567.79) | (4958.23) | (-997.45) | (-1636.94) | (-237.92) | (16641.98) |
| **Unallocated expenditure net of unallocated income** | | | | | | | | | **(113232.03)** |
| | | | | | | | | | (-5362.28) |
| **Profit / (Loss) before interest and taxation** | | | | | | | | | **114874.61** |
| | | | | | | | | | (11279.70) |
| Finance Cost | | | | | | | | | **5523.37** |
| | | | | | | | | | (8800.00) |
| **Profit / (Loss) before taxation** | | | | | | | | | **109351.24** |
| | | | | | | | | | (2479.70) |
| Tax expense | | | | | | | | | **(488.18)** |
| | | | | | | | | | (2622.31) |
| **Profit / (Loss) after Taxation** | | | | | | | | | **109839.42** |
| | | | | | | | | | (-142.61) |
| **Share of Profit/(Loss) of Associate** | | | | | | | | | **(64.77)** |
| | | | | | | | | | (-50.99) |

Segment Reporting (Continued) (Rupees in Lac)

| Particulars | Continuing | | | | Discontinuing | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Agro Inputs (Urea operations) | Integrated Circuits | Petro chemicals | Others | Agro Inputs (Phosphatic operations) | Bulk Drugs and Formulations | SMO | Others (Enzymes) | |
| **Profit/(Loss) after taxation before minority interest** | | | | | | | | | **109774.65** (-193.60) |
| **Less: Profit/(Loss) applicable to minority interest** | | | | | | | | | **(200.00)** (23.92) |
| **Net Profit/(Loss) for the year** | | | | | | | | | **109974.65** (-217.52) |
| **Other Information** | | | | | | | | | |
| Segment assets | **47601.78** (58521.35) | **14775.25** (15804.62) | **1951.92** (1891.71) | **14651.54** (15077.88) | **-** (-) | **-** (566.18) | **-** (-) | **123.23** (366.88) | **79103.72** (92228.62) |
| Unallocated corporate Assets | | | | | | | | | **17482.60** (15255.28) |
| **Total Assets** | | | | | | | | | **96586.32** (107483.90) |
| Segment liabilities | **26634.74** (27108.78) | **6043.81** (6592.92) | **515.97** (455.76) | **8036.05** (7000.35) | **-** (-) | **221.20** (802.38) | **-** (-) | **5.73** (45.60) | **41457.50** (42005.79) |
| Unallocated corporate Liabilities | | | | | | | | | **29006.59** (155129.09) |
| **Total Liabilities** | | | | | | | | | **70464.08** (197134.88) |
| Capital expenditure (allocable) | **1234.97** (374.13) | **370.69** (3233.48) | **59.94** (8.02) | **591.89** (234.82) | **-** (182.42) | **-** (1.47) | **-** (843.49) | **22.57** (4.37) | **2280.06** (4882.20) |
| Capital expenditure (Unallocable) | | | | | | | | | **50.08** (82.89) |
| Depreciation (allocable) | **4145.61** (4253.81) | **1185.33** (937.93) | **-** (-) | **691.21** (686.82) | **-** (955.11) | **10.67** (640.76) | **-** (61.11) | **15.26** (17.66) | **6048.08** (7553.20) |
| Depreciation (Unallocable) | | | | | | | | | **137.30** (136.83) |
| Non-cash expenditure other than depreciation (allocable) | **172.87** (-11.78) | **22.70** (-) | **2.22** (-) | **0.22** (53.14) | **-** (-) | **156.06** (136.05) | **-** (-) | **122.65** (29.19) | **476.71** (1066.09) |
| Non-cash expenditure other than depreciation (unallocable) | | | | | | | | | **926.80** (3031.05) |

(Rupees in lac)

| Secondary segment Information (Geographical Segments) | Revenue | Carrying amount of segment assets | Capital Expenditure |
|---|---|---|---|
| Within India | **229553.33** | **79103.72** | **2280.06** |
| | (359258.95) | (90449.82) | (4882.20) |
| Outside India | **8156.38** | **197.39** | **-** |
| | (2514.72) | (1778.80) | (-) |
| **Total** | **237709.71** | **79301.11** | **2280.06** |
| | (361773.67) | (92228.62) | (4882.20) |

**NOTES**

(a) **Business segments**

The business segment has been considered as the primary segment for disclosure. The products included in each of the business segments are as follows:

**Continuing**

(i) Agro inputs - includes fertilisers

(ii) Petrochemicals - includes Polyester Filament Yarn and Purified Terepthalic Acid

(iii) Integrated Circuits - Semiconductor Assembly and Test facility providing Integrated Circuits packing solutions

(iv) Others - Tissue culture, Seeds, Chemicals and Power

**Discontinuing**

(i) Bulk drugs and formulations - includes Penicillin - G and formulations

(ii) Others - Enzymes

Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenditure net of unallocated income."

Unallocated corporate assets and unallocated corporate liabilities include the assets and liabilities which are not directly attributable to segments.

**(b) Geographical segments**

The geographical segments considered for disclosure are as follows:

- Sales within India include Sales to customers located within India
- Sales outside India include Sales to customers located outside India

**15 (i). Related party disclosures under Accounting Standard - 18**

(Refer Note 41 of the Annual Consolidated Financial Statements)

The list of related parties as identified by the management are as under:

| Nature | Parties |
|---|---|
| Associates | 1 Tuticorin Alkali Chemicals and Fertilisers Limited<br>2 Gold Nest Trading Company Limited<br>3 Petro Araldite Private Limited (Associate of a Jointly controlled entity) |
| Jointly controlled entities | 1 Tamilnadu Petroproducts Limited<br>2 National Aromatics and Petrochemicals Corporation Limited<br>3 Gulf Petroproducts Company E.C (Joint venture of a Jointly controlled entity) |
| Key management personnel | 1 Thiru. Ashwin C Muthiah<br>2 Thiru. K K Rajagopalan<br>3 Thiru. RM Muthukaruppan - Managing Director of a Jointly controlled entity (till 3 February 2013)<br>4 Thiru. Muthukrishnan Ravi - Managing Director of a Jointly controlled entity (from 4 February 2013)<br>5 Thiru. V Ramani - Chief Financial Officer of a Jointly controlled entity (till 3 February 2013)<br>6 Dr. A C Muthiah - Chairman of a Subidiary<br>7 Thiru. D Balakrishnan - Chief Executive Officer of a Subsidiary<br>8 Thiru. Ar Rm Arun - Director of a Subsidiary<br>9 Thiru. N Sivashanmugam - Whole Time Director of a Subsidiary |
| Enterprises owned by / over which Key Management Personnel is able to exercise significant influence | 1 Wilson International Trading Pte Ltd, Singapore<br>2 Wilson International Trading India Private Limited<br>3 Manali Petrochemicals Limited<br>4 Greenstar Fertilizers Limited<br>5 AMI Holdings Private Limited<br>6 Bengal Auto Parts Private Limited<br>7 Sicagen India Limited<br>8 Wilson Cables Private Limited, Singapore<br>9 Valingro Exponenta Limited<br>10 ACM Medical Foundation<br>11 Natronix Semiconductor Technology Limited |
| Others | 1 Tamilnadu Industrial Development Corporation Limited (Promoter of a Jointly controlled entity) |

15. (ii) **The following transactions were carried out with the related parties**

(Rupees in lac)

| S.NO | PARTICULARS | RELATIONSHIP | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|---|
| **A** | **BALANCE OUTSTANDING AS AT 31.03.2013** | | | |
| | **(a) Receivables including Advances** | | | |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.80** | 1.20 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **1677.80** | 1256.59 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **80.22** | 8.86 |
| | National Aromatics and Petrochemicals Corporation Limited* | Jointly controlled entity | **1477.75** | 1474.80 |
| | Thirumathi Devaki Muthiah | Relative of Key Management Personnel | **-** | 3.75 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **9.24** | - |
| | *Manali Petrochemicals Limited* | Enterprises over which KMP exercise Significant Influence | **22.71** | - |
| | Petro Araldite Private Limited | Associate | **190.23** | 144.65 |
| | Gulf Petroproducts Company E.C | Jointly controlled entity | **-** | 18.55 |
| | **(b) Payables** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **2444.07** | 1799.99 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **153.51** | 34.36 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **827.24** | 101.69 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.96** | - |
| | Valingro Exponenta Limited | Enterprises over which KMP exercise Significant Influence | **2.54** | 2.19 |
| | Natronix Semiconductor Technology Limited | Enterprises over which KMP exercise Significant Influence | **1.52** | 3.66 |
| | **(c) Guarantee Received** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **2500.00** | 2500.00 |
| | Dr. A C Muthiah | Key Management Personnel | **7.63** | 8.18 |
| | **(d) Loans including interest** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **3449.13** | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | **4027.62** | - |
| | Valingro Exponenta Limited | Enterprises over which KMP exercise Significant Influence | **150.00** | - |
| | **(e) Fixed Deposit** | | | |
| | ACM Medical Foundation | Enterprises over which KMP exercise Significant Influence | **2000.00** | 2000.00 |
| | **(f) Share Capital including Securities premium** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | **6523.42** | - |

* Dues have been fully provided for

**Related party transactions (Continued)**

(Rupees in lac)

| S.NO | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| B | **TRANSACTIONS DURING THE YEAR 2012 - 13** | | | |
| 1 | **Sale of goods** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **427.17** | 562.47 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **244.62** | 135.58 |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **42.81** | - |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.89** | - |
| | Petro Araldite Private Limited | Associate | **1834.37** | 1591.42 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **38.49** | - |
| 2 | **Sale of Service** | | | |
| | Petro Araldite Private Limited | Associate | **110.81** | 82.49 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **2.26** | - |
| 3 | **Purchase of materials** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **5.46** | 1.31 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **41.47** | 1.33 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **20.04** | 19.32 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **14.33** | - |
| | Wilson International Trading Pte Ltd, Singapore | Enterprises over which KMP exercise Significant Influence | **-** | 29155.12 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **31.32** | - |
| 4 | **Reimbursement of Expenses (Receipts)** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **0.01** | 0.09 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **-** | 0.87 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **-** | 27.07 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.02** | 26.35 |
| | National Aromatics and Petrochemicals Corporation Limited | Jointly controlled entity | **2.96** | 3.35 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **14.08** | 0.35 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **4.24** | - |
| 5 | **Reimbursement of Expenses (Payments)** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **0.22** | - |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **1.72** | - |

**Related party transactions (Continued)**

(Rupees in lac)

| S.NO | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| 6 | **Income from services rendered** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **0.25** | 0.40 |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **0.10** | 0.39 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **7.97** | 211.60 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **1142.44** | 451.62 |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | **0.38** | 0.16 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **0.39** | - |
| 7 | **Services/Consultancy charges** | | | |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | **0.02** | 0.10 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | **84.27** | 82.23 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **1027.76** | 442.34 |
| 8 | **Sale of Business Unit** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | - | 30600 .00 |
| 9 | **Income from Rentals** | | | |
| | Tamilnadu Petroproducts Limited | Jointly controlled entity | **1.80** | 1.61 |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | **70.95** | 18.97 |
| | Sicagen India Limited | Enterprises over which KMP exercise Significant Influence | **17.32** | - |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | - | 0.90 |
| 10 | **Dividend Income** | | | |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | - | 57.31 |
| | Relating to Jointly controlled entity | Associate | - | 23.16 |
| 11 | **Dividend Paid** | | | |
| | Tamilnadu Industrial Development Corporation Limited | Others | **13.41** | 26.82 |
| 12 | **Provision for doubtful advances** | | | |
| | National Aromatics and Petrochemicals Corporation Limited | Jointly controlled entity | **2.96** | 3.35 |
| | Tuticorin Alkali Chemicals and Fertilisers Limited | Associate | - | 8.82 |
| 13 | **Finance and Other Charges** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | - | 14.40 |
| | Wilson International Trading Pte Ltd, Singapore | Enterprises over which KMP exercise Significant Influence | - | 304.16 |
| 14 | **Profit on Phosphatic operations transferred** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | - | 1118.02 |

Related party transactions (Continued)

(Rupees in lac)

| S.NO | PARTICULARS | RELATIONSHIP | For the year 2012-13 | For the year 2011-12 |
|---|---|---|---|---|
| 15 | **Managerial Remuneration** | | | |
| | Dr. A C Muthiah | Key Management Personnel | - | 32.88 |
| | Thiru. K K Rajagopalan | Key Management Personnel | 35.01 | 12.39 |
| | Thiru. N Sivashanmugam | Key Management Personnel | 13.82 | 12.81 |
| | Thiru. D Balakrishnan | Key Management Personnel | 32.00 | 30.32 |
| | Relating to Jointly controlled entity | Key Management Personnel | 13.44 | 14.56 |
| 16 | **Rent Paid** | | | |
| | Greenstar Fertilizers Limited | Enterprises over which KMP exercise Significant Influence | 265.87 | 92.39 |
| | Thirumathi Devaki Muthiah | Relative of Key Management Personnel | - | 3.77 |
| 17 | **Sitting Fees** | | | |
| | Thiru. Ashwin C Muthiah | Key Management Personnel | 0.60 | 1.00 |
| | Tamilnadu Industrial Development Corporation Limited | Others | 0.81 | 0.63 |
| 18 | **Commission** | | | |
| | Thiru. Ar Rm Arun | Key management personnel | - | 2.48 |
| 19 | **Others** | | | |
| | a. Corporate Communication Charges - Valingro Exponenta Limited | Enterprises over which KMP exercise Significant Influence | 18.20 | 17.35 |
| | b. Corporate Rent Charges - Valingro Exponenta Limited | Enterprises over which KMP exercise Significant Influence | 13.48 | 12.02 |
| | c. Marketing Fees - Natronix Semiconductor Technology Limited | Enterprises over which KMP exercise Significant Influence | 7.71 | - |
| | d. Manpower Deputation Charges - Natronix Semiconductor Technology Limited | Enterprises over which KMP exercise Significant Influence | 15.47 | 15.67 |
| 20 | **Trade advance received** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | 610.00 | 7800.00 |
| | Manali Petrochemicals Limited | Enterprises over which KMP exercise Significant Influence | 101.58 | - |
| 21 | **Trade advance repaid/returned** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | 310.00 | 6000.00 |
| 22 | **Special Rebate Paid** | | | |
| | Wilson International Trading India Private Limited | Enterprises over which KMP exercise Significant Influence | 386.92 | - |
| 23 | **Amount received against Share Capital and Securities Premium** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | 6523.42 | - |
| 24 | **Amount received against Loans** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | 3147.58 | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | 4000.00 | - |
| 25 | **Interest on Borrowings** | | | |
| | AMI Holdings Private Limited | Enterprises over which KMP exercise Significant Influence | 335.05 | - |
| | Bengal Auto Parts Private Limited | Enterprises over which KMP exercise Significant Influence | 30.68 | - |

16 **Earning per Share**

(Refer Note 42 of the Annual Consolidated Financial Statements)

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|---|---|---|
| **(i) Continuing Operations** | | |
| Face Value per share (in Rupees) | **10** | 10 |
| Profit / (Loss) for the year (Rupees in lac) | **110338.94** | (2267.61) |
| Less:Arrears of Preference Dividend | **176.95** | 175.79 |
| Profit / (Loss) for the year after preference dividend (Rupees in lac) | **110161.99** | (2443.40) |
| **Basic** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166278374 |
| Earnings/(Loss) per share (In Rupees) | **64.98** | (1.47) |
| **Diluted** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166291005 |
| Earnings/(Loss) per share (In Rupees) | **64.98** | (1.47) |
| **(ii) Total Operations** | | |
| Face Value per share (in Rupees) | **10** | 10 |
| Profit / (Loss) for the year (Rupees in lac) | **109974.65** | (217.52) |
| Less:Arrears of Preference Dividend | **176.95** | 175.79 |
| Profit / (Loss) for the year after preference dividend (Rupees in lac) | **109797.70** | (393.31) |
| **Basic** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166278374 |
| Earnings/(Loss) per share (In Rupees) | **64.77** | (0.24) |
| **Diluted** | | |
| Weighted Average Number of shares outstanding | **169525380** | 166291005 |
| Earnings/(Loss) per share (In Rupees) | **64.77** | (0.24) |

17. (Refer Note 43 of the Annual Consolidated Financial Statements)

(a) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

(b) Assets and Liabilities in the Balance Sheet include figures both for Continuing and Discontinuing Operations.

(c) Previous year figures are given in brackets.

**SPIC**

**Information disclosed in accordance with the Ministry of Corporate Affairs, Government of India, Order No-51/12/2007 CL-III General Circular No.2/2011 dated 8 February 2011**

| Particulars | SPEL Semiconductor Limited | SPEL America Inc., USA (Subsidiary of SPEL Semiconductor Ltd) | | SPIC Fertilizers and Chemicals Limited (SFCL) Mauritius | |
|---|---|---|---|---|---|
| Financial year of the subsidiary company ended on | 31 March 2013 | 31 March 2013 | | 31 March 2013 | |
| | Rupees in lac | Amount in USD | Rupees in lac* | Amount in USD | Rupees in lac* |
| Capital | 4613.25 | 100.00 | 0.05 | 39073390.00 | 21248.11 |
| Reserves | 4120.19 | (3454.68) | (1.88) | (39073390.00) | (21248.11) |
| Total Assets | 14776.82 | 5433.32 | 2.95 | - | - |
| Total Liabilities | 14776.82 | 5433.32 | 2.95 | - | - |
| Investments | - | - | - | - | - |
| Turnover | 8198.58 | 208000.00 | 113.11 | - | - |
| Profit/(Loss) before tax | (572.06) | 5538.03 | 3.01 | - | - |
| Provision for taxation | (117.03) | 1623.00 | 0.88 | - | - |
| Profit/(Loss) after tax | (455.03) | 3915.03 | 2.13 | - | - |
| Proposed dividend | - | - | - | - | - |

* Translated at exchange rate prevailing as on the following closing Balance Sheet date of the respective companies.

1 USD (US Dollar) = Rs. 54.38

1. SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL) (a Wholly owned subsidiary of the Company) holds 1 equity share of One Million Arab Emirate Dirham each in SPIC Fertilizers and Chemicals FZE, Dubai (SFC, FZE). Hence the combined share of the Company and its subsidiary in SFC, FZE Dubai is 83.54%. Due to inaccessibility to the records consequent to re-possession of certain assets of the company by Jebel Ali Free Zone Authorities (JAFZA), Dubai the details of SFC, FZE, Dubai are not given in the above statement.
2. As Jebal Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals (SFC, FZE), Dubai, the holding company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The Company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. Hence the financial statement of the subsidiary company SFCL Mautitius have not been considered for consolidation.
3. SPIC Petrochemicals Limited (SPIC Petro), is under liquidation as per Order dated 17 April 2009 passed by the Hon'ble Madras High Court. Subsequently, the Official Liquidator took possession of the assets and effects of SPIC Petro on 14 May 2010. Pursuant to the Order dated 20 December 2010 by the Hon'ble Madras High Court, ARCIL took possession of the assets from the Official Liquidator on 4 January 2011. In view of the above developments, the Company had lost its control over SPIC Petro. Hence details of SPIC Petro are not given in the above statement.

SPIC

*If undelivered, please return to :*

**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**
SPIC House, 88 Mount Road, Guindy, Chennai - 600 032.