



**43<sup>rd</sup> ANNUAL REPORT**  
**2013 - 14**

**SOUTHERN PETROCHEMICAL INDUSTRIES  
CORPORATION LIMITED**



## SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

### **Board of Directors** *(as on 30 July 2014)*

Ashwin C Muthiah	Chairman
T K Arun	Director
B Elangovan	Director
B Narendran	Director
S Shankar	Director
K K Rajagopalan	Whole-Time Director
S R Ramakrishnan	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

Fax : +91 44 22352163

Website : [www.spic.in](http://www.spic.in)

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## SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: "SPIC House", 88 Mount Road, Guindy, Chennai - 600 032.  
CIN:L11101TN1969PLC005778; E-mail: spiccorp@spic.co.in; website:www.spic.in

### NOTICE

NOTICE is hereby given that the FORTY THIRD ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Monday the 8 September, 2014 at 10.00 A.M. 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 2014 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 the place of Thiru B Elangovan (DIN: 00133452) who retires by rotation and being eligible, offers himself for re-election.
3. To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013, 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 conclusion of the 45<sup>th</sup> Annual General Meeting of the Company on a remuneration as fixed by the Board of Directors of the Company."

#### SPECIAL BUSINESS

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 160 of the Companies Act, 2013 and the Articles of Association of the Company, Thiru S R Ramakrishnan (DIN: 00120126) be and is hereby appointed as a Director of the Company, liable to retire by rotation

5. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT subject to the approval of the Central Government and other approvals, as may be necessary, consent of the Company be and is hereby accorded in terms of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactments thereof viz., the Companies Act 2013 for the time being in force and / or any notifications which the Central Government may issue from time to

time for the re-appointment of Thiru K K Rajagopalan (DIN 00050446) as the Whole-Time Director of the Company for a period of one year from 16 November 2013 to 15 November 2014 on the following terms and conditions:

#### REMUNERATION:

- i. Basic Salary at the rate of Rs.1,20,000/- per month.
- ii. Other Allowances and Perquisites aggregating Rs.1,92,000/- per month
- iii. Contribution to Provident and other Funds, Superannuation, Gratuity, Leave Eligibility and Encashment shall be as per the applicable laws and Service Rules of the Company and subject to the limits under (ii) above.
- iv. In addition to the above, the Company shall provide telephone and other communication facilities to the Whole-Time Director for use in relation to the discharge of his official duties.
- v. The Company shall reimburse the actual entertainment and travelling expenses incurred by the Whole-Time Director in connection with the Company's business and the same shall not be treated as perquisites or benefits to the Whole-Time Director.

#### Minimum Remuneration:

In the event of inadequacy or absence of profits during the duration of the agreement, the Whole-Time Director shall be entitled to the aforesaid remuneration as the minimum remuneration and the same shall be subject to the provisions of the applicable laws and approval of the Central Government or such other approvals, as may be required under the relevant laws.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modifications or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactments thereof viz., the Companies Act 2013 the Board of Directors be and are hereby authorised to vary or increase the remuneration (including the minimum remuneration, approved by the Remuneration Committee) i.e. the remuneration within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Company and Thiru K K Rajagopalan be suitably amended to give effect to such amendment, modification or relaxation, subject to such approvals as may be required by law"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be expedient or desirable to give effect to the Resolution".

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT subject to the approval of the Central Government and other approvals, as may be necessary, consent of the Company be and is hereby accorded in terms of Sections 196, 197 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 (the Act), (including any statutory modifications or re-enactments thereof for the time being in force) for the appointment of Thiru S R Ramakrishnan (DIN 00120126) as the Whole-Time Director of the Company for a period of three years from 30 July 2014 on the following terms and conditions:

**REMUNERATION:**

- a. Basic Salary, Allowances and Perquisites Rs. 35.00 lacs p.a.
- b. Performance pay Rs. 15.00 lacs p.a.
- c. In lieu of car and driver Rs. 07.80 lacs p.a.
- d. In addition to the above
  - i. Provide telephone and other communication facilities to the incumbent for official use in relation to the discharge of his duties and responsibilities.
  - ii. Reimburse actual entertainment and travelling expenses incurred by the incumbent in connection with Company's business and shall not be treated as perquisites or benefits.
- e. Contribution to Provident fund, Superannuation Fund, or other Funds, Gratuity, Leave Eligibility and Encashment of leave shall be as per the Service Rules of the Company.

**Minimum Remuneration:**

In the event of inadequacy or absence of profits during the duration of the agreement, the Whole-Time Director shall be entitled to the aforesaid remuneration as the minimum remuneration and the same shall be subject to the provisions of the applicable laws and approval of the Central Government or such other approvals, as may be required under the relevant laws.

“RESOLVED FURTHER THAT in the event of any statutory amendment, modifications or relaxation by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and are hereby authorised to vary or increase the remuneration (including the minimum remuneration, approved by the Nomination and Remuneration Committee) i.e. the remuneration within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Company and Thiru S R Ramakrishnan be suitably amended to give effect to such amendment, modification or relaxation, subject to such approvals as may be required by law”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be expedient or desirable to give effect to the Resolution”.

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Act, Thiru B Narendran (DIN No: 01159394) a Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five years from 8 September, 2014.”

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Act, Thiru S Shankar (DIN No: 06591908) a Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five years from 8 September, 2014.”

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT in supersession of the Ordinary Resolution passed by the Members at their Extra-Ordinary General Meeting of the Company held on 5 November 1994, the Board of Directors be and is hereby authorized pursuant to Section 180(1)(c) of the Companies Act, 2013 and Article 144 of the Articles of Association of the Company to borrow moneys from time to time at their discretion where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) on such terms and conditions as may be considered suitable by the Board of Directors up to a limit of Rs.750 crores (Rupees Seven hundred and fifty crores only) in excess of the aggregate of the paid up share capital of the Company and its free reserves.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and take all steps as may be necessary, proper or expedient to give effect to this Resolution.

10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT, in supersession of the Ordinary Resolution passed by the Members at their Extra-Ordinary General Meeting of the Company held on 5 November, 1994, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors be and is hereby authorized to secure the borrowings made by the Company including the interest, costs and other moneys in such manner as they may think fit and for that purpose to execute mortgage, charge and / or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future, and on such terms and conditions as the Board of Directors may think fit from time to time.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and take all steps as may be necessary, proper or expedient to give effect to this Resolution.

11. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and Rules made there under read with the provisions of Companies (Cost Records and Audit) Rules, 2014 including any statutory amendment(s), modification(s) and re-enactment thereof, for the time being in force, the appointment of Thiru P.R.Tantri (M.No.2403) on a remuneration of Rs. 80,000/- as fixed by the Board of Directors as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31 March, 2015, be and is hereby approved and ratified;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and take all steps as may be necessary, proper or expedient to give effect to this Resolution.

12. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

RESOLVED THAT in pursuance of Section 14 and all other applicable provisions of the Companies Act, 2013, the consent is hereby accorded to alter Article 164 of Articles of Association of the Company so as to authorize any one Director or Company Secretary or any one Official of the Company as may be authorized by the Board of Directors of the Company to sign the document in witness of having affixed the Common Seal to such deed, document or instrument in his presence.

RESOLVED FURTHER to amend the existing Article 164 by substituting the words “be signed by one Director **or** Secretary or such other person as may from time to time be authorized by the Board” for the words “be signed by one Director **and** the Secretary or such other person as may from time to time be authorized by the Board.”

RESOLVED FURTHER to authorize the Board of Directors of the Company to do such acts and deeds as necessary and deem fit to give effect to this Resolution.

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

Place: Chennai  
Date : 30 July 2014

M B GANESH  
Secretary

## NOTES:

- (A) a. The Share Transfer Register of the Company will remain closed from 26 August 2014 to 8 September 2014 (both days inclusive).
- b. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of items 4 to 12 is annexed hereto.
- c. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Member holding more than 10% is entitled to appoint a single proxy, who cannot be proxy of any other Member.
- d. 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. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate board resolution/authority, as applicable.
- e. Members holding shares in physical form are advised to inform the Company of any change in address or demise of any Member.
- f. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) of Members holding shares in demat form and should submit self attested copy their PAN details to the Company while sending physical share certificates for transfer / transmission.
- g. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the Notice. Such Directors have furnished the requisite declarations for their appointment / re-appointment.
- h. Electronic copy of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of electronic-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy form are being sent in the permitted mode.
- i. Members may also note that the Notice of the 43rd Annual General Meeting and the Annual Report will be available on the Company's website [www.spic.in](http://www.spic.in). The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Chennai for inspection during normal business hours on all working days. For any communication, relating to investor grievances, the shareholders may send their requests to email id: [shares.dep@spic.co.in](mailto:shares.dep@spic.co.in).
- j. A person who has participated in e-voting is not debarred from participating in the meeting physically though he shall not be able to vote in the meeting again and his earlier vote cast electronically shall be treated as final. In terms of the provisions of Section 107 read with Section 109, there will be no voting by show of hands at the meeting and hence the provisions relating to demand for poll by the Members would not be relevant. The Chairman of the meeting will regulate the meeting and voting on the resolutions in accordance with the provisions of the Act and the applicable Rules.

### Inspection of Documents

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 all working days except Saturday and Sunday between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

### (B) Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing to its Members facility to exercise their right to vote at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through electronic-Voting Services provided by CDSL.

### INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

- (a) In case of members receiving e-mail:
- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on "Shareholders" tab.
  - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID), Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
  - (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
  - (vi) Now, fill up the following details in the appropriate boxes

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	



Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
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\*Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN field. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xviii) Smt. B. Chandra, Practicing Company Secretary (CP No. 7859) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (b) In case of members receiving the physical copy Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (c) The voting period begins on 31 August 2014 (9.00 am) and ends on 2 September 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on record date i.e., 25 August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (d) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

As per the Companies Act 2013 and Rules made there under, a Company may give notice through electronic mode to its Members. The e-mail shall be addressed to the person entitled to receive such e-mail as per the records of the Company or as provided by the depository. Hence Members are advised to register/update their e-mail address and enable the Company to send Notice, Financial Statements and other documents in electronic form.

## Annexure to Notice

### EXPLANATORY STATEMENT

#### PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, READ WITH ARTICLE 76 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The following Explanatory Statement sets out the material facts referred to in Item no 4, 5, 6, 7, 8, 9, 10, 11 and 12 of the Notice convening the 43<sup>rd</sup> Annual General Meeting:

#### Item No: 4

The Board co-opted Thiru S R Ramakrishnan as an Additional Director of the Company at its meeting held on 30 July 2014 with effect from the said date. Pursuant to Section 161 of the Companies Act, 2013, (the Act) he shall hold office till the ensuing Annual General Meeting. It is proposed to appoint him as Director of the Company liable to retire by rotation. Notice proposing his candidature has been received along with requisite deposit from a Member under Section 160 of the Act. Since Thiru S R Ramakrishnan was designated as Whole-time Director of the Company for a period of 3 years from 30 July 2014, the Board recommends the proposed resolution.

#### Memorandum of Interest:

Except Thiru S R Ramakrishnan and his Relatives, none of the other Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

#### Item No: 5

The Board of Directors of the Company at its Meeting held on 29 October, 2013 re-appointed Thiru K K Rajagopalan as Whole-time Director of the Company for a period of 1 year from 16 November, 2013 to 15 November, 2014. The Remuneration Committee constituted by the Board fixed the remuneration to Thiru K K Rajagopalan at its meeting held on 29 October, 2013.

In terms of Articles of Association of the Company and the Companies Act, 2013 approval of Members by passing Special Resolution for appointment and payment of remuneration to the Directors is required.

**Statement under Para B, Section II, Part II of Schedule XIII to the Companies Act, 1956 is given below to the extent applicable.**

#### A General Information

##### 1. Nature of Industry:

The Company is primarily engaged in manufacture and sale of Urea.

##### 2. Year of Commencement of commercial production:

The commercial production of Urea, the main product of the Company, commenced during 1975.

##### 3. Financial performance:

The following are the results of the Company during the last three years.

Rs. in Crore

Financial parameters	2011-12	2012-13	2013-14
Total Income	3322.70	2076.08	1345.47
Net Profit/(Loss) (as per P&L A/c)	(6.31)	1105.13	65.86
Rate of Dividend declared (%)	Nil	Nil	Nil
Amount of Dividend paid	Nil	Nil	Nil

#### B Information about the Appointee

##### a. Background details :

Thiru K K Rajagopalan is an Engineering Graduate with Post Graduation in Management from Indian Institute of Management, Bangalore, specializing in Finance. He joined SPIC in August 1972 soon after his graduation and had worked in the Technical and Finance departments of the Fertilizer, Heavy Chemicals and Pharmaceutical Divisions. He served as Executive Director (Finance) in SPIC before joining Manali Petrochemical Ltd. (MPL) in April 2000, as Director (Finance) and was with MPL for over eleven years. Thiru K.K.Rajagopalan carries with him over 41 years of industrial experience. Considering his background and experience, the Board is of the opinion that the appointment of Thiru K K Rajagopalan as Whole-time Director of the Company will benefit the Company.

##### b. Past Remuneration

- i. Basic Salary of Rs.1,10,000/- p.m.
- ii. Other Allowances and Perquisites aggregating to Rs.1,92,000/- p.m.
- iii. Contribution to Provident and Other Funds, Superannuation, Gratuity, Leave Eligibility and Encashment shall be as per the applicable Laws/ Service Rules of the Company and subject to the limits under (ii) above.
- iv. In addition to the above, the Company shall provide telephone and other communication facilities to the Whole-Time Director for use in relation to the discharge of his official duties.

- v. The Company shall reimburse the actual entertainment and travelling expenses incurred by the Whole-Time Director in connection with the Company's business and the same shall not be treated as Perquisites or benefits to the Whole-Time Director.

In the event of inadequacy or absence of profits during the duration of the agreement, the Whole-Time Director shall be entitled to the aforesaid remuneration as the minimum remuneration and the same shall be subject to the provisions of the applicable laws and approval of the Central Government or such other approvals, as may be required under the relevant laws.

c. Job profile and his suitability:

Thiru K K Rajagopalan is the Whole-time Director, responsible for the operational management of the Company subject to the overall superintendence, guidance and control of the Board of Directors. The Board is of the opinion that Thiru K K Rajagopalan has the requisite qualifications, experience and expertise for the position

- d. The terms of re-appointment of Thiru K K Rajagopalan, as the Whole-time Director of the Company are furnished in the Resolution under Item No. 5 of the Notice.
- e. Comparative remuneration profile with respect of industry, size of the Company, profile of the position and person

The proposed remuneration is reasonable with respect to the industry, size of the Company and job profile of the proposed appointee.

- f. Pecuniary relationship, directly or indirectly, with the Company / relationship with managerial personnel, if any

Thiru K K Rajagopalan has no pecuniary relationship directly or indirectly, with the Company (except to the extent of the remuneration received / receivable by him from the Company and his holding of 500 equity shares). Thiru S R Ramakrishnan is another Whole-time Director besides Thiru K K Rajagopalan.

**C. Other Information**

Reasons for Loss / inadequacy of profit if any.

During the year 2012-13, the plant could not be run continuously on account of working capital constraints, water and raw-material shortage. The plant was shut down for 53 days 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 to 15 July 2013. These factors affected the production performance of your Company. Urea production achieved during the year 2013-14 was 2,85,923 MTs only compared to 4,81,820 MTs in previous year. Efforts are being made to augment working capital to enable commencement of operations of your Company's Ammonia and Urea plants.

**Memorandum of Interest:**

Except Thiru K K Rajagopalan and his Relatives, none of the other Directors, Key Managerial personnel and their relatives of the Company is interested in this Resolution.

**Item No: 6**

The Board of Directors of the Company at its Meeting held on 30 July, 2014 appointed Thiru S R Ramakrishnan as Whole-time Director of the Company for a period of 3 years from 30 July, 2014 subject to the approval of the Members. The Nomination and Remuneration Committee constituted by the Board fixed the remuneration to S R Ramakrishnan at its meeting held on 30 July, 2014.

In terms of Articles of Association of the Company and the Companies Act, 2013 approval of Members by passing Special Resolution for appointment and payment of remuneration to the Directors is required.

**Statement under Para B, Section II, Part II of Schedule V of the Companies Act, 2013 is given below to the extent applicable.**

**A General Information**

1. Nature of Industry:

The Company is primarily engaged in manufacture and sale of Urea.

2. Year of commencement of commercial production:

The commercial production of Urea, the main product of the Company, commenced during 1975.

3. Financial performance:

The following are the results of the Company during the last three years.

Rs. in Crore

Financial parameters	2011-12	2012-13	2013-14
Total Income	3322.70	2076.08	1345.47
Net Profit/(Loss) (as per P&L A/c)	(6.31)	1105.13	65.86
Rate of Dividend declared (%)	Nil	Nil	Nil
Amount of Dividend paid	Nil	Nil	Nil

**B Information about the Appointee**

- a. Background details :

Thiru S R Ramakrishnan aged about 64 years, is B.Tech (Chem) from IIT Madras. He joined SPIC in 1972; worked in various departments including operation; process engineering, Technical services, R&D, Corporate Planning, etc., left SPIC in August 1999 as Executive Director

(Corporate Planning) to join PSA SICAL Terminals Limited as MD; to manage a container terminal in Tuticorin Port Trust on BOT basis; ran the business till August 2007 as CEO (Ports) and for some time as CEO (Ports & Logistics); left SICAL to join Bharath Coal Chemicals Ltd (belonging to Shriram Group) as its Managing Director; worked till July 2014 and during that period was involved in developing a coal based Ammonia - Urea project in Paradip. Has an overall 42 years of experience in technical management & business management with the last fifteen years in Board position. He does not hold any shares in the Company. Considering his background and experience, the Board is of the opinion that the appointment of Thiru S R Ramakrishnan as Whole-time Director of the Company will benefit the Company.

b. Past Remuneration

This is the first appointment of Thiru S R Ramakrishnan as Whole-time Director of the Company.

c. Job profile and his suitability:

Thiru S R Ramakrishnan is the Whole-time Director, responsible for the Manufacturing function, HR & Admin, Secretarial and Legal functions of the Company subject to the overall superintendence, guidance and control of the Board of Directors. The Board is of the opinion that Thiru S R Ramakrishnan has the requisite qualifications, experience and expertise for the position.

d. The terms of appointment of Thiru S R Ramakrishnan, as the Whole-time Director of the Company are furnished in the Resolution under Item No. 6 of the Notice.

e. Comparative remuneration profile with respect of industry, size of the Company, profile of the position and person

The proposed remuneration is reasonable with respect to the industry, size of the Company and job profile of the proposed appointee.

f. Pecuniary relationship, directly or indirectly, with the Company / relationship with managerial personnel, if any

Thiru S R Ramakrishnan has no pecuniary relationship directly or indirectly, with the Company (except to the extent of the remuneration received / receivable by him from the Company). Thiru K K Rajagopalan is another Whole-time Director besides Thiru S R Ramakrishnan.

**C. Other Information**

Reasons for Loss / inadequacy of profit if any.

During the year 2013-14, the plant could not be run continuously on account of working capital constraints and raw-material shortage. The plant was shutdown from the beginning of financial year for a period of 106 days till 15 July 2013 and from 30 October 2013 to 8 February 2014. Working Capital constraints caused by delayed subsidiary disbursement issues affected raw materials supply. These factors affected the production

performance of your Company. Urea production achieved during the year 2013-14 was 2,85,923 MTs only compared to 4,81,820 MTs in previous year. Efforts are being made to augment working capital to enable commencement of operations of your Company's Ammonia and Urea plants.

**Memorandum of Interest:**

Except Thiru S R Ramakrishnan and his Relatives, none of the other Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

**Item No: 7**

Thiru B Narendran is a Non-Executive Independent Director of the Company appointed by the Members at the General Meeting and whose office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. He joined the Board of Directors of the Company on 19 January 2009. Thiru B.Narendran is a Director whose term of office is liable to determination by retirement of directors by rotation. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Thiru B Narendran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from 8 September 2014. In the opinion of the Board, Thiru B.Narendran fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company and is independent of the Management. Notice proposing his candidature has been received along with requisite deposit from a Member under Section 160 of the Act.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Thiru B.Narendran as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Thiru B.Narendran as an Independent Director, for approval by the Members of the Company.

**Memorandum of Interest:**

Except Thiru B. Narendran and his Relatives, none of the Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

**Item No 8:**

Thiru S Shankar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 29 May 2013 whose office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Thiru S.Shankar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from 8 September 2014. In the opinion of the Board, Thiru S.Shankar fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company and is independent of the Management. Notice proposing his candidature has been received along with requisite deposit from a Member under Section 160 of the Act.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Thiru S.Shankar as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Thiru S.Shankar as an Independent Director, for approval by the Members of the Company.

**Memorandum of Interest:**

Except Thiru S.Shankar and his Relatives, none of the Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

**Item No: 9 & 10**

The Company had obtained approval of Members during November 1994 by way of Ordinary Resolution, authorizing the Board of Directors to borrow upto a limit of Rs.2,500 Crores in excess of the aggregate of the paid up share capital and free reserves and for creation of security in favour of the lenders for availing such loans. Section 180 of the Companies Act, 2013 stipulates that borrowing of money in excess of the paid up share capital and free reserves and /or creation of security requires approval of Members by Special Resolution. It has also been clarified by the Ministry of Corporate Affairs that the Resolution passed prior to the Companies Act, 2013 will be valid for a period of one year from 12 September 2013 being the date of notification of Section 180. In view of this, a Special Resolution is proposed seeking approval of Members under Section 180(1)(c) of the Companies Act, 2013 for borrowing up to Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores) in excess of paid-up share capital and free reserves of the Company vide Item No.9 of the Notice.

It is further proposed to seek approval of the Members under Section 180(1)(a) of the Companies Act, 2013 authorising the Board of Directors to mortgage and/or create charge on all or any of the movable & immovable properties of the Company in favour of the lenders, trustee(s) for securing the borrowings of the Company availed/to be availed by way of loans from time to time, subject to the limits approved by the Members vide Item No.10 of the Notice.

**Memorandum of Interest:**

None of the Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

**Item No: 11**

The Board of Directors of the Company based on recommendation of the Audit Committee, has approved at their meeting held on 28 May, 2014, the appointment of Thiru P.R.Tantri as Cost Auditor at a remuneration of Rs. 80,000/- to conduct the audit of the cost records of the Company for the financial year ending 31 March, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and Rules made thereunder read with the provisions of Companies (Audit and Auditors) Rules 2014 and Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors shall be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31 March, 2015.

**Memorandum of Interest:**

None of the Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

**Item No: 12**

Article 164 of Articles of Association of the Company authorizes the affixing of Common Seal of the Company to every document, deed or other instrument with authority of a Resolution of the Board or Committee and in the presence of any one Director and the Secretary or any one Official as may be authorised from time to time by the Board of Directors. In order to provide flexibility, the Board of Directors decided that the Common Seal can be affixed in the presence of one of the officials i.e., either a Director or Secretary or any Official of the Company as may be authorised by the Board of Directors depending on the need in whose presence the Common Seal could be affixed and signed.

In accordance with the provisions of Section 14, any alteration to Articles of Association of the Company requires approval of members by a Special Resolution in the General Meeting.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 12 of the Notice.

**Memorandum of Interest:**

None of the Directors, Key Managerial Personnel and their Relatives of the Company is interested in this Resolution.

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

Place: Chennai  
Date : 30 July, 2014

M B GANESH  
Secretary



**Details of the Directors seeking appointment/re-appointment at the 43rd Annual General Meeting**  
[Pursuant to Clause 49(IV)(G) of the Listing Agreement]

**Thiru B ELANGOVAN**, aged 50 years, a nominee of TIDCO, is the General Manager, Tamilnadu Industrial Development Corporation Limited. Thiru Elangovan is also a Member of Audit Committee, and Shareholders'/Investors' Grievance Committee of Tamilnadu Telecommunications Limited.

Thiru B Elangovan is also a Director on the Boards of Arkonam Castings & Forgings Ltd, Sakthi Sugars Ltd, Tamilnadu Telecommunications Ltd, Jayamkondam Lignite Power Corporation Limited, Narmathaa Textiles Ltd and Asian Bearing Ltd. He does not hold any equity shares in the Company.

**Thiru K K RAJAGOPALAN**, aged 63 years is a Director of National Aromatics & Petrochemicals Corporation Limited and Greenspace Manufacturing Industries Private Ltd. He holds 500 equity shares in the Company. A brief profile of ThiruK.K.Rajagopalan is given in the Explanatory Statement in respect of Item No. 5 of the Notice.

**Thiru S R RAMAKRISHNAN**, aged 64 years is a Director of Ennore Automotive Logistics Ltd. He does not hold any equity shares in the Company. A brief profile of Thiru S R Ramakrishnan is given in the Explanatory Statement in respect of Item No. 6 of the Notice.

**Thiru B NARENDRAN**, aged 68 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 B.Narendran is also the Principal Secretary, Consulate General, Republic of Philippines in Chennai. Thiru B.Narendran is also the Chairman of the Nomination and Remuneration

Committee and Stakeholders' Relationship Committee and Member of Audit Committee of the Company.

Thiru B Narendran is also a Director on the Boards of Sicagen India Ltd, Tuticorin Alkali Chemicals & Fertilizers Ltd and India Radiators Ltd. He also holds the following Committee positions:

Name of the Company	Name of the Committee	Position
Sicagen India Ltd	Audit Committee	Chairman
	Shareholders Grievance Committee	Chairman
Tuticorin Alkali Chemicals & Fertilizers Ltd	Audit Committee	Chairman
	Shareholders Grievance Committee	Member

He does not hold any equity shares in the Company.

**Thiru S SHANKAR**, aged 71 years, a law graduate from Madras Law College was the Deputy General Manager of Unit Trust of India (UTI) in charge of legal and secretarial functions. He was on the Boards of many Companies representing UTI. He was the key resource person in the structuring, placing and managing of the first vehicle that enabled Foreign Institutional Investors to access the equities of Indian listed companies. Thiru S Shankar is also the Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company. Thiru S. Shankar is also a Director in Tuticorin Alkali Chemicals & Fertilizers Ltd Thiru S.Shankar does not hold any equity shares in the Company.

## DIRECTORS' REPORT

Your Directors present their 43<sup>rd</sup> Annual Report together with the audited statement of accounts of the Company for the financial year ended 31 March 2014.

OPERATING RESULTS	(Rs. in Crore)	
	2013-14	2012-13
Income from Operations	1345.47	2076.08
Other Income	8.48	15.44
Total Income	1353.95	2091.52
Profit before interest, depreciation and tax	45.74	34.83
Finance Cost	20.92	44.00
Depreciation	43.67	43.45
Exceptional items	84.71	1157.75
Profit before tax	65.86	1105.13
Provision for tax	–	–
Profit/ (Loss) after tax	65.86	1105.13

In terms of the Company's Scheme of Compromise and Arrangement with Creditors under Sec. 391 and other relevant provisions of the Companies Act, 1956 approved by the Hon'ble High Court of Madras by its Order dated 16 August 2012, the Creditors under the Scheme as of 1 April 2013 were to be paid over a period of 46 quarterly instalments from 6 Jan 2013 with an option to prepay the settlement amount at any time after the expiry of two years from the date of commencement. The Hon'ble High Court of Madras vide its Orders dated 26 Aug 2013 and 6 Dec 2013 permitted the Company to exercise pre-payment option even before the expiry of two years. The Company thereafter effected final payments by March 2014 to all the remaining Creditors in accordance with the approved Scheme, leaving no further liability. Arising out of the above settlement, a sum of Rs.9158.61 lakhs was settled to the Creditors in line with the Scheme. Consequently, a sum of Rs.11692.51 lakhs being the excess liability has been written back during the current year as an exceptional item. The Trust Deed dated 2 Jan 2013 executed by the Company to create charge in favour of such remaining Creditors on the Specified Assets through the Trust was terminated effective 27 March 2014, consequent to payment to Creditors in full as per the Scheme.

### Production

During the year under review, the plant could not be run continuously on account of working capital constraints and raw-material shortage. The plant was shutdown from the beginning of the financial year for a period of 106 days till 15 July 2013 and from 30 October 2013 to 8 February 2014. Working Capital constraints caused by delayed subsidy disbursement issues affected raw materials supply. These factors affected the production performance of your Company. Urea production achieved during the year 2013-14 was 2,85,923 MTs compared to 4,81,920 MTs in the previous year. Efforts are being made to augment working

capital to enable sustained operations of your Company's Ammonia and Urea plants.

The previous year's profits included a write-back of excess liability of an exceptional nature of Rs.1157.75 Crores to the Statement of Profit & Loss and a corresponding write-back of Rs.116.92 Crores to the Statement of Profit & Loss has been made on account of full and final settlement with Creditors under the Scheme. Hence, the comparable profit before tax for the current year would be Rs.65.86 Crores as against Rs.1105.13 Crores for the previous year.

### Promoters' contribution:

During the year, the Promoters have brought in Rs.28.35 Crores by way of loan for meeting re-payment obligations to the Creditors as per the Scheme.

### Conversion of Ammonia plant from Naphtha to Gas:

Study for converting the Feedstock of Ammonia plant from Naphtha to Mixed Feedstock (Natural Gas/Naphtha with any combination) and the basic engineering have been completed with the detailed engineering nearing completion. Procurement activity for long lead items is in progress. Civil Foundation for long lead items has been completed. However, in the absence of firm allocation of gas, carriers are averse to commit huge capital in laying pipeline for transporting gas to your Plant. The Department of Fertilizers is also seized of the matter.

As per the New Pricing Scheme III introduced by Dept. of Fertilizers, all Naphtha based urea producing fertilizer plants are required to switch over to gas to avail any subsidy beyond 30 June 2014. Representations have been made to Government of India to continue disbursing subsidies till such time Government of India allocates gas on assured basis to the plant and switch over to gas based production. The representation is under consideration of the Government of India.

### Agri-business Division

The performance of the Division which was affected by acute power shortage achieved a turnover of Rs.5.58 Crores as against Rs.13.85 Crores in the previous year.

### SUBSIDIARIES / JOINT VENTURES / INVESTMENTS

#### SPEL Semiconductor Limited (SPEL)

SPEL accounted sales of Rs.63.39 Crores with a profit of Rs.0.32 Crores for the year 2013-14.

Subsequent to the approval of the shareholders in the Extra Ordinary General Meeting on 30 Dec 2013, and as approved by SEBI, the entire equity shares of SPEL held by the Company were sold to M/s Natronix Semiconductor Technology Private Limited, Singapore at Rs.7.62 per share for a total consideration of Rs.1966.81 lakhs.

#### Tamilnadu Petroproducts Limited (TPL)

During the year 2013-14 TPL's revenue from operations was Rs.1051.82 crore against Rs.1281.42 crore in the previous

year. TPL incurred a net loss of Rs.37.30 crore vis-a-vis the net loss of Rs. 50.56 crore during the year 2012-13. The Company made an operating profit of Rs. 5 crore against operating loss of Rs. 34 lakh in FY 2012-13. TPL's operations continued to be affected due to large scale import of Linear Alkyl Benzene and Caustic soda into India. In spite of this TPL could bring down the losses through concerted efforts to cut the cost and also ensure the best possible market realization.

#### **Tuticorin Alkali Chemicals and Fertilisers Limited**

Due to non-availability of raw material and labour unrest, its Plant could be operated for only 62 days during the financial year, when 9775 MT of Soda Ash and 7672 MT of Ammonium Chloride were produced. Measures were taken to reduce the overheads and sales of only Rs.27 Crores could be achieved.

#### **SPIC FERTILIZERS AND CHEMICALS LTD., MAURITIUS (SFCL, MAURITIUS) AND SPIC FERTILIZERS AND CHEMICALS FZE, DUBAI (SFC FZE)**

The Company had invested in the equity share capital of SPIC Fertilizers and Chemicals Limited, Mauritius which in turn invested in its wholly owned subsidiary, SPIC Fertilizers and Chemicals (SFC) FZE, Dubai for putting up a fertiliser complex. As the Project did not materialise, 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 had 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 28 May, 2014, 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.

#### **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**

There have been no safety, health and environment issues in the plant. The Company was awarded first prize in Group A (belongs to Industries working for more than 5 lakh man-hours in a year) by the State for the year 2010 and State Safety Award for 2012.

ISO 9001 and ISO 14001 stage audit by External Auditors have been completed and we await their certification.

#### **PUBLIC DEPOSITS**

As on 31 March 2014, there were no outstanding public deposits.

#### **HUMAN RESOURCE DEVELOPMENT**

The Company considers its human resources as important asset and endeavours to nurture, groom and retain talent to meet the current and future needs of its business. The Company continues to provide a conducive 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 2014.
- (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 S Shanmugam, IAS, Nominee of TIDCO resigned as Director of the Company. The Board of Directors at their meeting held on 28 May 2014 accepted the resignation of Thiru M S Shanmugam, IAS. The Board of Directors placed on record the invaluable services rendered by Thiru M S Shanmugam, IAS during his tenure as Director of the Company.

Thiru B Elangovan, Nominee Director of TIDCO shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election. Particulars relating to the appointment of Thiru B Elangovan seeking re-election at the ensuing Annual General Meeting are furnished in the annexure to the Notice. As required under the provisions of Companies Act, 2013, Thiru B Narendran and Thiru S Shankar have been proposed for appointment as Independent Directors for a period of 5 years from the date of 43rd Annual General Meeting.

The Board of Directors at their meeting held on 30 July 2014 co-opted Thiru S R Ramakrishnan as Additional Director and appointed him as Whole-time Director of the Company for a period of three years from 30 July 2014 on certain terms and conditions, subject to the approval of the shareholders and such other approval as may be required. Pursuant to Sec. 161 of the Companies Act, 2013, the term of his office as Additional Director will be upto the ensuing 43rd AGM. It is therefore proposed to appoint him as Director, liable to retire by rotation and seek approval of the shareholders.

## 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 High Court of Madras. 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

Statement giving details of Employees of the Company 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 is enclosed.

## COST AUDITOR

Thiru P R Tantri, Cost Accountant, Bengaluru was appointed as the Cost Auditor of the Company for the financial year 2013-14 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 2013 certified by Thiru P R Tantri was filed on 30 September 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 Generation and Distribution Corporation Ltd (formerly Tamilnadu Electricity Board), ARCIL, Financial Institutions and Banks. The Directors appreciate the dedicated and sincere services rendered by all the employees of your Company.

For and on behalf of the Board of Directors

Place : Chennai  
Date : 30 July, 2014

**ASHWIN C MUTHIAH**  
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 2014.

### 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:

- Performance of all pumps and compressors were studied. Various energy saving technologies like provision of VFD, speed reduction, Impeller trimming and smoothing 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 2013-2014	Previous Year 2012-2013
<b>A.</b>	<b>Power and Fuel Consumption</b>			
<b>1</b>	<b>Electricity</b>			
	a) Purchased			
	Unit	MWH	42,410.410	52,958.563
	Total Amount	Rs. in lacs	2,972.83	3,540.05
	Rate per Unit	Rs/KWH	7.01	6.69
	b) Own Generation			
	i) through Diesel Generator			
	Unit	MWH	30.18	94.07
	Unit per litre of Diesel oil	KWH/litre	3.189	3.698
	Diesel oil consumed Ltr.		9464	25438
	Cost per Unit	Rs/KWH	19.38	13.01
	ii) through Steam turbine/ generator			
	Unit	MWH	16,514.7	27,412.6
	Cost per Unit	Rs/KWH	7.86	12.73
<b>2</b>	<b>Coal (Specify Quantity &amp; where used)</b>			
	Quantity	--	--	--
	Total cost	--	--	--
	Average Rate	--	--	--
<b>3</b>	<b>Furnace oil/LSHS</b>			
	Quantity	MT in lacs	0.619	1.136
	Total cost	Rs in lacs	31,801.74	55,014.65
	Average Rate	Rs per MT	51,389.11	48,413.60

			Current Year 2013-2014	Previous Year 2012-2013
<b>B.</b>	<b>Consumption per MT of Production (Energy intensive products only)</b>			
<b>Ammonia</b>	Production	MT	1,65,168	2,77,320
	Electricity	KWH	88.20	51.22
	Fuel oil	MT	0.247	0.274
<b>Urea</b>	Production	MT	2,85,923	4,81,820
	Electricity	KWH	122.40	115.60
	Fuel oil	MT	0.065	0.063

**FORM B (See Rule 2)**

Nil

## CORPORATE GOVERNANCE REPORT (2013-14)

### 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 2014, the Board of Directors of the Company had 7 (seven) Members. During the financial year 1 April 2013 to 31 March 2014, 9 (Nine) Board Meetings were held on 29 May 2013, 12 Aug 2013, 2 Sep 2013, 29 Oct 2013, 7 Nov 2013, 22 Nov 2013, 13 Jan 2014, 10 Feb 2014 and 13 Feb 2014.

#### BOARD'S COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD AS ON 31 MARCH 2014.

Name of the Director, designation and category	Attendance at Board Meetings	Attendance at previous AGM on 2 Sept 2013	No. of other Director-ship(s) (*)	No. of membership in Board Committees in other companies (**)	
				As Chairman	As Member
Thiruvallargal Ashwin C Muthiah Chairman Non-Executive Promoter Nominee	7	Yes	4(3)	-	1
M S Shanmugam, IAS TIDCO Nominee Non-Executive Independent	1	No	7 (1)	-	-
T K Arun TIDCO Nominee Non-Executive Independent	9	Yes	11(1)	1	6
B Elangovan TIDCO Nominee Non-Executive Independent	3	No	6	-	2
S Shankar (w.e.f 29.5.'13) Non-Executive Independent	7	Yes	1	-	1
B Narendran Non-Executive Independent	9	Yes	2	3	1
K K Rajagopalan Whole-Time Director Professional	9	Yes	1	-	-
M Jayasankar (upto 29.5.'13) Non-Executive Independent	-	No	-	-	-

(\*) 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 their nominees are 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 re-assurance 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 members, all being Non-Executive Independent Directors, having sound financial management expertise. During the year under review the Committee met 5 (Five) times on 29 May 2013, 12 Aug 2013, 2 Sep 2013, 29 Oct 2013 and 10 Feb 2014. The Statutory Auditors, Internal Auditor, Cost Auditor, Chief Financial Officer and the Chairman of the Board of Directors 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
Thiruvallargal S Shankar	Chairman	5	Non-Executive Independent
B Narendran	Member	5	Non-Executive Independent
T K Arun	Member	5	Non-Executive Independent

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

#### TERMS OF REFERENCE

- To monitor the work relating to transfer, transmission, dematerialization, rematerialization, 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 B Narendran, a Non-Executive Independent Director is the Chairman of the Committee. The Committee met 4 (Four) times during the financial year 2013-14, i.e. on 9 May 2013, 12 Aug 2013, 29 Oct 2013 and 10 Feb 2014.

Name of the Director	Designation	No. of Meetings attended	Category
Thiruvallargal B Narendran	Chairman	4	Non-Executive Independent
S. Shankar	Member	3	Non-Executive Independent
T K Arun	Member	4	Non-Executive Independent

Investor complaints received were redressed to the satisfaction of the Investors. There were no share transfers pending registration as on 31 March 2014.

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 the Whole-time Director is recommended and fixed taking into consideration his qualifications, experience and the prevailing remuneration trends in the industry. The Committee is headed by Thiru B Narendran, a Non-Executive Independent Director. The Committee met once on 29 Oct 2013 during the financial year 2013-14, to fix the remuneration payable to Thiru K.K.Rajagopalan, Whole time Director, on his re-appointment for a period of one year from 16 Nov 2013.

Name of the Director	Designation	No. of Meetings Attended	Category
Thiruvalargal B Narendran	Chairman	1	Non-Executive Independent
S Shankar	Member	1	Non-Executive Independent
T K Arun	Member	1	Non-Executive Independent

## DIRECTORS' REMUNERATION DURING 2013-14

Name of the Director	Salary & Perquisites (*) (Rs.)	Special Allowance Paid/ Payable (Rs.)	Sitting Fees (Rs.)
Thiruvalargal Ashwin C Muthiah	-	-	70,000
M S Shanmugam ##	-	-	10,000
T K Arun##	-	-	2,60,000
B Elangovan##	-	-	30,000
S Shankar	-	-	1,60,000
B Narendran	-	-	2,70,000
M Jayasankar	-	-	NIL
K K Rajagopalan	29,03,500	8,48,006	-

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

## Sitting fees paid to the financial institutions 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 the 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) Limited (CDSL) and the total issued and listed capital.

## 6. ANNUAL GENERAL MEETINGS

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

Year	Date	Time	Venue
2011	16 November 2011	2.30 P.M	Rajah Annamalai Hall, Chennai 600 108
2012	26 September 2012	10.00 A.M.	Rajah Annamalai Hall, Chennai 600 108
2013	2 September 2013	3.00 P.M.	Rajah Annamalai Hall, Chennai 600 108

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

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	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Issue and allotment of 1,49,10,700 Convertible Warrants on preferential basis to AMI Holdings Private Limited, a company belonging to Promoter group.</li> <li>• Issue and allotment of 2,23,66,000 Convertible Warrants on preferential basis to AMI Holdings Private Limited, a company belong to Promoter group;</li> <li>• 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.</li> </ul>
2 Sep. 2013	NIL

No resolution was passed through postal ballot during 2013-14.

## 7. DISCLOSURES

- (a) During the financial year 2013-14, 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 transactions of the Non-Executive Directors vis-à-vis the Company during the financial year 2013-14.
- (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 of the Listing Agreement.
- (f) Equity Shares of the Company held by Non-Executive directors as on 31 March 2014: Thiru Ashwin C Muthiah - 45 Equity Shares.

## 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 leading English and Tamil (regional language) newspapers. The Financial Results and official press releases are posted on the Company's website [www.spic.in](http://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, 8 September, 2014 10 A.M.  
at Raja Annamalai Hall, Chennai 600 108
- (b) **DATES OF BOOK CLOSURE** : Tuesday, 26 August, 2014 to Monday 8 September 2014 (both days inclusive)
- (c) **DIVIDEND DECLARED** : NIL
- (d) **LISTING ON STOCK EXCHANGES**

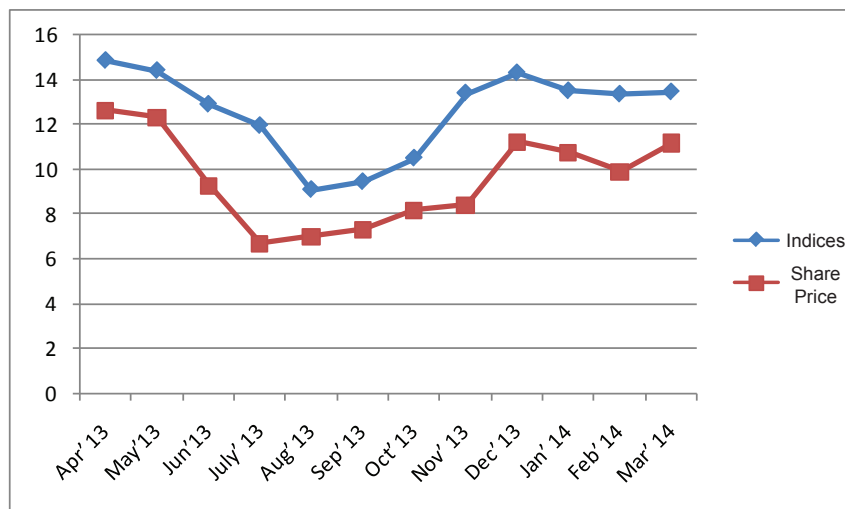
The equity shares of the Company are listed on the National Stock Exchange of India Ltd, Mumbai 400 051 [NSE] [Stock Symbol/ Code: SPIC]. The Global Depository Receipts (GDRs) of the Company are listed at Societe de la Bourse de Luxembourg, Luxembourg. The Company paid the listing fees for the financial year 2013-14 to NSE and Luxembourg Exchange.

Demat International Securities Identification Number (ISIN) for equity shares is INE147A01011.

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

Month	Apr' 13	May'13	Jun'13	July' 13	Aug' 13	Sep' 13	Oct' 13	Nov' 13	Dec' 13	Jan' 14	Feb' 14	Mar' 14
High	14.85	14.40	12.90	11.95	09.10	09.45	10.50	13.40	14.30	13.50	13.35	13.45
Low	12.65	12.35	09.30	06.70	07.00	07.30	08.20	08.40	11.25	10.75	09.90	11.20

## (f) PERFORMANCE OF SPIC'S EQUITY SHARES



## (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, 4 (four) meetings were held. The entire process including despatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

### (i) DISTRIBUTION OF SHAREHOLDING AS OF 31 MARCH 2014.

Sl. No	Range	No. of Shares held	% to paid up Capital	No. of Members	% to total Members
1	Up to 500	88,70,231	4.36	58467	81.76
2	501 - 1000	53,37,330	2.62	6297	8.81
3	1001 - 2000	50,29,383	2.47	3185	4.45
4	2001 - 3000	26,87,541	1.32	1025	1.43
5	3001 - 4000	19,70,390	0.97	535	0.75
6	4001 - 5000	27,05,770	1.33	561	0.78
7	5001 - 10000	50,78,847	2.49	671	0.94
8	10001 and above	17,19,60,844	84.44	772	1.08
	<b>Total</b>	<b>20,36,40,336</b>	<b>100.00</b>	<b>71513</b>	<b>100.00</b>



**(ii) SHAREHOLDING PATTERN AS OF 31 MARCH 2014**

Particulars	No. of Equity shares held	% to paid-up Capital
PROMOTERS:		
(a) TIDCO	88,40,000	4.34
(b) Dr M A Chidambaram Group	9,63,30,898	47.31
Financial Institutions & Nationalised Banks	52,62,796	2.58
The Bank of New York Mellon (as depository for Global Depository Receipts)	1,70,66,800	8.38
Foreign Institutional Investors	7,97,563	0.39
Non-Resident Individuals	17,26,567	0.85
Foreign Companies	39,800	0.02
Mutual Funds	1,81,674	0.09
Public & Others	7,33,94,238	36.04
<b>Total</b>	<b>20,36,40,336</b>	<b>100.00</b>

**(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. 19,23,12,879 equity shares, constituting 94.43 per cent of the paid-up equity capital of the Company, stood dematerialized as on 31 March 2014. 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](http://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 525 shareholders have claimed their shares and 195 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.

**(l) PLANT LOCATION**

Fertilizer Division : SPIC Nagar, Tuticorin 628 005

**(m) FINANCIAL CALENDAR (TENTATIVE)**

Financial year : 1 April 2014 to 31 March 2015  
 First quarter results : July/August 2014  
 Half-yearly results : October/November 2014  
 Third quarter results : January/February 2015  
 Annual results : May 2015  
 44<sup>th</sup> Annual General Meeting : September 2015



(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.044-22352163  
E-mail: (a) General: spiccorp@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 2014.

For Southern Petrochemical  
Industries Corporation Limited

Place : Chennai  
Date : 28 May, 2014

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 2014 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 review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated by 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 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

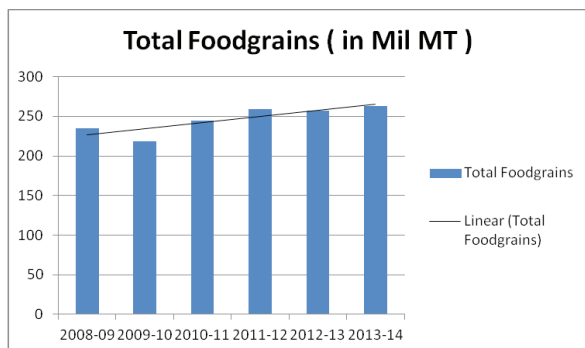
BHAVANI BALASUBRAMANIAN  
Partner  
Membership No.22156

Place: Chennai  
Date: 28 May, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2013-14

### Industry Overview:

India is expected to have a record food grain output in the year 2013-14 of 263.2 million tonnes compared to 257.13 million tonnes in the previous year. (Source Press Information Bureau, Ministry of Agriculture, GoI)



For the year 2014-15, there is an apprehension of less than normal rainfall due to the El Nino effect. (Source: Business Standard 16 Apr 2014). However, in view of the lowest nutrient price for Urea from amongst all the available nutrients, we do not anticipate any adverse impact in the market for Urea.

India has 126 crore mouths to feed. In comparison, China has 139 crores population. With a population growth of 1.24% in India to 0.61% in China, by the year 2030, the Indian population is expected to surpass China's population and become the most populous country in the world. This is going to exert enormous strain on food grain availability. During the year 2013-14, the GoI imported 7.08 MMT of Urea. With such a huge deficit in indigenous urea production and an ever growing demand, your company doesn't anticipate any problem in marketing all its capacity.

### Challenges

The Department of Fertilizers, Government of India have been advocating use of natural gas in urea manufacture and have given time till June 2014 for all the urea plants to convert to natural gas. In line with the mandate given by the Government, your Company has completed the basic and detailed engineering design and has also procured long lead items like burners etc., Civil work for the conversion has been completed. However, in the absence of firm allocation of gas, carriers are averse to commit huge capital in laying pipelines for transporting gas to your plant. The Department of Fertilizers is also seized of this issue.

As per the New Pricing Scheme III introduced by Dept. of Fertilizers, all Naphtha based urea producing fertilizer plants are required to switch over to gas to avail any subsidy beyond 30 June 2014. Representations have been made to Government of India to continue disbursing subsidies till such time Government of India allocates gas on assured basis to the plant and switch over to gas based production. The representation is under consideration of the Government of India.

### 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 statutes, 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 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/Board, which provides strategic direction on important issues to the Executive Management.

### Company's performance

During the year, the Company's Urea Plant achieved a production of 2.86 lakh MT as against 4.82 lakh MT in the previous year.

### Corporate Social Responsibility

The Company in its endeavour to improve the living standards of the farming community is continuously engaged in implementing several initiatives.

- 1. Extension Services:** Soil samples received from farmers were analysed through the Company's agri-clinic at Tuticorin, based on the requirement of the farmers. Mobile soil testing laboratory visited villages and soil analysis and water analysis were carried out free of cost and recommended for the optimum usage of requisite agri inputs and crop combination.
- 2. Training to farmers:** Training was imparted on modern farm practices and techniques in the areas allied to agriculture. Twenty such training programmes were conducted which has benefited the farming community across the State and soil health campaign is being carried out. The Company continues to publish its bimonthly Farm Journal (Pannai Cheidhi Malar) for the benefit of farmers, through which latest technologies in agriculture are disseminated. The magazine is sent to around 1 lakh farmers, free of cost. During this year, soil health cards with the complete history of the soil profile i.e., soil problems, nutrient deficiency, soil organic status, soil texture, suitable crops, etc. were issued to farmers. Carried out dissemination of information on agricultural sciences through television channels.
- 3. Education:** Development of education through sponsorship of programmes in schools, vocational training institutes and distribution of educational aids and kits etc.,

has been undertaken. The Company made its contribution for construction of additional class rooms, improvement of sanitary measures, providing water facilities, adding up of playing materials, augmentation of lab facilities etc., in schools. More ITI holders were also trained for a period of one year. A charity unit sponsored by SPIC Employees, donated free notes and books to children worth more than Rs.1.20 lakhs. Every year, the Company has been presenting Dictionaries to the toppers of Plus 2 and SSLC of rural schools in and around Tuticorin.

- 4. Health of Community:** Keeping the dictum "Health is Wealth", the Company in association with the Lions Club & Rotary Club has organized Free Medical Camps meant for treatment of Eyes, General Health, Diabetic & Polio during this year. The Company is extending free medical services in the villages around the factory at Tuticorin by deploying a mobile health unit manned by qualified doctors and para-medical staff besides supporting orphanages, old age homes, Spastics Society and Cheshire Home. Both Lions and Rotary clubs have received awards on blood donation camps from State Government.

With a view to encourage students to participate in sports events, conducted tournaments, both at the regional and national level. Leadership Development Programmes,

covering areas such as Time Management, Communication Skill, Emotion Management, and Leadership Skill were organised in various schools and colleges, from which about ten thousand students benefited.

The Company, in association with Lions Club of SPIC Nagar has executed several community projects at villages. An STD Booth maintained by the Club employed differently abled (handicapped) person with a monthly salary of Rs.5,000/-. Drinking water Reverse Osmosis Unit was installed near the Railway station for public. The SPIC Nagar Lions Club has built three bus shelters, one at Muthiahpuram and the other one is opposite to SPIC Nagar and the third one at Tuticorin.

#### 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.

Statement showing the particulars of Employees of the Company, as required under Section 217 (2A) of the Companies Act 1956, (the Act) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended 31 March, 2014.

Name	Designation and nature of duties	Age	Qualification	Experience	Last Employment and Position held	Date of commencement of employment	Gross Remuneration
Sanjay Tanwani	Country Head	40	ACA, ACS, MBA	18 yrs	ADM Agro Industries Pvt. Ltd. Director - Commercial Operations	15 Oct. 2013	Rs. 48,93,451

- The employee is not related to any of the Directors of the Company and does not hold equity shares of the Company.
- There are no employees covered u/s 217 (2A) (a) (iii) of the Act.

## **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 2014, 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 2014. We expressed an unmodified opinion on those financial statements in our report dated 28 May 2014.

The abridged financial statements do not contain all the disclosures required by the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) 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 2014 prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the 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 2014 prepared in accordance with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, are a fair summary of those financial statements.

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

Place : Chennai  
Date : 28 May, 2014

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



## ABRIDGED BALANCE SHEET AS AT 31 MARCH 2014

(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 2014		As at 31 March 2013	
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Shareholders' funds</b>				
	(a) Share capital				
	(i) Equity	<b>20364.03</b>		20364.03	
	(ii) Preference	<b>1250.00</b>		1250.00	
			<b>21614.03</b>		21614.03
	(b) Reserves and surplus				
	(i) Capital Reserve	<b>97.24</b>		97.24	
	(ii) Capital Redemption Reserve	<b>6500.00</b>		6500.00	
	(iii) Securities Premium Account	<b>21047.71</b>		21047.71	
	(iv) Debenture Redemption Reserve	<b>3800.00</b>		3800.00	
	(v) Statutory Reserve	<b>41.33</b>		41.33	
	(vi) Surplus / (Deficit) in Statement of Profit and Loss	<b>(32702.14)</b>		(39288.32)	
			<b>(1215.86)</b>		(7802.04)
<b>2</b>	<b>Non-current liabilities</b>				
	(a) Long-term borrowings (Refer Note 4)	<b>5700.04</b>		15401.49	
	(b) Other long-term liabilities	<b>2040.74</b>		10633.33	
	(c) Long-term provisions	<b>266.61</b>		261.66	
			<b>8007.39</b>		26296.48
<b>3</b>	<b>Current liabilities</b>				
	(a) Short-term borrowings	<b>36768.47</b>		-	
	(b) Trade payables	<b>61353.99</b>		18658.79	
	(c) Other current liabilities	<b>15241.99</b>		10441.43	
	(d) Short-term provisions	<b>295.45</b>		671.34	
			<b>113659.90</b>		29771.56
	<b>TOTAL</b>		<b>142065.46</b>		69880.03
<b>B</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	(a) Fixed assets				
	(i) Tangible assets (Original cost less depreciation)	<b>30877.35</b>		41213.48	
	(ii) Capital work-in-progress	<b>657.74</b>		355.89	
		<b>31535.09</b>		41569.37	
	(b) Non-current investments (Refer Note 6)				
	Subsidiaries - Quoted	-		1623.52	
	(Market value Rs. Nil				
	(previous year Rs. 1623.52 lac)				
	Others				
	(i) Quoted	<b>2250.42</b>		2250.41	
	(Market value Rs. 1892.76 lac				
	(previous year Rs. 2027.56 lac)				
	(ii) Unquoted	<b>948.00</b>		948.00	
	(c) Long-term loans and advances	<b>3907.18</b>		3517.86	
			<b>38640.69</b>		49909.16
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	<b>18374.88</b>		5542.33	
	(b) Trade receivables	<b>1526.72</b>		1313.90	
	(c) Cash and cash equivalents (Refer Note 7)	<b>1608.41</b>		3910.00	
	(d) Short-term loans and advances	<b>78081.45</b>		9195.64	
	(e) Other current assets	<b>3833.31</b>		9.00	
			<b>103424.77</b>		19970.87
	<b>TOTAL</b>		<b>142065.46</b>		69880.03
	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 : 28 May, 2014

**ASHWIN C MUTHIAH**

Chairman

**S SHANKAR**

Director

**M S SRIDHAR**

Chief Financial Officer

**T K ARUN**

Director

**K K RAJAGOPALAN**

Whole-Time Director

**M B GANESH**

Secretary

## ABRIDGED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(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 2014	Year ended 31 March 2013
<b>A</b>	<b>CONTINUING OPERATIONS</b>		
1	Revenue from operations (gross)	134715.58	207219.45
	Less: Excise duty	168.39	328.11
	Revenue from operations (net) (Refer Note 8)	134547.19	206891.34
2	Other income	847.58	1589.61
3	<b>Total revenue (1+2)</b>	<b>135394.77</b>	<b>208480.95</b>
4	<b>Expenses</b>		
	(a) Cost of materials consumed	79486.41	120587.75
	(b) Purchases of stock-in-trade	(0.55)	476.67
	(c) Changes in inventories of finished goods and work-in-progress	(187.08)	907.90
	(d) Employee benefits expense	3730.04	3801.76
	(e) Power and fuel	35101.44	58873.87
	(f) Finance costs	2091.82	4400.27
	(g) Depreciation and amortisation expense	4367.21	4319.37
	(h) Other expenses	12690.30	20011.13
	<b>Total expenses</b>	<b>137279.59</b>	<b>213378.72</b>
5	<b>Loss before exceptional items and tax (3-4)</b>	<b>(1884.82)</b>	<b>(4897.77)</b>
6	Exceptional items (Refer Note 9)	8471.00	115775.00
7	<b>Profit before tax (5 + 6)</b>	<b>6586.18</b>	<b>110877.23</b>
8	<b>Tax expense</b>	-	-
9	<b>Profit from Continuing Operations after Tax (7-8)</b>	<b>6586.18</b>	<b>110877.23</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS (Refer Note 17)</b>		
10.i	Profit / (Loss) from Discontinuing Operations Before Tax and Exceptional items	-	(265.61)
10.ii	Exceptional items	-	-
10.iii	Profit / (Loss) from Discontinuing Operations Before Tax (10.i+10.ii)	-	(265.61)
10.iv	<b>Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations (Net)</b>	-	(98.68)
10.v	<b>Tax expense of Discontinuing Operations</b>	-	-
11	Profit / (Loss) from Discontinuing Operations After Tax (10.iii+10.iv-10.v)	-	(364.29)
12	<b>Profit / (Loss) after Tax (9+11)</b>	<b>6586.18</b>	<b>110512.94</b>
13	<b>Earnings per share of Rs. 10 each (Refer Note 16)</b>		
	(a) Basic		
	(i) Continuing Operations	3.15	65.30
	(ii) Total Operations	3.15	65.09
	(b) Diluted		
	(i) Continuing Operations	3.15	65.30
	(ii) Total Operations	3.15	65.09
	<b>See accompanying notes forming part of the financial statements</b>		

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 : 28 May, 2014

**ASHWIN C MUTHIAH**

Chairman

**S SHANKAR**

Director

**M S SRIDHAR**

Chief Financial Officer

**T K ARUN**

Director

**K K RAJAGOPALAN**

Whole-Time Director

**M B GANESH**

Secretary



## ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Rupees in lac)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Cash flow (used in) / from Operating Activities	<b>(34635.82)</b>	9823.94
Cash flow from / (used in) Investing Activities	<b>1424.26</b>	(695.65)
Cash flow from / (used in) Financing Activities	<b>30813.29</b>	(6663.96)
Net (Decrease) / Increase in cash and cash equivalents	<b>(2398.27)</b>	2464.33
Cash and Cash equivalents at the beginning of the year *	<b>3649.85</b>	1185.52
Cash and Cash equivalents at the end of the year *	<b>1251.58</b>	3649.85

\* Excludes Margin Money Deposit with Scheduled Banks Rs. 324.25 lac (Previous Year Rs. 233.64 lac) and Escrow account balance of Rs. 32.58 lac (Previous Year Rs. 26.51 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 : 28 May, 2014

**ASHWIN C MUTHIAH**  
Chairman

**S SHANKAR**  
Director

**M S SRIDHAR**  
Chief Financial Officer

**T K ARUN**  
Director

**K K RAJAGOPALAN**  
Whole-Time Director

**M B GANESH**  
Secretary



## NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 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 31 March 2014, (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. Settlement of dues to Creditors

(Refer Note 5 of the Annual Standalone Financial Statements)

- (i) Term Loan from Related Parties bear an interest rate of 15% p.a. (Previous year - 20%) and are repayable in 8 equal quarterly installments. These loans are to be secured by a pari-passu charge on the Assets of the Company.
- (ii) In terms of the Company's Scheme of Compromise and Arrangement with Creditors under Section 391 and other relevant provisions of the Companies Act, 1956 (the Scheme) approved by the Honourable Court vide its Order dated 16 August, 2012, the remaining creditors who had elected for Option 1 under the Scheme as of 1 April, 2013 were to be paid over a period of 46 quarterly instalments commencing from 6 January, 2013 (date of commencement) with an option to prepay the settlement amount at any time after the expiry of two years from such date of commencement. The Honourable High Court vide its Order dated 26 August, 2013 and 6 December, 2013 permitted the Company to make pre-payment of the balance liabilities settlement amount even before the expiry of two years, which was exercised by the Company by settling Rs.9158.61 lac to the creditors. Consequently:
  - (a) a sum of Rs.11692.51 lac being the excess liability has been written back during the current year as an exceptional item.
  - (b) The Trust Deed executed by the Company in January 2013 for creation of charge in favour of such remaining creditors on the Specified Assets through the Trust has been terminated, during March 2014.

### 5. Asset Held for Sale

(Refer Note 12 (iii) of the Annual Standalone Financial Statements)

Certain assets of the Company have been identified as held for sale and consequently the expected loss of Rs. 2289.81 lac has been recognized in the Statement of Profit & Loss as an exceptional item. The details of assets held for sale are as below:

	(Rupees In lac)	
Details of Fixed Assets Held for Sale	Year ended 31 March 2014	Year ended 31 March 2013
Land – Freehold	2469.74	-
Building	1353.60	-
<b>Total</b>	<b>3823.34</b>	<b>-</b>

### 6. Investment

(Refer Note 13 of the Annual Standalone Financial Statements)

Pursuant to the approval of the members in the Extra Ordinary General Meeting held on 30 December, 2013 and as approved by Securities and Exchange Board of India (SEBI), 25811207 equity shares of Rs.10 each, denoting 55.97% of the total paid up share capital in SPEL Semiconductor Limited, a subsidiary company, was sold during the year for a consideration of Rs.1966.81 lac. Consequently the Company has recognized the loss on sale of investments of Rs.5772.15 lac and has written back the provision created on the above investments in earlier years of Rs.6115.45 lac to the Statement of Profit & Loss as an exceptional item. (Refer Note 9).

## 7. Cash and Cash equivalents

(Refer Note 17 of the Annual Standalone Financial Statements)

(Rupees in lac)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Cash on hand	4.06	4.22
Cheques, drafts on hand	0.53	0.07
Balances with banks		
- In current accounts	1246.19	3644.56
- In EEFC accounts	0.80	1.00
- In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	324.25	233.64
-Balance in Escrow Account	32.58	26.51
<b>Total</b>	<b>1608.41</b>	<b>3910.00</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is	<b>1251.58</b>	<b>3649.85</b>

## 8. Revenue from Operations

(Refer Note 20 of the Annual Standalone Financial Statements)

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Sale of products manufactured	15639.88	26454.29
Sale of products traded	545.45	1370.35
Subsidy Income	117357.61	178066.21
<b>Sales and Services</b>	<b>133542.94</b>	<b>205890.85</b>
Other operating revenues	1172.64	1328.60
	<b>134715.58</b>	<b>207219.45</b>
Less: Excise duty	168.39	328.11
<b>Total</b>	<b>134547.19</b>	<b>206891.34</b>

## 9. Exceptional items

(Refer Note 28 of the Annual Standalone Financial Statements)

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Excess liability written back (Refer Note 4 (ii))	11692.51	115775.00
Loss on sale of investments (Refer Note 6)	(5772.15)	-
Impairment loss (Refer Note 5)	(2289.81)	-
Loss on Sale of Business Undertaking (Refer Note 9 (i))	(1275.00)	-
Investment provision write back (Refer Note 6)	6115.45	-
<b>Total</b>	<b>8471.00</b>	<b>115775.00</b>

- 9 (i) Represents additional claim by transferee settled during the year on a business transfer agreement on sale of SMO division in August 2011. (Refer Note 28 (i) of the Annual Standalone Financial Statements.)

#### 10 Plant Operation

(Refer Note 29 of the Annual Standalone Financial Statements)

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 15 July, 2013. The plant was once again shut down due to non receipt of subsidy on 30 October, 2013 till 8 February, 2014.

#### 11 Commitments

(Refer Note 30 of the Annual Standalone Financial Statements)

Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1029.66 lac (Previous year Rs. 1544.20 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, 2014	As at 31 March, 2013
1	Tuticorin Lease Rent for 415.19 acre	<b>16873.97</b>	16873.97
2	TWAD Claim	<b>1983.91</b>	1633.70
3	TANGEDCO, Cuddalore	<b>155.48</b>	155.48
4	Other claims – challenged before various Courts	<b>3132.08</b>	4379.04
5	Taxes, Duties and other demands (under various stages of appeal)	<b>14653.82</b>	14174.76

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.31.78 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 2014 is Rs.2641.99 lac (Previous year Rs. 2465.04 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 2014. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs. 30094.15 lac (Previous year Rs. 30068.10 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. 1618.41 lac (Previous year Rs. 1848.15 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2014 to be accounted for.

(Rupees in lac)

Particulars	As at 31 March 2014	As at 31 March 2013
Depreciation	1753.23	2640.64
Subsidy	670.68	248.43
Deferred tax liability	2423.91	2889.07
Provision for doubtful debts	645.16	784.38
VRS Compensation	160.34	256.54
Carry forward business losses and unabsorbed depreciation restricted to	1618.41	1848.15
Deferred tax asset	2423.91	2889.07

- (b) There is no provision for tax under Sec 115JB of the Income Tax Act 1961 on the basis of adjustments permissible under that section. 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)	Bulk Drugs and Formulations	Others (Enzymes)	
<b>Segment revenue</b>					
Sales to external Customers	132829.09	545.45	-	-	133374.54
	(204192.39)	(1370.35)	(20.06)	(328.91)	(205911.71)
Operating Income	1162.11	2.34	-	-	1164.45
	(1314.93)	(14.60)	(292.27)	(29.58)	(1651.38)
Unallocated income					8.20
					(-0.92)
Inter segment Revenue	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Total Revenue</b>	133991.20	547.79	-	-	134547.19
	(205507.32)	(1384.95)	(312.33)	(358.49)	(207562.17)
Elimination of inter segment sales	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Total Net Revenue</b>	133991.20	547.79	-	-	134547.19
	(205507.32)	(1384.95)	(312.33)	(358.49)	(207562.17)

**Segment Reporting (continued)**

(Rupees in lac)

Particulars	Continuing		Discontinuing		Total
	Agro Inputs (Urea operations)	Others (Agribusiness)	Bulk Drugs and Formulations	Others (Enzymes)	
<b>Segment results</b>	<b>4709.10</b>	<b>(183.27)</b>	-	-	<b>4525.83</b>
	(2956.50)	(-314.94)	(-49.58)	(-314.71)	(2277.27)
<b>Unallocated income net of unallocated expenditure</b>					<b>(4152.17)</b>
					(112635.94)
<b>Profit before interest and taxation</b>					<b>8678.00</b>
					(114913.21)
Finance Cost					<b>2091.82</b>
					(4400.27)
<b>Profit before taxation</b>					<b>6586.18</b>
					(110512.94)
Tax expense					-
					(-)
<b>Profit after Taxation</b>					<b>6586.18</b>
					(110512.94)
<b>Other Information</b>					
Segment assets	<b>126283.20</b>	<b>718.21</b>	-	-	<b>127001.41</b>
	(47601.78)	(801.22)	(-)	(123.23)	(48526.23)
Unallocated Corporate Assets					<b>15064.05</b>
					(21353.80)
<b>Total Assets</b>					<b>142065.46</b>
					(69880.03)
Segment liabilities	<b>96485.33</b>	<b>390.86</b>	-	-	<b>96876.19</b>
	(26634.74)	(238.50)	(221.20)	(5.73)	(27100.17)
Unallocated Corporate Liabilities					<b>24791.10</b>
					(28967.87)
<b>Total Liabilities</b>					<b>121667.29</b>
					(56068.04)
Capital expenditure (allocable)	<b>470.31</b>	<b>0.83</b>	-	-	<b>471.14</b>
	(1234.97)	(26.12)	(-)	(22.57)	(1283.66)
Capital expenditure (Unallocable)					<b>0.26</b>
					(50.08)
Depreciation (allocable)	<b>4236.54</b>	<b>37.15</b>	-	-	<b>4273.69</b>
	(4145.61)	(36.46)	(10.67)	(15.26)	(4208.00)
Depreciation (Unallocable)					<b>93.52</b>
					(137.30)
Non-cash expenditure other than depreciation (allocable)	<b>22.53</b>	<b>6.18</b>	-	-	<b>28.71</b>
	(172.87)	(0.22)	(156.06)	(122.65)	(451.80)
Non-cash expenditure other than depreciation (unallocable)					<b>2340.94</b>
					(474.98)

## Segment Reporting (continued)

(Rupees in lac)

Secondary segment Information (Geographical Segments)	Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	<b>134538.99</b> (207686.18)	<b>127001.41</b> (48526.23)	<b>471.14</b> (1283.66)
Outside India	- (24.90)	- (-)	- (-)
<b>Total</b>	<b>134538.99</b> (207711.08)	<b>127001.41</b> (48526.23)	<b>471.14</b> (1283.66)

## 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 2 SPIC Fertilizers and Chemicals FZE, Dubai 3 SPEL Semiconductor Limited* 4 SPEL America Inc., USA*
Associates	1 Tuticorin Alkali Chemicals and Fertilisers Limited 2 Gold Nest Trading Company Limited
Jointly controlled entities	1 Tamilnadu Petroproducts Limited 2 National Aromatics and Petrochemicals Corporation Limited
Key management personnel of the Company	1 Thiru Ashwin C Muthiah 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
	2 Wilson International Trading India Private Limited
	3 Manali Petrochemicals Limited
	4 Greenstar Fertilizers Limited
	5 AMI Holdings Private Limited
	6 Bengal Auto Parts Private Limited
	7 Sicagen India Limited
	8 Wilson Cables Private Limited, Singapore

\* Ceased to be subsidiary with effect from 24th March 2014.

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

(Rupees in lac)

S.No	PARTICULARS	RELATIONSHIP	As at 31 March, 2014	As at 31 March, 2013
<b>A</b>	<b>BALANCE OUTSTANDING AS AT 31.03.2014</b>			
	<b>(a) Receivables including Advances</b>			
	SPEL Semiconductor Limited	Subsidiary	-	0.36
	SPIC Fertilizers and Chemicals FZE, Dubai*	Subsidiary	<b>1053.47</b>	1053.47
	SPIC Fertilizers and Chemicals Limited, Mauritius*	Subsidiary	<b>1.93</b>	1.93
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>2.31</b>	0.80
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>1776.91</b>	1677.80
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	-	80.22
	National Aromatics and Petrochemicals Corporation Limited*	Jointly controlled entity	<b>1484.62</b>	1477.75
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>2.36</b>	9.24
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>0.04</b>	-
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>0.04</b>	-
	<b>(b) Payables</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>870.08</b>	2444.07
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	-	6.29
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>557.21</b>	827.24
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>34.55</b>	0.96
	Wilson International Trading Pte. Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	<b>33950.82</b>	-
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>2.35</b>	-
	<b>(c) Advance against equity</b>			
	SPIC Fertilizers and Chemicals FZE, Dubai*	Subsidiary	<b>1038.37</b>	1038.37
	<b>(d) Guarantee Received</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>2500.00</b>	2500.00
	<b>(e) Loans including interest</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	<b>3222.58</b>	3449.13
	Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence	<b>7215.04</b>	4027.62
	<b>(f) Share Capital including Securities premium</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	<b>6523.42</b>	6523.42

\* Dues have been fully provided for

**Related parties transaction (continued)**

(Rupees in lac)

S.No	PARTICULARS	RELATIONSHIP	For the year 2013-14	For the year 2012-13
<b>B</b>	<b>TRANSACTIONS DURING THE YEAR 2013 - 14</b>			
<b>1</b>	<b>Sale of goods</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>96.03</b>	427.17
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>218.94</b>	244.62
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>82.09</b>	42.81
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	-	0.89
<b>2</b>	<b>Purchase of materials</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>0.45</b>	5.46
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>0.72</b>	-
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>29.05</b>	20.04
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>0.77</b>	14.33
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	<b>55474.26</b>	-
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>134.83</b>	31.32
<b>3</b>	<b>Reimbursement of Expenses (Receipts)</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>0.01</b>	0.01
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>0.11</b>	-
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>(0.02)</b>	0.02
	National Aromatics and Petrochemicals Corporation Limited	Jointly controlled entity	<b>6.87</b>	2.96
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>12.46</b>	14.08
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>24.97</b>	4.24
<b>4</b>	<b>Reimbursement of Expenses (Payments)</b>			
	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 2013-14	For the year 2012-13
<b>5</b>	<b>Income from services rendered</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	1.77	0.25
	Tamilnadu Petroproducts Limited	Jointly controlled entity	3.08	0.10
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	3.91	7.97
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	930.45	1142.44
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.36	0.38
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	1.91	0.39
	SPEL Semiconductor Limited	Subsidiary	0.07	-
<b>6</b>	<b>Services/Consultancy charges/Guarantee Charges</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	-	0.02
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	84.27	84.27
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	522.92	1027.76
	Tamilnadu Petroproducts Limited	Jointly controlled entity	8.42	-
<b>7</b>	<b>Income from Rentals</b>			
	Tamilnadu Petroproducts Limited	Jointly controlled entity	1.24	1.80
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	101.65	70.95
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	42.37	17.32
<b>8</b>	<b>Dividend Income</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.05	-
	Tamilnadu Petroproducts Limited	Jointly controlled entity	-	76.17
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	5.78	-
<b>9</b>	<b>Provision for doubtful advances</b>			
	National Aromatics and Petrochemicals Corporation Limited	Jointly controlled entity	6.87	2.96
<b>10</b>	<b>Provision for diminution in the value of investment</b>			
	SPEL Semiconductor Limited	Subsidiary	-	366.52

## Related parties transaction (continued)

(Rupees in lac)

S.No	PARTICULARS	RELATIONSHIP	For the year 2013-14	For the year 2012-13
11	<b>Investment provision write back</b> SPEL Semiconductor Limited	Subsidiary	<b>6115.45</b>	-
12	<b>Managerial Remuneration</b> Thiru K.K. Rajagopalan	Key Management Personnel	<b>37.52</b>	35.01
13	<b>Rent Paid</b> Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>233.60</b>	265.87
14	<b>Sitting Fees</b> Thiru Ashwin C Muthiah	Key Management Personnel	<b>0.70</b>	0.60
15	<b>Trade advance received</b> Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	-	610.00
16	<b>Trade advance repaid/returned</b> Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>1550.00</b>	310.00
17	<b>Special Rebate Paid</b> Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>58.06</b>	386.92
18	<b>Amount received against Share Capital and Securities Premium</b> AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	-	6523.42
19	<b>Amount received against Loans</b> AMI Holdings Private Limited Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence Enterprises over which KMP exercise Significant Influence	- <b>2835.00</b>	3147.58 4000.00
20	<b>Interest on Borrowings</b> AMI Holdings Private Limited Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence Enterprises over which KMP exercise Significant Influence	<b>472.14</b> <b>826.02</b>	335.05 30.68
21	<b>Interest on borrowings paid</b> AMI Holdings Private Limited Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence Enterprises over which KMP exercise Significant Influence	<b>651.47</b> <b>391.00</b>	- -
22	<b>Furnace oil transferred and received back</b> Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>154.64</b>	-

## 16 Earnings per Share

(Refer Note 39 of the Annual Standalone Financial Statements)

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>(i) Continuing Operations</b>		
Face Value per share (In Rupees)	10	10
Profit for the year (Rupees in lac)	6586.18	110877.23
Less: Arrears of Preference Dividend (Refer Note 12 (d))	176.95	176.95
Profit for the year after preference dividend (Rupees in lac)	6409.23	110700.28
<b>Basic</b>		
Weighted Average Number of shares outstanding	203640336	169525380
Earnings per share (In Rupees)	3.15	65.30
<b>Diluted</b>		
Weighted Average Number of shares outstanding	203640336	169525380
Earnings per share (In Rupees)	3.15	65.30
<b>(ii) Total Operations</b>		
Face Value per share (In Rupees)	10	10
Profit for the year (Rupees in lac)	6586.18	110512.94
Less: Arrears of Preference Dividend (Refer Note 12 (d))	176.95	176.95
Profit for the year after preference dividend (Rupees in lac)	6409.23	110335.99
<b>Basic</b>		
Weighted Average Number of shares outstanding	203640336	169525380
Earnings per share (In Rupees)	3.15	65.09
<b>Diluted</b>		
Weighted Average Number of shares outstanding	203640336	169525380
Earnings per share (In Rupees)	3.15	65.09

- 17 (a) The operations of the Formulations Industrial Unit at Maraimalai Nagar and Enzyme unit of Pharmaceutical division were discontinued in the previous year, in view of low demand for their products / uneconomical business size and paucity of working capital.

(b) Notes to Discontinuing Operations - for the year ended 31 March 2013

(Rupees in lac)

S. No	Particulars	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
	<b>Revenue from operations (net)</b>	<b>312.33</b>	<b>358.50</b>	<b>670.83</b>
2	<b>Expenses</b>			
	(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
	<b>Total expenses</b>	<b>350.63</b>	<b>585.81</b>	<b>936.44</b>
3	<b>Loss from Discontinuing Operations (1-2)</b>	<b>(38.30)</b>	<b>(227.31)</b>	<b>(265.61)</b>
4	Loss on disposal of assets / settlement of liabilities attributable to the discontinuing operations	(11.28)	(87.40)	(98.68)
5	<b>Loss before and after tax (3+4)</b>	<b>(49.58)</b>	<b>(314.71)</b>	<b>(364.29)</b>

(c) Carrying Value of Assets and Liabilities of Discontinuing Operations as at 31 March 2013

Particulars	Bulk Drugs and Formulations	Enzymes	Total
<b>Total Assets</b>			
31 March 2013	-	123.23	123.23
<b>Total Liabilities</b>			
31 March 2013	221.20	5.73	226.93

(d) Cash Flow of Discontinuing Operations for the Year ended 31 March 2013

Particulars	Bulk Drugs and Formulations	Enzymes	Total
<b>Cash flow from / (used in) Operating Activities</b>			
31 March 2013	(160.03)	(180.02)	(340.05)
<b>Cash flow from Investing Activities</b>			
31 March 2013	52.65	17.26	69.91
<b>Cash flow used in Financing Activities</b>			
31 March 2013	-	-	-

18 (Refer Note 41 of the Annual Standalone Financial Statements)

- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- Previous year figures are given in brackets.
- The Board of Directors has reviewed the realizable value of all current assets of the Company and has confirmed that all the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. Further, the board, duly taking into account all relevant disclosures made, has approved these financial statement for the year ended 31 March 2014 in its meeting held on 28 May 2014
- Since, the Formulations and Enzymes units were discontinued during 2012 - 13 the figures for the year ended 31 March, 2014 are not comparable with the previous year ended 31 March, 2013.

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

a. Name of Subsidiary Company	SPEL Semiconductor Limited	SPEL America Inc., (Subsidiary of SPEL Semiconductor Limited)	SPIC Fertilizers and Chemicals Limited (SFCL) Mauritius
b. Financial year of the Subsidiary Company ended on	31 March 2014	31 March 2014	31 March 2014
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 per cent
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. 1801388	USD 487	NIL
(ii) for its previous financial years (Rs.)	(Rs.25467807)	USD 2191	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 and 31 March 2014			
(i) Holding Company's interest as on 31 March 2014			
Number of Equity Shares	NIL	Not Applicable	Not Applicable
Face Value			
Paid up value			
(ii) Extent of Shareholding	NIL		
g. Material changes between the end of the Subsidiary's financial year ended and 31 March 2014 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 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%. As assets of SFC,FZE Dubai were taken over by Jebel Ali Free Zone Authorities (JAFZA), Dubai, SFCL ,Mauritius lost 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.
4. Consequent to sale by the Company of its entire equity shareholding in SPEL Semiconductor Limited (SPEL) on 24 March 2014, SPEL and SPEL America Inc. USA, ceased to be Subsidiaries of the Company.

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman

**T K ARUN**  
Director

**S SHANKAR**  
Director

Place: Chennai  
Date: 28 May 2014

**K K RAJAGOPALAN**  
Whole-Time Director

**M S SRIDHAR**  
Chief Financial Officer

**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 2014, 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 2014. We expressed a qualified audit opinion on those consolidated financial statements in our report dated 28 May 2014.
2. The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) which were applied in the preparation of the audited consolidated 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 2014 prepared in accordance with the 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, prepared in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended), derived from the audited consolidated financial statements of the Group for the year ended 31 March 2014, 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 28 May 2014 contains a basis for qualified opinion, the qualified opinion, emphasis of matter and a 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 1 April 2011 to 31 March 2014, 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 Group's share of net loss of Rs. 80.08 lacs for the year ended 31 March, 2014, as considered in the consolidated financial statements, in respect of one associates of a jointly controlled entity (Previous year ended 31 March, 2013: net loss of Rs.64.84 lacs), based on their unaudited financial information. Our opinion, in so far as it relates to the amounts included in respect of this associate of a jointly controlled entity, 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 possible effects of the matters described under (a) in the basis of Qualified Opinion paragraph above, which is not quantifiable and the possible 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, 2014;
- (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.



- **Emphasis of Matter**

With respect to a jointly controlled entity, we refer to Note No.36 of the Notes forming part of the consolidated financial statements regarding the suspension of operations of the Epichlorohydrin plant. Considering the actions proposed to revive the operations of the plant as explained in the said Note, the management of the jointly controlled entity has assessed that there would be no impairment to the carrying value of the plant as at the Balance sheet date. We draw attention to the fact that the revenue generation from this plant would depend on the successful execution of the proposed plan for manufacture of the alternate product. This being a technical matter and is subject to uncertainty, we have relied on the estimates and assumptions made by the management of the jointly controlled entity in arriving at the recoverable value of the plant.

Our opinion is not qualified in respect of this matter.

- **Other Matter paragraph**

We did not audit the financial statements of four subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of Rs.2461.43 lacs as at 31 March, 2014, total revenues of Rs. 6520.85 lacs and net cash flows amounting to Rs.103.90 lacs 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 of Rs. Nil for the year ended 31 March, 2014, as considered in the consolidated financial statements, 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  
(Registration Number:008072S)

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

Place : Chennai  
Date : 28 May, 2014



## ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(Statement containing the salient features of the 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 2014		As at 31 March 2013	
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Shareholders' funds</b>				
	(a) Share capital				
	Equity	20364.03		20364.03	
	Preference	1250.00		1250.00	
			21614.03		21614.03
	(b) Reserves and surplus				
	Capital reserve	97.24		97.33	
	Capital redemption reserve	6500.00		6500.00	
	Securities premium account	21047.71		21074.20	
	Debenture redemption reserve	3800.00		3800.00	
	Revaluation reserve	-		1141.98	
	Statutory reserve	41.34		41.34	
	Foreign currency translation reserve	2844.67		2844.67	
	Surplus / (Deficit) in Statement of Profit and Loss	(36536.04)		(41027.50)	
	<b>Proportionate Share in Jointly controlled entities</b>				
	Securities Premium Account	780.74		780.74	
	Capital Reserve	7.15		7.14	
	Revaluation Reserve	336.28		339.68	
	General Reserve	2346.50		2346.50	
	Surplus / (Deficit) in Statement of Profit and Loss	677.95		1272.67	
			1943.54		(781.25)
<b>2</b>	Share application money pending allotment		1445.00		1445.00
<b>3</b>	Minority Interest		-		3844.45
<b>4</b>	<b>Non-current liabilities</b>				
	(a) Long-term borrowings (Refer Note 5)	5957.33		17200.43	
	(b) Deferred Tax liabilities (net) (Refer Note 14 (ii))	416.83		1816.46	
	(c) Other long-term liabilities	2623.66		11233.71	
	(d) Long-term provisions	308.57		538.40	
			9306.39		30789.00
<b>5</b>	<b>Current liabilities</b>				
	(a) Short Term borrowings	38778.75		4059.52	
	(b) Trade payables	63878.86		22611.89	
	(c) Other current liabilities	16458.20		12270.02	
	(d) Short-term provisions	304.01		733.66	
			119419.82		39675.09
	<b>TOTAL</b>		153728.78		96586.32
<b>B</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	(a) Fixed assets				
	(i) Tangible assets	36000.58		58631.89	
	(ii) Intangible assets	-		26.70	
	(iii) Capital work-in-progress	2180.79		1878.81	
	(iv) Intangible assets under development	429.47		429.47	
		38610.84		60966.87	
	(b) Non-current investments (Refer Note 7)				
	Quoted [Market value Rs. 92.46 lac (previous year Rs. 96.46 lac)]	2.74		2.73	
	Unquoted	1093.58		1173.29	
	(c) Long-term loans and advances	4507.40		4496.65	
			44214.56		66639.54
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	21038.82		10832.75	
	(b) Trade receivables	2832.33		3571.45	
	(c) Cash and cash equivalents (Refer Note 8)	2899.13		5379.31	
	(d) Short-term loans and advances	78888.40		10142.72	
	(e) Other current assets	3855.54		20.55	
			109514.22		29946.78
	<b>TOTAL</b>		153728.78		96586.32
	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 : 28 May, 2014

**ASHWIN C MUTHIAH**

Chairman

**S SHANKAR**

Director

**M S SRIDHAR**

Chief Financial Officer

**T K ARUN**

Director

**K K RAJAGOPALAN**

Whole-Time Director

**M B GANESH**

Secretary

**ABRIDGED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014**

(Statement containing the salient features of the 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 2014	Year ended 31 March 2013
<b>A</b>	<b>CONTINUING OPERATIONS</b>		
1	Revenue from operations (gross)	160919.00	239554.04
	Less: Excise duty	2225.63	2890.97
	Revenue from operations (net) (Refer Note 9)	158693.37	236663.07
2	Other income	1217.98	1667.17
3	<b>Total revenue (1+2)</b>	<b>159911.35</b>	<b>238330.24</b>
4	<b>Expenses</b>		
	(a) Cost of materials consumed	92845.91	137572.58
	(b) Purchases of stock-in-trade	544.08	1035.83
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(369.09)	(21.63)
	(d) Employee benefits expense	5706.63	6088.32
	(e) Power and Fuel	35582.08	59581.27
	(f) Finance costs	3109.09	5523.37
	(g) Depreciation and amortisation expense	5978.83	6159.45
	(h) Other expenses	19201.45	28755.96
	<b>Total expenses</b>	<b>162598.98</b>	<b>244695.15</b>
5	<b>Loss before exceptional items and tax (3-4)</b>	<b>(2687.63)</b>	<b>(6364.91)</b>
6	Exceptional items (Refer Note 10)	6343.91	116080.44
7	<b>Profit before tax (5 + 6)</b>	<b>3656.28</b>	<b>109715.53</b>
8	<b>Tax expense</b>		
	(a) Current tax expense for current year	5.46	0.88
	(b) (Less): MAT credit	(3.76)	-
	(c) Deferred Tax	(322.22)	(489.06)
	<b>Total Tax Expense for the year</b>	<b>(320.52)</b>	<b>(488.18)</b>
9	<b>Profit from Continuing Operations after Tax (7-8)</b>	<b>3976.80</b>	<b>110203.71</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>		
10.i	Profit / (Loss) from discontinuing operations before tax and exceptional items	-	(265.61)
10.ii	Exceptional items	-	-
10.iii	Profit / (Loss) from discontinuing operations before tax (10.i+10.ii)	-	(265.61)
10.iv	Gain/(Loss) on disposal of assets/settlement of liabilities attributable to the discontinuing operations (Net)	-	(98.68)
10.v	Tax expense of Discontinuing Operations	-	-
11	Profit/(Loss) from discontinuing operations after tax (10.iii+10.iv-10.v)	-	(364.29)
12	<b>Profit for the year after Tax (9+11)</b>	<b>3976.80</b>	<b>109839.42</b>
13	<b>Share of Loss of Associates (Net)</b>	<b>(80.07)</b>	<b>(64.77)</b>
14	<b>Profit before Minority Interest (12+13)</b>	<b>3896.73</b>	<b>109774.65</b>
15	<b>Loss applicable to Minority Interest</b>	<b>-</b>	<b>(200.00)</b>
16	<b>Net Profit for the year (14-15)</b>	<b>3896.73</b>	<b>109974.65</b>
17	<b>Earnings per share of Rs. 10 each</b>		
	(a) Basic		
	(i) Continuing Operations	1.83	64.98
	(ii) Total Operations	1.83	64.77
	(b) Diluted		
	(i) Continuing Operations	1.83	64.98
	(ii) Total Operations	1.83	64.77
	<b>See accompanying notes forming part of the financial statements</b>		

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 : 28 May, 2014

**ASHWIN C MUTHIAH**

Chairman

**S SHANKAR**

Director

**M S SRIDHAR**

Chief Financial Officer

**T K ARUN**

Director

**K K RAJAGOPALAN**

Whole-Time Director

**M B GANESH**

Secretary



## ABRIDGED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Rupees in lac)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Cash flow (used in) / from Operating Activities	<b>(32305.20)</b>	10177.52
Cash flow from Investing Activities	<b>1689.99</b>	738.37
Cash flow from / (used in) Financing Activities	<b>29212.01</b>	(7756.17)
Exchange differences on translation of foreign currency cash and cash equivalents	-	31.06
Cash flows relating to subsidiary derecognised during the year	<b>(1107.00)</b>	-
Net (Decrease) / Increase in cash and cash equivalents	<b>(1403.20)</b>	3190.78
Cash and Cash equivalents at the beginning of the year *	<b>4866.90</b>	1676.12
Cash and Cash equivalents at the end of the year *	<b>2356.70</b>	4866.90

\* Excludes Margin Money Deposit with Scheduled Banks Rs. 324.25 lac (Previous Year Rs. 338.40 lac) and Escrow account balance of Rs. 32.58 lac (Previous Year Rs. 26.51 lac).

\* Excludes Rs. 175.44 lac (Previous year Rs. 134.20 lac) being money in deposit accounts with original maturity of more than three months.

\* Excludes Rs. 10.16 lac (Previous year Rs. 13.30 lac) being money in unpaid dividend account

The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

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 : 28 May, 2014

**ASHWIN C MUTHIAH**  
Chairman

**S SHANKAR**  
Director

**M S SRIDHAR**  
Chief Financial Officer

**T K ARUN**  
Director

**K K RAJAGOPALAN**  
Whole-Time Director

**M B GANESH**  
Secretary

**NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****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. The company through its subsidiary SPEL Semiconductor Limited, is in the assembling and testing of Integrated circuit chip. The said investments have been sold on 24 March 2014. Joint venture company Tamilnadu Petroproducts Limited (TPL) is in the manufacturing and selling of petrochemical products namely Linear Alkyl Benzene (LAB) and Caustic Soda from the manufacturing facilities situated at Manali, near Chennai.

**2. Basis of accounting and preparation of the consolidated financial statements:**

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

Consolidated financial statements are prepared using uniform accounting policies. except as stated in Note 2.C (vi) of the Annual Consolidated Financial Statements, the adjustments arising out of the same are not considered materials.

**3. 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 2014 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, income 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) Subsidiary Companies:**

The subsidiary companies considered in these consolidated financial statements are:

Name	Country of Incorporation	Percentage of ownership interest as at 31 March 2014	Percentage of ownership interest as at 31 March 2013
SPIC Fertilizers and Chemicals Limited (SFCL, Mauritius)	Mauritius	<b>83.54</b>	83.54
SPIC Fertilizers and Chemicals FZE (through a subsidiary company – SFCL Mauritius)	Dubai	<b>83.54</b>	83.54
SPEL Semiconductor Limited	India	.*	55.97
SPEL America, Inc., USA (through a subsidiary company – SPEL Semiconductor Limited, India)	America	.*	55.97

\* Ceased to be a subsidiary with effect from 24 March 2014.

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 Regulatory Authorities concerned 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 and since the financial statements from 1 April 2011 to 31 March 2014 are under preparation 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 2014	Percentage of ownership interest as at 31 March 2013
Tamilnadu Petroproducts Limited	India	<b>16.93</b>	16.93
National Aromatics and Petrochemicals Corporation Limited	India	<b>50</b>	50

**(iii) Investments in Associates:**

The Group's associates are

Name	Country of incorporation	Percentage of ownership interest as at 31 March 2014	Percentage of ownership interest as at 31 March 2013
Tuticorin Alkali Chemicals and Fertilisers Limited	India	<b>45.15</b>	45.15
Gold Nest Trading Company Limited	India	<b>32.76</b>	32.76

(iv) The financial statements of the associates other than Gold Nest Trading Company Limited were drawn up to 31 March 2014 while that of Gold Nest Trading Company Limited has been drawn up to 30 September 2013.

(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 2014 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 2014 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.

#### 4. Significant Accounting Policies

(Refer Note 2.C of the Annual Consolidated Financial Statements)

#### 5. Settlement of dues to creditors:

(Refer Note 5 of the Annual Consolidated Financial Statements)

- (i) Term Loan from Related Parties bear an interest rate of 15% p.a. (Previous year - 20%) and are repayable in 8 equal quarterly instalments. These loans are to be secured by a pari-passu charge on the Assets of the Company.
- (ii) In terms of the Company's Scheme of Compromise and Arrangement with Creditors under Section 391 and other relevant provisions of the Companies Act, 1956 (the Scheme) approved by the Honourable High Court vide its Order dated 16 August 2012, the remaining creditors who had elected for Option 1 under the Scheme as of 1 April 2013 were to be paid over a period of 46 quarterly instalments commencing from 6 January 2013 (date of commencement) with an option to prepay the settlement amount at any time after the expiry of two years from such date of commencement. The Honourable High Court vide its Order dated 26 August 2013 and 6 December 2013 permitted the Company to make prepayment of the balance liabilities settlement amount even before the expiry of two years, which was exercised by the Company by settling Rs.9158.61 lac to the creditors. Consequently:
  - (a) a sum of Rs.11692.51 lac being the excess liability has been written back during the current year as an exceptional item. (Refer Note 10)
  - (b) The Trust Deed executed by the Company in January 2013 for creation of charge in favour of such remaining creditors on the Specified Assets through the Trust has been terminated, during March 2014.

#### In respect of Jointly Controlled entities,

- (i) Average rate of interest on Term loan from Bank I is 13.00% p.a (Previous year - 13.03%) and Bank II is 13.89 %p.a. (Previous year - 14.02%) and are repayable in 5 quarterly installments. The Loans are secured by a first mortgage of all the Company's immovable properties, both present and future, and second charge on all the movable properties of the Company (except for exclusive charges referred in note (ii) below) by deposit of title deeds, ranking pari passu amongst them.
- (ii) Average rate of interest on loan from HDFC Limited is 13.39% p.a (Previous year - 13.17%). The Loan is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds and rent receivables on the said property.
- (iii) Interest free deferred sales tax loan repayable in 48 monthly instalments.

#### 6. Assets held for sale

(Refer Note 13 (iv ) of the Annual Consolidated Financial Statements)

Certain assets of the Company have been identified as held for sale and consequently the expected loss of Rs. 2289.81 lac has been recognized in the Statement of Profit & Loss as an exceptional item. The details of assets held for sale are as below:

(Rupees in lac)

Details of Fixed Assets Held for Sale	Year ended 31 March 2014	Year ended 31 March 2013
Land – Freehold	2469.74	-
Building	1353.60	-
<b>Total</b>	<b>3823.34</b>	<b>-</b>

#### 7. Investment:

(Refer Note 14 of the Annual Consolidated Financial Statements)

The Company's investments included Rs. 18453.62 lac (Previous year Rs.18453.62 lac) in equity share capital of SPIC Fertilizer and Chemicals Limited, Mauritius, which had invested in a wholly owned subsidiary company, viz. SPIC Fertilizers and Chemicals FZE, Dubai (SFC FZE, Dubai) in the earlier years, whose objective was production of ammonia and urea in Jebel Ali Free Zone, Dubai. Since the project did not materialize due to non allocation of gas, the said subsidiary company had commenced activities for dismantling the existing plant and machinery at the project site with a view to relocate the same where assured gas supply could be obtained.

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 Statement is as at 31 March 2011, which were based on Management accounts and since the Financial Statements from 1 April 2011 to 31 March 2014 are under preparation adjustments if any to liabilities, in the Consolidated Financial Statements for the said period has not been made in respect of these two subsidiaries.

## 8. Cash and Cash equivalents

(Refer Note 18 of the Annual Consolidated Financial Statements)

(Rupees in lac)

Particulars	As at 31 March 2014	As at 31 March 2013
Cash on hand	4.06	7.94
Cheques, drafts on hand	0.53	0.07
Balances with banks		
(i) In current accounts	1246.19	3685.38
(ii) In EEFC accounts	0.80	1.00
- Balances held as margin money or security against borrowings, guarantees and other commitments	324.25	444.58
- Balance in Escrow Account	32.58	26.51
<b>Total</b>	<b>1608.41</b>	<b>4165.48</b>
Share in Joint ventures - Jointly controlled entities	1290.72	1213.83
<b>Total</b>	<b>2899.13</b>	<b>5379.31</b>
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow statement is	2356.70	4866.90

## 9. Revenue from Operation

(Refer Note 21 of the Annual Consolidated Financial Statements)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Sale of products	22402.61	35776.93
Subsidy Income	117357.61	178066.21
Sale of services	62.19	103.98
<b>Total</b>	<b>139822.41</b>	<b>213947.12</b>
Other operating revenues	1239.30	1352.57
<b>Total</b>	<b>141061.71</b>	<b>215299.69</b>
Less: Excise duty	175.64	331.44
<b>Total</b>	<b>140886.07</b>	<b>214968.25</b>
Share in Joint Ventures - Jointly controlled entities		
<b>Total Revenue</b>	<b>19857.29</b>	<b>24254.35</b>
Less: Excise Duty	2049.99	2559.53
<b>Net Sales</b>	<b>17807.30</b>	<b>21694.82</b>
<b>Total</b>	<b>158693.37</b>	<b>236663.07</b>

## 10. Exceptional Items

(Refer Note 29 of the Annual Consolidated Financial Statements)

(Rupees in lac)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Loss on Sale of Investment	(1783.79)	-
Impairment Loss	(2289.81)	-
Excess Liability written back (Refer Note 5 (ii))	11692.51	115775.00
Loss on Sale of Business Undertaking (Refer Note 10 (i) below)	(1275.00)	-
<b>Total</b>	<b>6343.91</b>	<b>115775.00</b>
Share in Joint Ventures - Jointly controlled entities	-	305.44
<b>Total</b>	<b>6343.91</b>	<b>116080.44</b>



- 10 (i) Represents additional claim by transferee settled during the year on a business transfer agreement on sale of SMO division in August 2011 (Refer Note 29 (i) of the Annual Consolidated Financial Statements)

#### 11. Commitments:

(Refer Note 30 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.1055.88 lac (Previous year Rs.1553.79 lac).

(b) Confirmed sales commitments (in respect of joint venture - jointly controlled entities) to be fulfilled within one year as on 31 March 2014 is Rs.4789.97 lac (Previous year Rs.3833.59 lac).

(c) Confirmed purchase commitments (in respect of joint venture - jointly controlled entities) to be fulfilled within one year as on 31 March 2014 is Rs.10411.95 lac (Previous year Rs.8336.63 lac).

(d) Letter of credit outstanding (relating to subsidiary) is Nil as on 31 March 2014 (Previous year Rs. 355.11 lac)

#### 12. Contingent Liabilities:

(Refer Note 31 of the Annual Consolidated Financial Statements)

(a) Claims not acknowledged as debts

S. No	Particulars	As at 31 March 2014	As at 31 March 2013
1	Tuticorin Lease Rent for 415.19 acre	16873.97	16873.97
2	TWAD Claim	1983.91	1633.70
3	TANGEDCO, Cuddalore	155.48	155.48
4	Other Claims - Challenged before various Courts	3132.08	4379.04
5	Taxes, Duties and Other Demands (Under various stages of appeal)	15276.62	14960.19

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 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.31.78 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 2014 is Rs.2641.99 lac (Previous year Rs. 2465.04 lac)

#### 13. Plant Operation

(Refer Note 32 of the Annual Consolidated Financial Statements)

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 shut down of the Nitrogenous plants with effect from 2 March 2013 till 15 July 2013. The plant was once again shut down due to non receipt of subsidy on 30 October 2013 till 8 February 2014.

#### 14. Taxation

(Refer Note 38(i) of the Annual Consolidated Financial Statements)

(a) (i) The Company has reviewed its deferred tax assets and liabilities as at 31 March 2014. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs.33705.12 lac (Previous Year Rs.30068.10 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. 1618.41 lac (Previous Year Rs. 1848.15 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2014 to be accounted for.

(Rupees in lac)

Particulars	As at 31 March 2014	As at 31 March 2013
Depreciation	1753.23	2640.64
Subsidy	670.68	248.43
Deferred tax liability	2423.91	2889.07
Provision for doubtful debts	645.16	784.38
VRS Compensation	160.34	256.54
Carry forward business losses & Unabsorbed Depreciation restricted to	1618.41	1848.15
Deferred tax asset	2423.91	2889.07

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

The deferred tax position as at 31 March 2014 has arisen on account of the following:

(Rupees in lac)

Particulars	As at 31 March 2014	As at 31 March 2013
Depreciation	1362.48	1089.72
<b>Deferred Tax liability</b>	<b>1362.48</b>	<b>1089.72</b>
<b>Deferred Tax Assets</b>	<b>285.24</b>	-
<b>Net Deferred Tax Liability (in respect of Subsidiaries)</b>	<b>1077.24</b>	<b>1089.72</b>
Proportionate share in Joint Ventures – Jointly controlled entities	416.83	726.74
<b>Total</b>	<b>1494.07</b>	<b>1816.46</b>
<b>Less: Adjustment relating to disposal of subsidiary</b>	<b>1077.24</b>	-
<b>Net Deferred Tax Liability</b>	<b>416.83</b>	<b>1816.46</b>

(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. 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.

## 15. 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 (Agribusiness)	Bulk Drugs and Formulations	Others (Enzymes)	
<b>Segment revenue</b>							
Sales to external Customers	132829.10	6272.22	-	18352.75	-	-	157454.07
	(204192.39)	(8052.95)	(-)	(23024.02)	(20.06)	(328.91)	(235618.32)
Operating Income	1162.10	66.67	-	2.33	-	-	1231.10
	(1313.98)	(23.97)	(-)	(55.75)	(292.28)	(29.59)	(1715.56)
Other Income	-	-	-	-	-	-	-
	(102.61)	(122.75)	(-)	(104.15)	(-)	(-)	(329.51)
Unallocated income							8.20
							(0.92)
Inter segment Revenue	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Total Revenue</b>	<b>133991.20</b>	<b>6338.89</b>	-	<b>18355.08</b>	-	-	<b>158693.37</b>
	(205506.37)	(8076.92)	(-)	(23079.77)	(312.34)	(358.50)	(237332.97)
Elimination of inter segment sales	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Total Net Revenue</b>	<b>133991.20</b>	<b>6338.89</b>	-	<b>18355.08</b>	-	-	<b>158693.37</b>
	(205506.37)	(8076.92)	(-)	(23079.77)	(312.34)	(358.50)	(237332.97)

**Segment Reporting (Continued)**

(Rupees in lac)

Particulars	Continuing				Discontinuing		Total
	Agro Inputs (Urea operations)	Integrated Circuits	Petro chemicals	Others (Agribusiness)	Bulk Drugs and Formulations	Others (Enzymes)	
<b>Segment results</b>	<b>4709.10</b>	<b>20.60</b>	<b>-</b>	<b>(1006.70)</b>	<b>-</b>	<b>-</b>	<b>3723.00</b>
	(2956.50)	(14.68)	(-)	(964.31)	(49.58)	(-314.71)	(1642.58)
<b>Unallocated expenditure net of unallocated income</b>							<b>(3042.37)</b>
							(113232.03)
<b>Profit / (Loss) before interest and taxation</b>							<b>6765.37</b>
							(114874.61)
Finance Cost							<b>3109.09</b>
							(5523.37)
<b>Profit / (Loss) before taxation</b>							<b>3656.28</b>
							(109351.24)
Provision for taxation							<b>(320.52)</b>
							(-488.18)
<b>Profit / (Loss) after Taxation</b>							<b>3976.80</b>
							(109839.42)
<b>Share of Profit / (Loss) of Associate</b>							<b>(80.07)</b>
							(-64.77)
<b>Profit/(Loss) after taxation before minority interest</b>							<b>3896.73</b>
							(109774.65)
<b>Less: Profit/(Loss) applicable to minority interest</b>							<b>-</b>
							(-200.00)
<b>Net Profit / (Loss) for the year</b>							<b>3896.73</b>
							(109974.65)
<b>Other Information</b>							
Segment assets	<b>126283.20</b>	<b>-</b>	<b>1969.96</b>	<b>12659.24</b>	<b>-</b>	<b>-</b>	<b>140912.40</b>
	(47601.78)	(14775.25)	(1951.92)	(14651.54)	(-)	(123.23)	(79103.72)
Unallocated corporate Assets							<b>12816.37</b>
							(17482.60)
<b>Total Assets</b>							<b>153728.77</b>
							(96586.32)
<b>Segment liabilities</b>	<b>96485.33</b>	<b>-</b>	<b>534.00</b>	<b>6877.24</b>	<b>-</b>	<b>-</b>	<b>103896.57</b>
	(26634.74)	(6043.81)	(515.97)	(8036.05)	(221.20)	(5.73)	(41457.50)
Unallocated corporate Liabilities							<b>24829.66</b>
							(29006.59)

## Segment Reporting (Continued)

(Rupees in lac)

Particulars	Continuing				Discontinuing		Total
	Agro Inputs (Urea operations)	Integrated Circuits	Petro chemicals	Others (Agribusiness)	Bulk Drugs and Formulations	Others (Enzymes)	
<b>Total Liabilities</b>							<b>128726.23</b> (70464.09)
Capital expenditure (allocable)	<b>470.30</b> (1234.97)	- (370.69)	- (59.94)	<b>741.98</b> (591.89)	- (-)	- (22.57)	<b>1212.28</b> (2280.06)
Capital expenditure (Unallocable)							<b>0.26</b> (50.08)
Depreciation (allocable)	<b>4236.54</b> (4253.81)	<b>1096.41</b> (1185.33)	- (-)	<b>552.36</b> (691.21)	- (10.67)	- (15.26)	<b>5885.31</b> (6048.08)
Depreciation (Unallocable)							<b>93.52</b> (137.30)
Non-cash expenditure other than depreciation (allocable)	<b>22.53</b> (172.87)	- (22.70)	- (2.22)	<b>6.18</b> (0.22)	- (156.06)	- (122.65)	<b>28.71</b> (476.71)
Non-cash expenditure other than depreciation (unallocable)							<b>2340.94</b> (926.80)

(Rupees in lac)

Secondary segment Information (Geographical Segments)	Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	<b>158685.18</b> (229553.33)	<b>140912.40</b> (79103.72)	<b>1212.28</b> (2280.06)
Outside India	- (8156.38)	- (197.39)	- (-)
<b>Total</b>	<b>158685.18</b> (237709.71)	<b>140912.40</b> (79301.11)	<b>1212.28</b> (2280.06)

## 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 fertilizers
- (ii) Petrochemicals - includes Polyester Filament yarn and Purified Terephthalic 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 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 the 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

**16. (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	<ol style="list-style-type: none"> <li>1 Tuticorin Alkali Chemicals and Fertilisers Limited</li> <li>2 Gold Nest Trading Company Limited</li> <li>3 Petro Araldite Private Limited (Associate of a Jointly controlled entity)</li> </ol>
Jointly controlled entities	<ol style="list-style-type: none"> <li>1 Tamilnadu Petroproducts Limited</li> <li>2 National Aromatics and Petrochemicals Corporation Limited</li> <li>3 Gulf Petroproducts Company E.C (Joint venture of a Jointly controlled entity)</li> </ol>
Key Management Personnel	<ol style="list-style-type: none"> <li>1 Thiru Ashwin C Muthiah</li> <li>2 Thiru K.K. Rajagopalan</li> <li>3 Dr. A C Muthiah - Chairman of a Subsidiary* (up to 22 October 2013)</li> <li>4 Thiru D Balakrishnan - Chief Executive Officer of a Subsidiary*</li> <li>5 Thiru Ar Rm Arun - Director of a Subsidiary*</li> <li>6 Thiru N Sivashanmugam - Whole Time Director of a Subsidiary*</li> </ol>
Enterprises owned by / over which Key Management Personnel is able to exercise significant influence	<ol style="list-style-type: none"> <li>1 Wilson International Trading Pte Ltd, Singapore</li> <li>2 Wilson International Trading India Private Limited</li> <li>3 Manali Petrochemicals Limited</li> <li>4 Greenstar Fertilizers Limited</li> <li>5 AMI Holdings Private Limited</li> <li>6 Bengal Auto Parts Private Limited</li> <li>7 Sicagen India Limited</li> <li>8 Wilson Cables Private Limited, Singapore</li> <li>9 Valingro Exponenta Limited*</li> <li>10 ACM Medical Foundation*</li> <li>11 Chiptest Engineering Limited*</li> <li>12 Natronix Semiconductor Technology Limited*</li> </ol>
Others	<ol style="list-style-type: none"> <li>1 Tamilnadu Industrial Development Corporation Limited (Promoter of a Jointly controlled entity)</li> </ol>

\*SPEL Semiconductor Limited ceased to be a subsidiary with effect from 24 March 2014

## 16. (ii) The following transactions were carried out with the related parties

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	As at 31 March 2014	As at 31 March 2013
<b>A</b>	<b>BALANCE OUTSTANDING AS AT 31.03.2014</b>			
	<b>(a) Receivables including Advances</b>			
	Tamilnadu Petroproducts Limited	Jointly controlled entity	2.31	0.80
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	1776.91	1677.80
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	-	80.22
	National Aromatics and Petrochemicals Corporation Limited*	Jointly controlled entity	1484.62	1477.75
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	2.36	9.24
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.04	-
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	2.75	22.71
	Petro Araldite Private Limited	Associate of a Jointly controlled entity	17.97	190.23
	<b>(b) Payables</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	870.08	2444.07
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	6.01	153.51
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	557.21	827.24
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	34.55	0.96
	Wilson International Trading Pte. Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	33950.82	-
	Valingro Exponenta Limited	Enterprises over which KMP exercise Significant Influence	-	2.54
	Natronix Semiconductor Technology Limited	Enterprises over which KMP exercise Significant Influence	-	1.52
	Tamilnadu Petroproducts Limited	Jointly controlled entity	2.35	-
	<b>(c) Guarantee Received</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	2500.00	2500.00
	Dr. A C Muthiah	Key Management Personnel	-	7.63
	<b>(d) Loans including interest</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	3222.58	3449.13
	Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence	7215.04	4027.62
	Valingro Exponenta Limited	Enterprises over which KMP exercise Significant Influence	-	150.00
	<b>(e) Share Capital including Securities premium</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	6523.42	6523.42
	<b>(f) Deposit</b>			
	Deposit with Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	42.12	-
	Deposit received from Petro Araldite Private Limited	Associate of a Jointly controlled entity	49.33	-
	<b>(g) Trade Advance</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	294.10	-
	<b>(h) Fixed Deposit</b>			
	ACM Medical Foundation	Enterprises over which KMP exercise Significant Influence	-	200.00

**Related party transactions (Continued)**

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2013-14	For the year 2012-13
<b>B</b>	<b>TRANSACTIONS DURING THE YEAR 2013 - 14</b>			
<b>1</b>	<b>Sale of goods</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>96.03</b>	427.17
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>218.94</b>	244.62
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>82.09</b>	42.81
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	-	0.89
	Petro Araldite Private Limited	Associate of a Jointly controlled entity	<b>72.01</b>	1834.37
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>405.55</b>	38.49
<b>2</b>	<b>Purchase of materials</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>0.45</b>	5.46
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>0.74</b>	41.47
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>29.05</b>	20.04
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>0.77</b>	14.33
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	<b>55474.26</b>	-
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>134.83</b>	31.32
<b>3</b>	<b>Reimbursement of Expenses (Receipts)</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>0.01</b>	0.01
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>0.11</b>	-
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>(0.02)</b>	0.02
	National Aromatics and Petrochemicals Corporation Limited	Jointly controlled entity	<b>6.87</b>	2.96
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>12.46</b>	14.08
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>24.97</b>	4.24
<b>4</b>	<b>Reimbursement of Expenses (Payments)</b>			
	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 2013-14	For the year 2012-13
<b>5</b>	<b>Income from services rendered</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>5.29</b>	2.51
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	<b>3.91</b>	7.97
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>930.45</b>	1142.44
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	<b>0.36</b>	0.38
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>1.91</b>	0.39
	Petro Araldite Private Limited	Associate of a Jointly controlled entity	<b>110.86</b>	110.81
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>3.08</b>	0.10
<b>6</b>	<b>Services/Consultancy charges</b>			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	-	0.02
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>86.81</b>	84.27
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>522.92</b>	1027.76
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>8.42</b>	-
<b>7</b>	<b>Income from Rentals</b>			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>101.65</b>	70.95
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>42.37</b>	17.32
	Tamilnadu Petroproducts Limited	Jointly controlled entity	<b>1.24</b>	1.80
<b>8</b>	<b>Dividend Income</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	<b>0.05</b>	-
	Sicagen India Limited	Enterprises over which KMP exercise Significant Influence	<b>5.78</b>	-
	Tamilnadu Petroproducts Limited	Jointly controlled entity	-	76.17
<b>9</b>	<b>Managerial Remuneration</b>			
	Thiru K.K. Rajagopalan	Key Management Personnel	<b>37.52</b>	35.01
	Thiru N Sivashanmugam	Key Management Personnel	<b>13.88</b>	13.82
	Thiru D Balakrishnan	Key Management Personnel	<b>35.32</b>	32.00
	Relating to Jointly Controlled Entity	Key Management Personnel	<b>5.85</b>	13.44
<b>10</b>	<b>Rent Paid</b>			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	<b>233.60</b>	265.87
	Relating to Jointly Controlled Entity	Others	<b>0.05</b>	0.27



**Related party transactions (Continued)**

(Rupees in lac)

S. No	Particulars	Relationship	For the year 2013-14	For the year 2012-13
11	<b>Sitting Fees</b>			
	Thiru Ashwin C Muthiah	Key Management Personnel	0.70	0.60
	Tamilnadu Industrial Development Corporation Limited	Others	0.44	0.81
12	<b>Trade advance received</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	-	610.00
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	440.18	101.58
13	<b>Trade advance repaid/returned</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	1550.00	310.00
14	<b>Provision for doubtful advances</b>			
	National Aromatics and Petrochemicals Corporation Limited	Jointly controlled entity	6.87	2.96
15	<b>Special Rebate Paid</b>			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	58.06	386.92
16	<b>Amount received against Share Capital and Securities Premium</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	-	6523.42
17	<b>Amount received against Loans</b>			
	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	2835.00	4000.00
18	<b>Interest on Borrowings</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	472.14	335.05
	Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence	826.02	30.68
19	<b>Interest on borrowings paid</b>			
	AMI Holdings Private Limited	Enterprises over which KMP exercise Significant Influence	651.47	-
	Bengal Auto Parts Private Limited	Enterprises over which KMP exercise Significant Influence	391.00	-
20	<b>Furnace oil transferred and received back</b>			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	154.64	-
21	<b>Interest paid on Trade Advance</b>			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	20.84	-
22	<b>Dividend Paid</b>			
	Tamilnadu Industrial Development Corporation Limited	Others	-	13.41

## Related party transactions (Continued)

(Rupees in lac)

S. No	Particulars	Relationship	For the year 2013-14	For the year 2012-13
<b>23</b>	<b>Others</b>			
	a. Wafer Characterisation Chiptest Engineering Limited	Enterprises over which KMP exercise Significant Influence	<b>30.39</b>	129.99
	b. Other Manufacutring Chiptest Engineering Limited	Enterprises over which KMP exercise Significant Influence	<b>24.96</b>	27.66
	c. Corporate Communication Charges Valingro Exponenta Limited	Enterprises over which KMP exercise Significant Influence	<b>20.22</b>	18.20
	d. Corporate Rent Charges of Valingro Exponenta Limited	Enterprises over which KMP exercise Significant Influence	<b>13.48</b>	13.48
	e. Marketing Fees Natronix Semiconductor Technology Limited	Enterprises over which KMP exercise Significant Influence	<b>106.63</b>	7.71
	f. Manpower Deputation Charges Natronix Semiconductor Technology Limited	Enterprises over which KMP exercise Significant Influence	<b>16.01</b>	15.47

## 17. Earnings per Share

(Refer Note 42 of the Annual Consolidated Financial Statements)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>(i) Continuing Operations</b>		
Face Value per share (In Rupees)	<b>10</b>	10
Profit / (Loss) for the year (Rupees in lac)	<b>3896.73</b>	110338.94
Less: Arrears of Preference Dividend (Refer Note 12 (d))	<b>176.95</b>	176.95
Profit / (Loss) for the year after preference dividend (Rupees in lac)	<b>3719.78</b>	110161.99
<b>Basic</b>		
Weighted Average Number of shares outstanding	<b>203640336</b>	169525380
Earnings / (Loss) per share (In Rupees)	<b>1.83</b>	64.98
<b>Diluted</b>		
Weighted Average Number of shares outstanding	<b>203640336</b>	169525380
Earnings / (Loss) per share (In Rupees)	<b>1.83</b>	64.98
<b>(ii) Total Operations</b>		
Face Value per share (In Rupees)	<b>10</b>	10
Profit / (Loss) for the year (Rupees in lac)	<b>3896.73</b>	109974.65
Less: Arrears of Preference Dividend (Refer Note 12 (d))	<b>176.95</b>	176.95
Profit / (Loss) for the year after preference dividend (Rupees in lac)	<b>3719.78</b>	109797.70
<b>Basic</b>		
Weighted Average Number of shares outstanding	<b>203640336</b>	169525380
Earnings / (Loss) per share (In Rupees)	<b>1.83</b>	64.77
<b>Diluted</b>		
Weighted Average Number of shares outstanding	<b>203640336</b>	169525380
Earnings / (Loss) per share (In Rupees)	<b>1.83</b>	64.77

18 (a) The operations of the Formulations Industrial Unit at Maraimalai Nagar and Enzyme unit of Pharmaceutical division were discontinued in the previous year, in view of low demand for their products / uneconomical business size and paucity of working capital.

(b) Notes to Discontinuing Operations - for the year ended 31 March 2013

(Rupees in lac)

S. No	Particulars	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
	<b>Revenue from operations (net)</b>	<b>312.33</b>	<b>358.50</b>	<b>670.83</b>
2	<b>Expenses</b>			
	(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
	<b>Total expenses</b>	<b>350.63</b>	<b>585.81</b>	<b>936.44</b>
3	<b>Loss from Discontinuing Operations (1-2)</b>	<b>(38.30)</b>	<b>(227.31)</b>	<b>(265.61)</b>
4	Loss on disposal of assets / settlement of liabilities attributable to the discontinuing operations	(11.28)	(87.40)	(98.68)
5	<b>Loss before and after tax (3 + 4)</b>	<b>(49.58)</b>	<b>(314.71)</b>	<b>(364.29)</b>

(c) Carrying Value of Assets and Liabilities of Discontinuing Operations as at 31 March 2013

Particulars	Bulk Drugs and Formulations	Enzymes	Total
<b>Total Assets</b>			
31 March 2013	-	123.23	123.23
<b>Total Liabilities</b>			
31 March 2013	221.20	5.73	226.93

(d) Cash Flow of Discontinuing Operations for the Year ended 31 March 2013

Particulars	Bulk Drugs and Formulations	Enzymes	Total
<b>Cash flow from / (used in) Operating Activities</b>			
31 March 2013	(160.03)	(180.02)	(340.05)
<b>Cash flow from Investing Activities</b>			
31 March 2013	52.65	17.26	69.91
<b>Cash flow used in Financing Activities</b>			
31 March 2013	-	-	-

## 19. (Refer Note 44 of the Annual Consolidated Financial Statements)

- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- Previous year figures are given in brackets.
- The Board of Directors has reviewed the realizable value of all current assets of the Company and has confirmed that all the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. Further, the board, duly taking into account all relevant disclosures made, has approved these financial statement for the year ended 31 March 2014 in its meeting held on 28 May 2014.
- Since, the Formulations and Enzymes units were discontinued during the financial year 2012-13, the figures for the year ended 31 March 2014 are not comparable with the previous year ended 31 March 2013.

**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 Fertilizer and Chemicals Limited (SFCL) Mauritius	
	31 March 2014	31 March 2014		31 March 2014	
Financial year of the subsidiary company ended on	Rupees in lac	Amount in USD	Rupees in lac*	Amount in USD	Rupees in lac*
Capital	4613.25	100.00	0.06	39073390.00	23483.03
Reserves	4152.38	(2584.53)	(1.55)	(39073390.00)	(23483.03)
Total Assets	14529.53	5298.48	3.18	-	-
Total Liabilities	14529.53	5298.48	3.18	-	-
Investments	0.04	-	-	-	-
Turnover	6453.76	97500.00	58.60	-	-
Profit/(Loss) before tax	19.70	2095.15	1.26	-	-
Provision for taxation	(12.48)	1225.00	0.74	-	-
Profit/(Loss) after tax	32.18	870.15	0.52	-	-
Proposed dividend	-	-	-	-	-

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

1 USD (US Dollar) = Rs. 60.0998

- 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%. As assets of SFC,FZE Dubai were taken over by Jebel Ali Free Zone Authorities (JAFZA), Dubai, SFCL ,Mauritius lost control over its subsidiary SFC,FZE. Hence the details of SFC,FZE Dubai is not given in the above statement.
- 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.
- SPIC Petrochemicals Limited (SPIC Petro), is under liquidation as per Order dated 17 April 2009 passed by the Hon'ble High Court of Madras. 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.
- Consequent to sale by the Company of its entire equity shareholding in SPEL Semiconductor Limited (SPEL) on 24 March 2014, SPEL and SPEL America Inc. USA, ceased to be Subsidiaries of the Company.

**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

Registered Office: "SPIC House" No 88, Mount Road, Guindy, Chennai 600 032.

CIN: L11101TN1969PLC005778

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s)	
Registered Address	
E-mail Id	
Folio No / DP ID- Client ID	

I/We, being the Member(s) holding ..... shares of the above named company, hereby appoint

- Name : ..... Address : .....  
E-mail Id : ..... Signature : ....., or failing him
- Name : ..... Address : .....  
E-mail Id : ..... Signature : ....., or failing him
- Name : ..... Address : .....  
E-mail Id : ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43<sup>rd</sup> Annual General Meeting of the company, to be held on Monday 8 September 2014 at 10.00 a.m. at Rajah Annamalai Hall, Chennai - 600 108 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No	Resolution
1	Consider and adopt the audited Balance Sheet of the Company as at 31 March 2014 and 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	Elect a Director in place of Thiru B Elangovan who retires by rotation and, being eligible, offers himself for re-election.
3	Appointment of M/s Deloitte Haskins & Sells as Statutory Auditors.
4	Appointment of Thiru S R Ramakrishnan as Director.
5	Re-appointment and payment of remuneration of Thiru K K Rajagopalan as Whole-time Director.
6	Appointment and payment of remuneration of Thiru S R Ramakrishnan as Whole-time Director.
7	Appointment of Thiru B Narendran as Independent Director.
8	Appointment of Thiru S Shankar as Independent Director.
9	Borrowing powers of the Board of Directors u/s 180(1)(c) of the Companies Act, 2013.
10	Creation of security on the immovable and movable properties of the Company u/s 180(1)(a) of the Companies Act, 2013.
11	Ratification of Remuneration to be paid to the Cost Auditor for the Financial Year 2014-15.
12	Amendment to Article 164 of the Articles of Association of the Company.

Signed this ..... day of .....2014.

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix  
Re 1/-  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**





**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

Registered Office: "SPIC House" No 88, Mount Road, Guindy, Chennai 600 032.

CIN: L11101TN1969PLC005778

**ATTENDANCE SLIP**

Please bring this attendance slip (duly filled in) and hand it over at the entrance of "RAJAH ANNAMALAI HALL" Chennai 600 108.

Name and Address of the Shareholder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Folio No:

DP. ID \*

Client ID \*

\*Applicable to investors holding shares in electronic form

I hereby record my presence at the 43<sup>rd</sup> **Annual General Meeting** of the Company at "RAJAH ANNAMALAI HALL" Chennai- 600 108 on Monday, the 8 September 2014 at 10.00 a.m.

Signature of the Member or Proxy

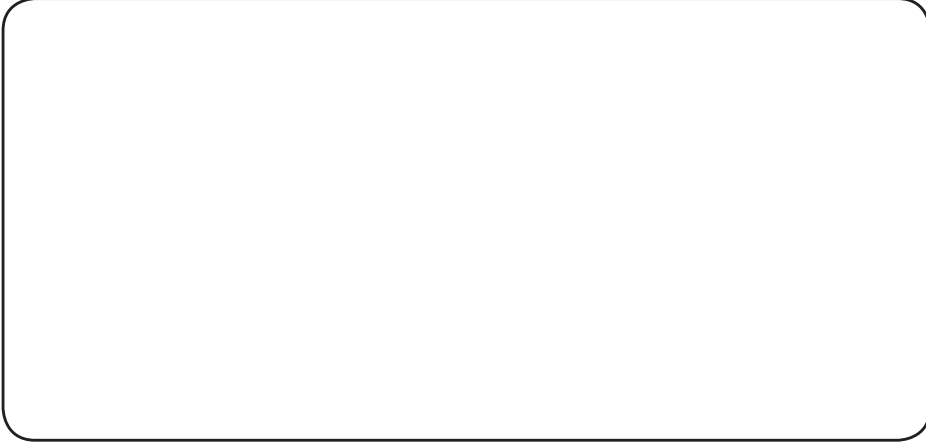
\_\_\_\_\_

Shares held

\_\_\_\_\_

**REGISTERED BOOK POST / COURIER**

To :



**SPIC**

*If undelivered, please return to :*

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