BOOK POST

SPIC ANNUAL REPORT 2011

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SPIC
Nourishing growth

40th

ANNUAL REPORT 2011

Southern Petrochemical Industries Corporation Limited

SPIC
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Southern Petrochemical Industries Corporation Limited

Board of Directors

Dr A C Muthiah	Chairman
Ashwin C Muthiah	Vice Chairman
M S Shanmugam, I.A.S.	Director
T K Arun	Director
B Elangovan	Director
M Jayasankar	Director
B Narendran	Director
Thirumathi Neeta Mukerji	Director

Secretary

N Rajeeva Prakash

Auditors

Fraser & Ross
Chartered Accountants,
ASV N Ramana Tower
52 Venkatnarayana Road
Chennai 600 017

Registered Office

73 Armenian Street, Chennai 600 001

Principal Office

SPIC House, 88 Mount Road
Guindy, Chennai 600 032

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Corporate website: www.spic.in

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SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: 73, Armenian Street, Chennai - 600 001.
Principal Office: "SPIC House", 88 Mount Road, Guindy, Chennai - 600 032.

NOTICE

NOTICE is hereby given that the FORTIETH ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Wednesday, 16 November 2011 at 2.30 P.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 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Thiru B Elangovan, who retires by rotation and, being eligible, offers himself for re-election.
3. To elect a Director in place of Thiru B Narendran, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint the Auditors and fix their Remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

   "RESOLVED THAT Thiru M S Shanmugam, I.A.S., whose period of office shall be liable to determination by retirement of Directors by rotation, be and is hereby appointed a Director of the Company."

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

   "RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, including any amendment thereto or re-enactment thereof for the time being in force, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as the "SEBI ICDR Regulations") and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, other applicable laws, rules, regulations, the Listing Agreement with the National Stock Exchange of India Limited, the Memorandum and Articles of Association of the Company, and in accordance with the restructuring package approved by the Corporate Debt Restructuring (CDR) Empowered Group and subject to such other approvals, consents, permissions and / or sanctions as may be required and subject to such terms and conditions and modifications, as may be prescribed by any of the authorities while granting such approvals, consents, permissions and / or sanctions, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term includes the Committee(s) thereof), to issue and allot, on preferential basis, to Industrial Investment Bank of India Limited, one of the secured lenders of the Company, (hereinafter referred to as 'IIBI'), in one or more tranches, up to 12,631 (Twelve thousand six hundred and thirty one) Equity Shares of the face value of Rs.10/- each, fully paid up, by way of conversion of the Company's secured debt to IIBI, for a sum not exceeding Rs.2.40 lacs (inclusive of the premium), at an issue price of Rs.19/- per share, which includes a premium of Rs.9/- per share, subject to the relevant provisions of SEBI ICDR Regulations and on such terms and conditions as may be deemed appropriate by the Board."

   "RESOLVED FURTHER THAT the Relevant Date in relation to pricing of the aforesaid issue of Equity Shares, in accordance with the SEBI ICDR Regulations would be 24 February 2010, being the date of approval of the CDR package by the CDR Empowered Group."

   "RESOLVED FURTHER THAT the Equity Shares being issued and allotted as aforesaid shall rank *pari passu* in all respects with the existing Equity Shares of the Company."

   "RESOLVED FURTHER THAT the Board be and is hereby authorized in its entire discretion to decide to proceed with the issue of the shares and for the purpose of giving effect to this issue and allotment of Equity Shares, to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or appropriate for such purpose, including without limitation, to seek listing of the Equity Shares on the National Stock Exchange of India Limited, with power on behalf of the Company to settle any question, difficulty or doubt that may arise in regard to such issue or allotment of shares and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

Place: Chennai — N RAJEEVA PRAKASH
Date : 26 July 2011 — Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY TO BE VALID SHALL BE DEPOSITED AT THE REGISTERED/PRINCIPAL OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.

2. Explanatory Statement of material facts pursuant to Article 76 of the Articles of Association read with Section 173(2) of the Companies Act, 1956, for Item nos. 5 and 6 of the Notice is annexed hereto.

3. The Register of Members and the Share Transfer Register of the Company will remain closed from Thursday, 3 November 2011 to Wednesday, 16 November 2011 (both days inclusive).

4. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting. For shares held in dematerialized form, the Depository Participant (DP) ID and Client ID numbers should be indicated in the Attendance Slip.

5. For shares held in physical form, any change in address/ other details may be intimated immediately to the Registrar and Transfer Agents viz., Cameo Corporate Services Limited, "Subramanian Building", 1 Club House Road, Chennai - 600 002 (RTAs) by quoting the Folio Number(s). For shares held in demat form, change in address/other details may be intimated directly to the Member's DP.

6. As per the requirements of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends up to 1993-94 to the General Revenue Account of the Central Government and in respect of 1994-95 to 2000-01, to the Investor Education and Protection Fund constituted by the Central Government.

7. The Company's Equity Shares are listed at the National Stock Exchange of India Limited. Annual listing fee has been paid to the said Exchange in time.

8. MEMBERS HOLDING SHARES IN SINGLE NAME IN PHYSICAL FORM ARE ADVISED TO NOMINATE A PERSON TO WHOM THEIR SHAREHOLDING IN THE COMPANY SHALL VEST IN THE EVENT OF DEMISE. Nomination forms can be downloaded from the Company's website www.spic.in under the Section ' For investors'.

9. As per latest SEBI directive, it shall be mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company/RTAs for registration of transfer/transmission of shares in physical form.

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 Principal Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

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

In complying with the above, shareholders who hold shares in demat form are requested to update their e-mail addresses with their respective DPs. Shareholders who hold shares in physical form are requested to send the E-mail Registration Form (page no.19) duly filled in, to the Company's RTA.

Annexure to Notice

Details of the Directors seeking re-election/appointment at the 40th Annual General Meeting vide Item Nos. 2, 3 & 5 of the Notice dated 26 July 2011

[Pursuant to Clause 49(IV)(G) of the Listing Agreement]

The resume in brief and other details of the Directors, whose re-election/appointment is for the consideration of the Members at the ensuing 40th Annual General Meeting, are furnished hereunder:

Thiru B Elangovan

Thiru B Elangovan, aged 47 years, a nominee of Tamilnadu Industrial Development Corporation Limited (TIDCO), is the General Manager, TIDCO. He was appointed as Director on 28 July 2009.

Thiru Elangovan is a Director on the Boards of various companies – Arkonam Castings & Forgings Limited, Sakthi Sugars Limited, Tamilnadu Telecommunications Limited, Tanfac Industries Limited, Jayamkondam Lignite Power Corporation Limited, Narmathaa Textiles Limited and Asian Bearings Limited. He is also a Member of Audit Committee and Shareholders' / Investors' Grievance Committee of Tamilnadu Telecommunications Limited.

Thiru Elangovan does not hold any shares of the Company.

Thiru B Narendran

Thiru B Narendran, aged 66 years, a chemical engineer and a Master's graduate from U.S.A. in transportation, had been a consultant to Shell Inc. Houston, Rite-Aid Pharmacy, Detroit and State Highways Administration, Baltimore, USA. Thiru Narendran is also the Principal Secretary, Consulate General, Republic of Phillipines in Chennai. He was appointed as Director on 19 January 2009.

Thiru Narendran is a Member of the Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee of the Company. He is also the Chairman of the Audit Committee, Shareholders' / Investors' Grievance and Share & Debenture Committee, Remuneration Committee and Capital Issues & Allotment Committee of Sicagen India Ltd.

Thiru Narendran does not hold any shares of the Company.

Thiru M S Shanmugam, I.A.S.

Thiru M S Shanmugam, I.A.S., aged 45 years, is a Member of the Indian Administrative Service. He is one of the nominees of TIDCO on the Board of Directors of the Company. He is presently the Joint Secretary to the Government of Tamilnadu, in the Industries Department. He was appointed as Director on 26 July 2011.

Thiru Shanmugam is the Chairman and Managing Director of Southern Structurals Limited. He is also the Director of Tamil Nadu Salt Corporation Limited, Tamilnadu Cements Corporation Limited, Tamilnadu Industrial Explosives Limited, Tamilnadu Industrial Investment Corporation Limited, TICEL Biopark Limited, Tamilnadu Telecommunications Limited and Tanfac Industries Limited.

Thiru Shanmugam does not hold any shares of the Company.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, 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 nos. 5 and 6 of the Notice convening the 40th Annual General Meeting:

Item No.5

Thiru M S Shanmugam, I.A.S. was appointed as an Additional Director of the Company by the Board of Directors effective 26 July 2011.

As per the provisions of Section 260 of the Companies Act, 1956, read with Article 106 of the Articles of Association of the Company, Thiru M S Shanmugam will hold office up to the date of this Annual General Meeting. Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from Tamilnadu Industrial Development Corporation Ltd. (TIDCO) viz., a Member.

The Board commends the election of Thiru M S Shanmugam as a Director of the Company for the approval of the Members.

Memorandum of Interest

Thiru Shanmugam is interested in this resolution as it concerns his appointment. Thiruvalargal T K Arun and B Elangovan, being nominees of TIDCO, may be deemed to be interested in this resolution.

Item No.6

In terms of the Rework (restructuring) package for the Company approved by the Corporate Debt Restructuring (CDR) Empowered Group at its meeting held on 24 February 2010, secured lenders of the Company have the option to convert a portion of the secured debt of the Company into Equity Shares / Secured Non-convertible Debentures to the extent of Rs.60 crores.

Pursuant to the Members' approval, at the Extraordinary General Meeting held on 22 February 2010, secured debt of a sum of Rs.30 crores has been converted into equity, by allotment, on 30 March 2010, of 1,66,66,666 Equity Shares of Rs.10/- each, @ Rs.18/- per share (inclusive of a premium of Rs.8/-) per share, to ARCIL.

Pursuant to Members' approval at the 39th Annual General Meeting held on 21 September 2010, secured debt of a sum of Rs.6.10 crores has been converted into equity, by allotment, on 8 November 2010, of 32,14,734 Equity Shares of Rs.10/- each, @ Rs.19/- per share (inclusive of a premium of Rs.9/-) per share, to seven secured lenders, viz, Central Bank of India, State Bank of Patiala, Dena Bank, ICICI Bank Limited, New India Assurance Company Limited, Tamil Nadu Mercantile Bank Limited and State Bank of Hyderabad.

Pursuant to Members' approval at the Extraordinary General Meeting held on 29 November 2010 secured debt of a sum of Rs.21.34 crores has been converted into equity, by allotment, on 8 December 2010, of 1,06,71,001 Equity Shares of Rs.10/- each, @ Rs.20/- per share (inclusive of a premium of Rs.10/-) per share, to ARCIL.

Industrial Investment Bank of India Limited, ('IIBI') one of the secured lenders of the Company, who had not exercised their option earlier, have now exercised their option, for conversion of their portion of the debt (0.04%) of Rs. 60 Crores into equity.

The shares proposed to be issued to IIBI @ Rs.19/- per share is as per the CDR Scheme and in compliance with the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), with reference to the Relevant Date of 24 February 2010, being the date of approval of the Corporate Debt Restructuring package by the CDR Empowered Group.

Equity Shares, so allotted, shall rank *pari passu* in all respects with the existing Equity Shares of the Company.

The proposed issue of Equity Shares on preferential basis to IIBI as aforementioned under Item no.6 of the Notice, will be subject to provisions of all applicable Acts including the Companies Act, 1956, SEBI ICDR Regulations, the Listing Agreement with the National Stock Exchange of India Limited and the Memorandum and Articles of Association of the Company.

Pursuant to the SEBI ICDR Regulations, the following disclosures are made:

(a) Objects of the Issue:

The object of the issue of the Equity Shares to IIBI is for reduction of the Company's debt to the secured lenders, who have the option to convert a portion of their debt into equity.

(b) The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer:

The issue is being made to IIBI, one of the Secured Lenders of the Company in terms of the relevant provisions including CDR package, by conversion of secured debt into equity and therefore, the promoters, directors or key management personnel of the issuer are not eligible to subscribe to the offer.

(c) Shareholding Pattern of the Issuer, before and after the preferential issue:

Sl. No	Category of shareholder	Before Preferential Issue		Post Preferential Issue	
		Equity shares held	% to capital	Equity shares held	% to capital
A	PROMOTERS:				
	(i) Tamilnadu Industrial Development Corp. Ltd	8840000	5.32	8840000	5.32
	(ii) Dr M A Chidambaram Group	61294510	36.86	61294510	36.86
	Sub-Total	**70134510**	**42.18**	**70134510**	**42.18**
B	NON PROMOTERS				
	1. The Bank of New York Mellon (as Depository for Global Depository Receipts)	17194550	10.34	17194550	10.34
	2. Financial Institutions	4740587	2.85	4740587	2.85
	3. Nationalised Banks	2821099	1.70	2821099	1.69
	4. Mutual Funds	2201906	1.32	2201906	1.32
	5. Foreign Institutional Investors	508150	0.31	508150	0.31
	6. Acquirer				
	Industrial Investment Bank of India Limited			12631	0.01 *
	Sub-Total	**27466292**	**16.52**	**27478923**	**16.52**
C	OTHERS:				
	7. Foreign Companies	39800	0.02	39800	0.02
	8. Non-resident Individuals	951101	0.57	951101	0.57
	9. Public and others	67686671	40.71	67686671	40.71
	Sub-Total	**68677572**	**41.30**	**68677572**	**41.30**
	Grand Total	**166278374**	**100.00**	**166291005**	**100.00**

* Since only 12,631 equity shares are proposed to be allotted to IIBI, there is only negligible change in the %.

(d) Time within which the preferential issue shall be completed:

The allotment of Equity Shares to IIBI will be completed within 15 days of the passing of the resolution under Item no.6 forming part of the Notice for the Annual General Meeting or within 15 days of the date of approval or permission from any regulatory authority, as may be required, whichever is later and subject to the time limits, if any, prescribed in this regard.

(e) The identity of the proposed allottee, the percentage of post-preferential issue capital that may be held by them.

The proposed allottee of the Equity Shares is a Bank. The post-preferential issue capital to be held by the said allottee would be:

Name of the proposed allottee	No. of Equity Shares of face value of Rs.10/- each fully paid-up	% of post-preferential issue paid-up capital
Industrial Investment Bank of India Limited	12,631	….

(f) Change in control/Board of Directors:

There will be no change in control or in the Board of Directors of the Company. The existing Promoter/Board of Directors will continue to be in control of the management.

(g) Issuer's undertaking(s):

The undertaking(s) required to be furnished/disclosed in the Explanatory Statement to the Notice, under the SEBI ICDR Regulations, relating to re-computation of price and lock-in of securities till the re-computed price is paid by the allottee will not be applicable to the Issuer as the Issuer's Equity Shares are listed on the National Stock Exchange of India Limited viz., recognized Stock Exchange for more than the minimum period specified under the said Regulations.

The Issuer shall place a copy of the certificate of the Statutory Auditors before the Annual General Meeting of the Members on 16 November 2011, certifying that the aforesaid issue is being made in accordance with the requirements of the SEBI ICDR Regulations.

In terms of the resolution, the Board is being empowered to issue and allot the Equity Shares as aforementioned, subject to necessary approvals, to IIBI as aforesaid. Consent of Members in General Meeting is necessary, for the above, pursuant to Section 81(1A) of the Companies Act, 1956 and the SEBI ICDR Regulations.

The proposed issue of Equity Shares, on preferential basis, to IIBI as aforesaid, is in accordance with the stipulation of the CDR Cell and is in the interest of the Company.

The Board commends the resolution for the approval of Members.

Memorandum of Interest

None of the Directors of the Company is interested in this resolution.

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

Place: Chennai — N RAJEEVA PRAKASH
Date : 26 July 2011 — Secretary

NOTICE

NOTICE is hereby given that the Company has received a Special Notice from a Member signifying his intention to move in respect of item no.4 of the Notice of the 40th Annual General Meeting in regard to appointment of Statutory Auditors, the following resolution as an Ordinary Resolution for approval of the Members at the 40th Annual General Meeting.

"RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956, M/s Deloitte Haskins & Sells (DHS), Chartered Accountants, ASV N Ramanas Tower, 52, Venkatnarayana Road, Chennai 600 017 (Firm Registration no.008072S) be and are hereby appointed as Statutory Auditors of the Company in the place of M/s Fraser & Ross, the retiring Auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company in connection with the Company's Audit."

For SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LTD.

Place: Chennai — N RAJEEVA PRAKASH
Date: 10 October 2011 — SECRETARY

Note:

M/s Fraser & Ross, Chartered Accountants, Chennai, the retiring Auditors of the Company, were recommended for re-appointment as Statutory Auditors for the financial year 2011-12 at the Board Meeting held on 26 July 2011. The Company has now received a Special Notice from a Member proposing the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors, in the place of M/s Fraser & Ross. Meanwhile, M/s Fraser & Ross, Chartered Accountants, the retiring Auditors, have informed the Company that they are not seeking re-appointment at the ensuing 40th Annual General Meeting. M/s Deloitte Haskins & Sells have expressed their consent for the appointment as Statutory Auditors of the Company for the Financial Year 2011-12 and have also confirmed that the appointment, if made, will be in accordance with the limits specified u/s 224(1-B) of the Companies Act, 1956. The Board of Directors of the Company, on 10 October 2011, have also recommended the appointment M/s Deloitte Haskins & Sells as Statutory Auditors of the Company for the financial year 2011-12.

DIRECTORS' REPORT

Your Directors present their 40th Annual Report together with the audited statement of accounts of the Company for the financial year ended 31 March 2011.

OPERATING RESULTS

(Rupees in crore)

	2010-11	2009-10
Sales and services	1729.02	417.07
Other income	33.45	105.76
Total income	1762.47	522.83
Profit(loss)before interest, depreciation and tax	196.44	(7.40)
Interest	25.51	20.50
Depreciation	88.95	96.67
Profit/(loss) before tax	81.98	(124.57)
Provision for tax	-	-
Profit/(loss) after tax	81.98	(124.57)

SPIC operates its business in four divisions:

- The Fertilizer Division manufactures fertilizer intermediates used for the production of fertilizers and nitrogenous and phosphatic fertilizers.
- The Pharmaceuticals Division manufactures Penicillin-G, Potassium (fermentation-based), Active Pharmaceutical Ingredients, finished dosage products, industrial enzymes and plant-based nutraceuticals.
- The Engineering/Construction Services Division offers specialized and extra high voltage transmission line construction, railway electrification, operation and maintenance and related engineering services.
- The Agri-business Division offers products for sustainable agricultural development with a global footprint tissue culture plants and hybrid seeds.

OPERATIONS

Fertilizer Division

Fertilizer Division's Urea plant was started after a gap of three and a half years and stabilized; production was suspended due to constraints in working capital and also the anomaly in the fertilizer policy. Since the Ammonia and Urea plants were idle for a long time, elaborate pre-commissioning activities, tests and trials were carried out in all equipments before starting the plants during October 2010 and the plants are operating well since then. Phosphatic Plants and DAP production were also resumed from November 2010. The Company has made necessary arrangements for working capital. During August 2010, the Company has commissioned Single Super Phosphate Plant with a capacity of 350 MT per day. Further, trading of Micro Nutrients / Plant Growth Promoters were commenced which achieved a turnover of over Rs.1,100 lakhs.

The production and sales performance of the Fertilizer Division for the period under review as compared with performance during the previous two financial years are as follows:

Qty in MT

Product	**Category**	**2008-09**	**2009-10**	**2010-11**
Urea	Production	-	-	*297650
	Sales	-	-	290529
DAP	Production	-	-	**31116
	Sales	-	-	30974
Complex Fertilizer	Production	6225	174605	175566
	Sales	6225	174603	171294
SSP	Production	-	-	14528
	Sales	-	-	5074
ALF3	Production	2463	3234	3388
	Sales	2394	2058	4656
Gypsum	Sales	148531	166305	205371

* Production commenced during October 2010

** Production commenced during November 2010

Fertilizer Policy

The Government of India introduced 'Nutrient Based Subsidy' (NBS) for Phosphatics effective 1 April 2010. NBS is a welcome move for Fertilizer Industry and Indian Agriculture. The rise in production of food grains is partly attributed to the introduction of the NBS, which encourages farmers to use micronutrients depending on deficiency, unlike the earlier rampant use of nitrogenous fertilizers.

In order to minimize the cost of production of Urea from Naphtha-based plants, the Government has announced that all Naphtha / Fuel Oil based plants producing high cost Urea have to necessarily convert to gas by March 2013 and stated that the subsidy on Urea would be computed on the basis of the gas prices after the said period. This policy would render the Naphtha-based Urea plants unviable. Though, presently, the Company is producing Urea from Naphtha, the Company is hopeful that the dispensation would continue post-2013 also.

To reduce dependence on imported DAP, Department of Fertilizers is promoting Single Super Phosphate (SSP) as an alternative to augment the requirement of Phosphate. Accordingly the price control on SSP was removed and it was also brought under NBS. The above initiative has made SSP a low cost phosphatic fertilizer besides making SSP attractive to the industries. As stated earlier, the Company has also established a SSP manufacturing facility with a capacity to produce 1,00,000 MT per annum in the existing manufacturing facility at Tuticorin and the product is being marketed as “SPIC SUPER” and the market response is encouraging.

Delivery Mechanism

The Online Web-based Fertilizer Monitoring System (FMS) for monitoring production, distribution and sale of Urea and Phosphatic Fertilizers introduced by the Government is working well and Subsidy / Concession claims are generated on line. This has resulted in speedy disbursement of claims to all companies including SPIC.

Pharmaceuticals Division

SPIC's Pharmaceuticals Division consists of four sub-divisions, namely, Penicillin-G (Pen-G), Active Pharmaceutical Ingredients (APIs), Formulations and Industrial Enzymes.

Pen-G business: The production activity was shut down since January 2010 due to (a) the continued availability of cheap imported Pen-G from China and Mexico; (b) import of Pen-G based forward derivatives and API's from China and Mexico; and (c) high cost of production in India due to increased cost of vital inputs. The Company's efforts for imposing anti-dumping duties on Pen-G and 6-APA from China and Mexico, though resulted in getting the final findings recommended by the Ministry of Commerce, was rejected by the Ministry of Finance which prevented the Company from competing in a level playing field.

API: The production activity of the Unit was suspended at Maraimalainagar since July 2010, pursuant to possession of the land and building by ARCIL. Creation of infrastructure, recommencing production, regaining market share and resurfacing in a meaningful and profitable manner, warrant substantial investment which may not be commercially viable.

Further, ARCIL has issued notice and taken over the possession of the immoveable properties of Pharma Unit at Cuddalore. In view of the aforesaid reasons, including ARCIL's action, the Board of Directors during July 2011, has decided to permanently stop the operations of the said Units and to take appropriate follow up steps.

Formulations: The Unit had improved its top-line and bottom-line in the current year, particularly due to enhanced export to Myanmar and Haiti, though the business is not encouraging in Iran and Sri Lanka. The increase in the volume of third party manufacturing services coupled with retention of existing customers have resulted in improved operations.

Industrial Enzymes: The Unit had achieved sequential growth in the last 3 consecutive years, despite the relocation of infrastructure from Maraimalainagar to Cuddalore during October 2010. Exports to China and other countries have witnessed growth. The Leather, Tea and Poultry segments have performed well with sustained growth over the last 3 years. Nevertheless, the growth of the Textile segment is affected due to the closure of the Units in textile belts consequent to orders of the judiciary. This segment is expected to improve, post the remedial measures proposed by the textile units.

Engineering/Construction Services Division

SPIC-SMO, comprising Transmission and Distribution Unit (T&D) and Operation, Maintenance and Engineering Unit (OM&E) is one of the Pioneers in implementing complex large-scale projects in Engineering, Procurement & Construction basis in power transmission and distribution, railway electrification and maintenance services in chemical, petrochemical, oil & gas, and fertilizer sectors. It achieved a turnover of Rs.24,638 lakhs and executed several contracts in India involving extra-high voltage transmission lines, operation and maintenance services, turnaround maintenance, inspection maintenance and repair services and railway electrification works.

Transmission and Distribution Unit (T&D): During the year, the Unit achieved a turnover of Rs.24,009 lakhs . A major transmission line project of 400 kV double circuit connecting Damoh to Bhopal in Madhya Pradesh was successfully completed during the year under review. It is presently executing 9 transmission line projects for Power Grid Corporation of India (Powergrid) in Chattisgarh, Tamil Nadu, Haryana, Rajasthan, Punjab and Maharashtra and 1 rural electrification project for Powergrid in Uttar Pradesh, under Government of India's Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) Scheme, Besides, 4 railway electrification projects for Central Organisation for Railway Electrification (CORE), in Uttar Pradesh, Orissa and Bihar and 3 transmission lines and 2 sub-station projects in Jammu & Kashmir, for the Power Development Department, Government of Jammu & Kashmir, are also under execution.

Operation & Maintenance Unit (O&M): During the year, the Unit has made inroads into O&M services for medium scale chemical industries and there exists a good potential to expand the business in this sector.

Agri-business Division

During the year under review, the Tissue Culture Laboratory at Coimbatore recorded encouraging results despite production being affected due to 20% power cut throughout the year. The Division recorded sales of Banana and Gerbera plants of 19 lakhs and 11 lakhs respectively. During the year, 24.56 lakh plants of Banana, and 16.06 lakh plants of Gerbera were produced. The Division recorded a turnover of Rs.1,235 lakhs.

SUBSIDIARIES/JOINT VENTURES/INVESTMENTS

SPEL Semiconductor Limited (SPEL)

SPEL produced 317.06 million ICs during 2010-11 as against 258.11 million ICs in 2009-10. Sales increased to Rs.9,133 lakhs, registering a 4.78% growth over the previous year's figure of Rs.8,716 lakhs. PAT was Rs.453 lakhs during 2010-11 compared to Rs.610 lakhs during 2009-10. The reduced PAT was due to pricing pressures that resulted from the recession. The outlook for 2011-12 looks promising with a 9% growth predicted; global semiconductor revenues are expected to reach $ 325 bilion up from $298 billion in 2010.

Tamilnadu Petroproducts Limited (TPL)

During 2010-11, the overall performance of TPL's Linear Alkyl Benzene (LAB) operations has surpassed that of the previous year with increased production and sales. The installation of new molecular sieves in the n-paraffin Unit in January 2010 has yielded results improving the normal paraffin plant capacity utilization. LAB production during the year was higher at 95,780 MT.

The steady increase in crude prices during the year has not affected the performance significantly. TPL continues to derive energy conservation benefits year after year through advanced process controls and other stringent measures. During the year, TPL has taken up revamp of the pre-fractionation unit, to be followed by the revamp of the balance section of the n-paraffin unit. This will help to increase further the n-paraffin capacity in the years to come. New markets are being identified for increasing the sales volume.

Among the Indian Companies, TPL continues to be the leader in meeting the domestic supplies of LAB to leading detergent manufacturers like Henkel India and Procter & Gamble.

The performance of Epichlorohydrin (ECH) plant was profitable with improved production and sales. The capacity utilization of the plant was 80%. The higher sales volume compared to the previous year was due to increased off-take in India. The margins improved in line with the price trend in international market. The international price trend seems to be moving north due to shut down of plant in Japan and reduced availability of products from Russia. Margins could have been better but for the high price of propylene and cost of power.

The performance of the Caustic Soda / Chlor Alkali division, in terms of production and sales, was maintained in 2010-11 as well. Profitability was, however, affected due to non-availability of industrial grade salt, power cuts / restrictions on usage of power by TNEB leading to higher reliance on high cost captive power. The increased cost of production could not be fully passed on to the consumer due to market competition.

During March 2011, as a part of their business restructuring initiative, TPL divested 89% of its equity in Henkel India Limited, an FMCG company involved in the business of laundry and home care, cosmetics and toiletories.

TPL has reported a net profit after tax of Rs.1,950 lakhs for the year 2010-11 as against Rs.1,077 lakhs during 2009-10. In view of the improved profit, the Board of Directors of TPL has proposed a dividend of 10%.

Tuticorin Alkali Chemicals and Fertilisers Limited (TAC)

Consequent to the restart of SPIC's Ammonia Plant, TAC recommenced its manufacturing operations from Oct 2010. During the year, based on the actual production period of 146 days TAC produced 27,621 MT of Soda Ash, 23,105 MT of fertilizer grade Ammonium Chloride and 225 MT of Sodium Bicarbonate and achieved a turnover of Rs.4,760 lakhs. TAC had received an export order from Malaysia for 5,200 MT of Ammonium Chloride Fertilizer Grade and further orders are likely to continue. The restructuring proposal of the Company with secured lenders is to be placed before the CDR EG for its approval followed by submission of the Draft Rehabilitation Scheme (DRS) of the Company to BIFR through the Operating Agency viz., IDBI Bank Limited.

Orchard Microsystems Limited (OML)

OML had opted for voluntary liquidation under Easy Exit Scheme 2011 and filed the necessary documents with the Ministry of Corporate Affairs. In view of the above, OML has drawn its financial statements for the period from 1 April 2010 to 25 April 2011 and reported a loss of Rs.155.57 lacs.

SPIC Fertilizers And Chemicals FZE, Dubai (SFC FZE)

During the first quarter of the Financial Year 2010-11, as a part of recovery process, the Jebel Ali Free Zone Authority (JAFZA) in Dubai, has taken over the land, Plant & Machinery of SFC FZE. SFC FZE did not have any other option in this matter. Simultaneously, the Plant & Machinery stored in the Ras Al Khaimah Port, (RAK) were auctioned to realize the storage charges payable to the RAK Port Authorities. The Promoters of SFC FZE, viz., your Company and the Emirates Trading Agency (ETA), Dubai have jointly decided to close the operations of the Project Company, SFC FZE in Dubai to be followed by the closure of the Holding Company, SPIC Fertlizers and Chemicals Limited, Mauritius.

SPIC Petrochemicals Limited (SPIC Petro)

Consequent to the take over of the assets and effects of SPIC Petrochemicals Limited (SPIC Petro) by the Official Liquidator (O L) during May 2010, SPC Petro ceased to be a subsidiary of SPIC. Asset Reconstruction Company (India) Limited (ARCIL) approached the Hon'ble High Court of Madras to allow them to take possession of the assets and effects of SPIC Petro under Section 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI ACT). Accordingly, the Hon'ble High Court of Madras, vide its Order dated 20 Dec 2010 directed the O.L to handover the possession of the above assets and effects of SPIC Petro to ARCIL and ARCIL took possession of the same on 4 Jan 2011. Since then, it is under the custody of ARCIL. Chennai Petroleum Corporation Limited (CPCL) has obtained an interim injunction order from the Hon'ble High Court of Madras restraining ARCIL from encumbering SPIC Petro lands and to set aside the Orders passed by the Madras High Court on 20 Dec 2010 in the Applications filed by ARCIL against the O.L.

FINANCE

REWORK PACKAGE

Asset Reconstruction Company (India) Limited (ARCIL) and other financial institutions (except one lender) have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010) on successful implementation of which the Company would be eligible for substantial reduction in debts and interest accrued thereon. The Company has paid to ARCIL and other secured lenders Rs.82,555.15 lacs till 31 March 2011. During the year the Company had paid a sum of Rs.46,555.68 lacs (Previous year Rs.35,999.47 lacs) for distribution to secured lenders (including to those whose debts had not been assigned to ARCIL). ARCIL and certain other secured lenders have also converted part of the debts amounting to Rs.5,745 lacs into equity as stipulated in the CDR Rework Package, out of which Rs.2,745 lacs was converted during the current year and Rs.3,000 lacs was converted during the previous year. Though the Company has commenced payment of dues to ARCIL, credit has not been taken for the expected relief in loan and interest liabilities in view of the delay in the payment of installments and pending satisfactory completion / compliance of various conditions stipulated in the said package.

Pursuant to the rework package approved by ARCIL and other secured lenders, the Company had divested its entire shareholding in Indo-Jordan Chemicals Company Limited, Sical Logistics Limited and EDAC Engineering Limited. It also divested a major portion of the shareholding in Manali Petrochemical Limited. The sale proceeds were fully utilized for settlement of secured debts.

The profit on sale of these investments was Rs.14,048.95 lacs.

Further, the Company in coordination with ARCIL monetised certain non-core assets for a value of Rs.9,987.14 lacs and incurred a loss of Rs.(3,463.19) lacs due to revaluation exercise carried out in March 2006 when the market prices were ruling high.

OPERATIONS :

The Company executed a Memorandum of Understanding with Indian Oil Corporation Limited (IOCL) on 19 April 2010 mutually agreeing to the terms and conditions for resumption of supply of Naphtha and Furnace Oil and settlement of past dues. The Supply Agreement was also executed by the Company with IOCL on 24 April 2010. During the year, the Company has paid Rs.11000 lac towards settlement of past dues, including a sum of Rs.3000 lac released by the lead bank from the Trust and Retention Account (TRA).

The start up of the nitrogenous Plants were delayed due to an unexpected machinery break down. After rectifying the defects, the nitrogenous Plants recommenced operations from 9 October 2010 and have been running steadily thereafter. The Company has also availed working capital facility for purchase of raw materials required for phosphatic fertilizer production. Consequent to the delay in the commencement of Urea production, there was an operating loss on account of lower absorption of fixed costs. During the current year, there was an increase in fixed cost reimbursement by the Department of Fertilizers for Urea operations. The introduction of the Nutrient Based Subsidy (NBS) for phosphatic fertilizer resulted in additional realization of subsidy. With the recommencement of nitrogenous plants, stepping up of the production of phosphatic fertilizers consequent to the tie up of raw materials and increase in realization of subsidy, the division was able to achieve a turnover of Rs.1,46,215.05 lacs and earn a profit of Rs.3,378.22 lacs .

During the year, the Company had sold Fertilizer Companies Government of India Special Bond with a face value of Rs.434.90 lacs at a discount resulting in a loss of Rs.60.89 lacs.

The non-operation of Pen G Unit from 15 January 2010 onwards is due to the unremunerative prices of Pen G. Pursuant to the possession of land and buildings at Maraimalainagar by ARCIL, inability to restart the Pen G operations and the non-viability of operations relating to R & D and API, resulted in a steep drop in turnover as well as an increase in operating loss. ARCIL also took possession of the immovable properties of the Pharma Unit at Cuddalore. The loss suffered by the Division during the current year was Rs. (5,227.41) lacs.

The SMO Division and the Agri Business Division earned profits during the current year.

The Company had suffered a loss of Rs.(2,387.40) lacs before taking into account the profit/loss on account of sale of assets and investments.

The Profit for the year under review after exceptional item and tax was Rs.8,198.36 lacs. The accumulated loss has reduced from 1,57,368.83 lacs as on 31 March 2010 to Rs.1,49,170.47 lacs as on 31 March 2011.

PREFERENTIAL ALLOTMENT OF SECURITIES

During the year under review, at the request of Asset Reconstruction Company (India) Limited (ARCIL) and in line with the rework package approved by Corporate Debt Restructuring Empowered Group.

- Secured lenders were allotted 32,14,734 Equity Shares of Rs.10/- each fully paid up, at an issue price of Rs.19 per share inclusive of premium of Rs.9 per share pursuant to the approvals of the Board at its meeting held on 6 August 2010 and the shareholders at the Annual General Meeting held on 21 September 2010, by conversion of debt of Rs.610.80 lacs into equity.
- ARCIL was allotted 1,06,71,001 Equity Shares of Rs.10 each fully paid up, at an issue price of Rs.20 per share inclusive of premium of Rs.10 per share, pursuant to the approvals of the Board at its meeting held on 28 October 2010 and the shareholders at the Extraordinary General Meeting held on 29 November 2010 by conversion of secured debt of Rs.2,134.20 lacs into equity.

GOING CONCERN

The financial statements of the Company for the year have been prepared on a going concern in view of the following:

i) The Company has recommenced the production of Urea from Oct '10 and the production has stabilized. The production of Phosphatic fertilisers continued during the current year. The other divisions, viz., SPIC Maintenance Organization, Enzymes, Formulation Units and Agribusiness continued their operations throughout the financial year. This has resulted in significant reduction in operating loss.

ii) The execution of Supply Agreement during April '10 with Indian Oil Corporation Ltd. to source naphtha and furnace oil resulted in the recommencement of operations of its nitrogenous fertiliser plants from Oct '10.

iii) The cut down of the urea subsidy payment cycle (due to the action of Department of Fertilizers, Government of India) resulted in reduction of working capital requirement and enabled to operate its nitrogenous fertiliser plants at stipulated capacity levels.

iv) The increase in the fixed cost reimbursement in urea operations, (consequent to the Notification issued by the Department of Fertilisers, Government of India) resulted in additional realization of fertiliser subsidy and consequent improvement in profitability.

The above positive developments have enabled the Company to operate the fertiliser plants, being its core business, at optimum levels resulting in profitable operations and reduction in the accumulated losses.

v) The rework package dated 13 March 2010 approved under Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010), as referred in Note B-3(b) of notes to the accounts envisages reduction in the debts to a sustainable level consequently improving the net-worth of the Company.

DIVIDEND

In view of the accumulated losses, it has not been possible for your Directors to recommend dividend on the preference and equity share capital of the Company for the financial year 2010-11.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, vide its General Circular no. 2/2011 dated 8 February 2011 has granted general exemption to Companies from applicability of Section 212 of the Companies Act, 1956. As per the general exemption, a statement containing brief financial details of the Company's subsidiaries for the year ended 31 March 2011 is included in the Annual Report. The Annual Accounts of these Subsidiary Companies are open for inspection by any member of the Company / its subsidiary(ies) at the principal office of the Company during the working hours on all working days. The Company will make available these documents to the Members of the Company / its subsidiary(ies) upon receipt of a written request.

PUBLIC DEPOSITS

As on 31 March 2011, there were no outstanding public deposits and the overdue unclaimed deposits covering 32 depositors, amounted to Rs.6.03 lacs.

HUMAN RESOURCE DEVELOPMENT

The Company, as always, places great emphasis on its human capital and the need to retain and develop talent in the present trying times the Company is going through. The Company provides a conducive and challenging work environment and provides opportunities for professional development of its employees through training and development.

INDUSTRIAL RELATIONS

Industrial Relations in the Company is 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 2011.

(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 for the reasons stated in Note B 4 of Schedule 16.

DIRECTORS

Thiruvalargal B Elangovan and B Narendran, Directors who retire by rotation at this Annual General Meeting, being eligible, offer themselves for reappointment.

Tamilnadu Industrial Development Corporation Ltd. (TIDCO) withdrew the nomination of Dr (Thirumathi)S Revathi and in her place, nominated Thiru M S Shanmugam, IAS, Joint Secretary to Government, Industries Department and he was appointed a Director effective 26 July 2011.

In accordance with Clause 49 of the Listing Agreement, particulars relating to the aforesaid Directors seeking re-election/appointment at the ensuing Annual General Meeting are furnished in the annexure to the Notice.

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

In terms of Section 217(1)(e) of the Companies Act, 1956, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is set out in the annexure forming part of this Report.

PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration in excess of the amount prescribed by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,1975, as amended.

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 in the Central Government, the Government of Tamilnadu, other State Governments, Tamilnadu Industrial Development Corporation Limited, Tamil Nadu Electricity Board, ARCIL, Financial Institutions and Banks. The Directors appreciate the dedicated and sincere services rendered by all employees of your Company.

On behalf of the Board

Place: Chennai — **ASHWIN C MUTHIAH**

Date : 26 July 2011 — Vice 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 2011.

A. 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.

B. Technology absorption

As given in Form 'B', attached hereto.

C. Foreign exchange earnings and outgo

Foreign exchange earnings Rs. 5612.16.lacs

Foreign exchange outgo Rs.22731.17 lacs

FORM A (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

			Current Year 2010-11	Previous Year 2009-10
A.	Power and Fuel Consumption			
1	Electricity			
	a) Purchased			
	Unit	MWH	69177.673	51889.37
	Total Amount	Rs. in lacs	3640.33	2632.21
	Rate per Unit	Rs/KWH	5.26	5.07
	b) Own Generation			
	i) through Diesel Generator			
	Unit	MWH	243.1	338.27
	Unit per litre of Diesel oil	KWH/litre	2.32	3.47
	Diesel oil consumed Ltr.		104692.92	--
	Cost per Unit	Rs/KWH	9.70	16.19
	ii) through Steam turbine/ generator			
	Unit	MWH	23128	--
	Cost per Unit	Rs/KWH	8.98	--
2	Coal (Specify Quantity & where used)			
	Quantity	--	--	0.044
	Total cost	--	--	129.75
	Average Rate	--	--	2957.31
3	Furnace oil/LSHS			
	Quantity	MT in lacs	0.78	0.039
	Total cost	Rs in lacs	27543.18	977.86
	Average Rate	Rs per MT	35311.77	25150.67
B.	Consumption per MT of Production (Energy intensive products only)			
Ammonia	Production	MT	175392	--
	Electricity	KWH	56	--
	Fuel oil	MT	0.297	--
Urea	Production	MT	297650	--
	Electricity	KWH	113	--
	Fuel oil	MT	0.06	--
DAP	Production	MT	31116	--
	Electricity	KWH	59.6	--
	Fuel oil	MT	0.001	--
Complex fertilizer	Production	MT	175566	174605
	Electricity	KWH	43	46
	Fuel oil	MT	0.009	0.015
Penicillin-G	Production	MMU	--	677.76
	Electricity	KWH	--	30225.242
	Fuel oil	MT	--	0.004

FORM B (See RULE 2)

I. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY

R&D activities have been initiated in the areas of Enzymes and allied business to expand the product range of Enzymes, for which Cellulase Strain for textile application has been procured. Preliminary work involving sub culturing, screening and shake flask studies under lab has been conducted. The work relating to DSP is being initiated and also in Formulations for new product development.

II. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D WORK

Formulation: - Following products were developed, commercialised and launched in the domestic market during the year.

- D-Penicillamine 250 mg Capsules in the brand name "ARTIPEN".
- Aceclofenac 100 mg with Paracetamol 500 mg combination tablet in the brand name "A-STAR".

III. FUTURE PLAN OF ACTION

1. Formulation:

a) Following products were developed and ready for commercialisation:

- Aceclofenac 100 mg tablets in the brand name "VGO"
- Ofloxacin 200 mg with Ornidazole 500 mg combination tablets in the brand name "OFLICIN- OZ".
- Pantaprazole 40 mg with Domperidone 10 mg combination tablet in the brand name "PANSPIC-D"

b) Development trials and lab validation batches were completed for following products and awaiting pilot trials for commericlisation.

- Rabeprazole 20 mg with Domperidone 30 mg capsules in the brand name "ULCID-D"
- Pantaprazole 40 mg tablet in the brand name "PANSPIC".
- Rabeprazole 20 mg tablet in the brand name "ULSPIC".

2. Enzymes: using Cellulase Strain, Pilot plant studies towards standardising the fermentation conditions and scaling up of operations will be the next scope of work in developing product ranges.

IV. EXPENDITURE ON RESEARCH AND DEVELOPMENT

	(Rs. lacs)
a) Capital Expenditure	0.00
b) Revenue Expenditure	123.94
c) Total	123.94
d) Total R&D expenditure as a percentage of total turnover (SPIC-Pharma)	6%

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT
FERTILIZER

Agriculture Scenario

India's food production crossed 235 million tonnes during 2010-11 and the previous highest production, at 233 million tonnes, was achieved in 2008-09. In 2010-11, the country produced 30.2 million tonnes of oilseeds and 17.2 million tonnes of pulses apart from 94.5 million tonnes of rice and 84 million tonnes of wheat. Maize production was 30 million tonnes, sugarcane 340 million tonnes and cotton 39 million bales.

Agriculture also recorded a 5.4% growth compared to less than 4% growth achieved earlier. The record food production was possible, thanks to a good monsoon, spread uniformly across major parts of the country. More important, it was backed up by vigorous monitoring of crops with timely technological interventions and implementation of integrated pest management modules.

Timely supply of inputs and a strong pest/disease surveillance mechanism helped to augment production. Food production in our country could be doubled with good hybrid seeds, better farm management in weeds and pests control and application of fertilizers based on soil / plant requirement and also minimizing post-harvest losses. However, Indian agriculture was grappling with major problems including reduction in land availability due to urbanization.

Government of India is contemplating to increase cropping intensity by which farmers would be encouraged to opt for multiple cropping, diversify into horticultural crops and take up inter-cropping and short-duration crops, all of which could help to maintain soil fertility.

Degradation of land, soil alkalinity and emergence of new crop diseases in the wake of changing climatic conditions were other factors that could affect agriculture.

To augment food production, the emphasis would shift from primary to secondary agriculture in the next Five-Year Plan which includes value addition, post-harvest crop management and quality assurance.

Fertilizer Industry Scenario

India, being the largest consumer of Chemical fertilizers experienced tough times because of steep increase in price of all agro inputs during this year due to over-dependence on raw materials and intermediaries from international markets.

Consumption trend of fertilizers in India

Qty in Mill. MT

Fertilizers	2007-08	2008-09	Growth %	2009-10	Growth %	2010-11	Growth %
Urea	26.17	26.64	2	26.45	-1	28.22	7
DAP	7.27	9.42	30	10.14	8	11.10	10
MAP	0.29	0.25	-13	0.14	-46	0.09	-35
MOP	2.83	4.09	45	4.67	14	3.89	-17
NPK	6.55	7.12	9	8.20	15	10.30	26
TSP	0.00	0.23	NA	0.12	-47	0.10	-20
TOTAL	43.12	47.76	11	49.72	4	53.70	8

Consumption level of urea was static during 2007 -2010 at around 26 MMT, whereas in the year 2010-11, consumption has gone up by 7% over the previous years.

Of all the fertilizers, NPK consumption recorded a very high growth rate of 57% compared to 2007-08. The growth was very gradual from 9% in 2008-09 to 15% in 2009-10 and 26% in 2010-11. DAP recorded a 53% increase over 2007-08 consumption. MAP, MOP & TSP showed negative growth trends.

Fertilizer Policy

The present policy on Urea valid till March 2010 was extended beyond March 2010 pending finalization of new policy and Department of Fertilisers (DoF) came out with a modified NPS suggesting enhancement of fixed cost payable to Urea manufacturers since October 2010. However, the empowered Group of Ministers has referred the policy to the Committee of Secretaries (CoS) who had given the recommendation which is under the consideration of the Government. Regarding disbursal of subsidy, Government is now working out various models to directly disburse the subsidy to the dealers (instead through industry) dealers to reach the farmers ultimately.

Fertilizer Industry Outlook

Fertilizer Industry in India is going through a transition phase of migrating from price control regime to market driven pricing mechanism (Nutrient Based Subsidy-NBS Scheme). Since one year has passed after implementation of NBS for Phosphatic and Potassic Fertilizers, the consumption of the above fertilizers have gone up despite marginal increase in market prices. Due to steep increase in the global demand for fertilizers, the availability of all the fertilizers are far below the requirement, creating demand - supply imbalance, which has led to steep increase in the prices of all the fertilizers. The Indian importers have tied-up DAP with international suppliers for the year 2011-12. Since the subsidy payable is fixed under NBS , there is no scope for importers to bring the product at the prevailing price of 680 US Dollars per MT and this may lead to shortages in the ensuing Rabi season. The international price of agri produce has also gone up steeply resulting in enhanced demand for fertilizers globally. Food production in the country has surpassed earlier records and farmers are able to pay marginally higher price for the quality fertilisers. Consumption of fertilisers is likely to go up in our country in line with rest of the world due to adoption of intensive and modern farm technology and with positive approach by the Government; fertilizer industry in our country has good potential to grow in the years to come.

PHARMA

Operations, opportunities and outlook

Pen-G SBU : With all-round unfavorable operational factors and the rejection of proposal of Anti dumping duties, it does not justify the continuance of the Pen-G business. China has built up huge capacities of fermentation for various products based on large volume fermentation, which would be extremely difficult to compete without a level-playing field. The plant being a dedicated one for Penicillin G and also Penicillin G being a betalactam compound, it is extremely difficult to modify the product portfolio and to suit the available infrastructure (fermenters of 100 KL sizes and dedicated extraction and recovery systems) and make it a commercially viable entity. The Company is of the view to permanently exit from the Pen-G business.

API and R&D : The Active Pharmaceutical Ingredients (API) industry in India was about USD 6.65 billion in 2010, witnessing a growth of 15% over 2009. The present existing business model of this SBU is too small and insignificant compared to the size of the Indian/Global market. Pursuant to the exit from Maraimalainagar complex during October 2010 and as a result of being out of the API market for about 1 year, setting up of an appropriate infrastructure and business model in future, is not justifiable. The existing minimal infrastructure available at Cuddalore would be utilized as a specialized downstream plant for Enzyme operations and the Company plans to be a limited niche player in the Enzyme SBU and to focus on developing processes for bio-extractions, conversions and synthetic processes for auxillary performance chemicals in the future. With this step, the Company has decided to exit from API Unit and R&D activity.

The **Formulations industry** in India was close to USD 15.55 billion in 2009 witnessing a growth of 17% over 2009. India is a major exporter of finished dosages with operations across the world and has earned the name as one of the most qualitative and competitive manufacturers. It is believed that with major patent expiries around the corner, the finished dosage market could grow to almost USD 27~30 billion by 2013-14. The present existing business model of this SBU is too small and insignificant compared to the size of the Indian/Global market. Company has made fresh product registration initiatives in Africa, Central American countries which is expected to yield positive results during the current year. The Company's efforts in setting up sale and distribution network in Tamilnadu has been completed while the efforts are being made to expand the Network in other States which would make the Unit commercially successful. Since the plant was established during 1995, in compliance with ever increasing demands of statutory regulations, upgradations are being planned in the coming years for continued sustenance and growth in the Unit. With better infrastructure, third party accreditations will be attempted, with the aim to expand into newer overseas markets and to cater to large Indian Companies.

In **Industrial Enzymes business**, the Unit continued to consolidate upon its strength of technical marketing in the Leather, Poultry and Tea Segments, where the sales growth and increase in market share was positive for the third year in succession. Further thrust is being imposed for expanding base of distributor's, customer's, products in domestic markets for sustained growth. New initiatives for Poultry feed additives through tie-up with reputed Overseas suppliers are on the anvil. Exports to China, Vietnam and Dubai gained ground in the current year and focused plans have been set-up for increasing value and volumes in these markets; besides a few more markets are being identified for fuelling growth. In view of the shifting of the infrastructure from Maraimalainagar to Cuddalore, the Company is currently formulating Enzymes based on outsourced concentrates thus denying the benefit of utilizing its own manufactured enzymes. Cellulase culture + technology knowhow was procured and laboratory and Pilot Plant trials have been undertaken successfully and it is explored to commercially launch the product. Company is proposing to avail technology upgradation in respect of the existing product, viz., Protease and Amylase while efforts are being made to procure knowhow for new products viz., Xylanase and Pectinase. A modern state-of-the-art multi-purpose Enzyme plant with fermentation capabilities ranging from small laboratory 3L to Pilot scale fermenters of 1500 L and further larger commercial setup of series of 9 KL and 30 KL fermenters, is being planned by your Company which is expected to enhance its market in the Leather, Textile, Tea processing, Poultry feed and additive industries.

ENGINEERING/CONSTRUCTION SERVICES (SMO)

Transmission & Distribution Unit (T&D)

To meet the ever increasing demand for power, the Government is planning to increase the installed capacity to 480,000 MW to the nation's power generation, formation of a national power grid and continued focus on modernization and upgradation of power network. The Government is also planning to install majority of 765/1200/800 kV lines to avoid the major issues of right of way and corridor problems. Government of India has plans to construct grids for evacuating the power generated on Build, Own. Operate & Transfer (BOOT) basis. The Company is also dialoguing with potential partners (executing on BOOT basis) for participation as a consortium for various Transmission Line Packages. The Unit also executes OHE (Overhead Electrification of Railway tracks) for the Railways. Rail Vikas Nigam Limited has plans to expand the rail route and hence SMO plans to capitalize on these business opportunities.

SMO successfully completed one major 400 kV double circuit Damoh – Bhopal transmission line project in Madhya Pradesh during the period under review.

The following projects are presently under execution by SMO:

- Nine transmission line projects and one rural electrification project for M/s Powergrid for a value of Rs.768.63 Crores;
- Three transmission lines and two sub-station projects in Jammu & Kashmir for the Power Development Department, Government of Jammu & Kashmir for a value of Rs.55.48 Crores; and
- Four railway electrification projects for Central Organisation for Railway Electrification (CORE), in Uttar Pradesh, Orissa and Bihar for a value of Rs.160.51 Crores.

The Unit has been awarded contract by Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) and Coastal Energen for a value of Rs.154.31 crores.

The expanding business scenario has attracted many new players and hence the field has become fiercely competitive. Further, in a specialized area of operation like transmission & distribution lines, attracting and retaining the best human talent is a challenge, requiring focus in recruiting and retention of such employees.

Internal control systems and their adequacy

The Company has an adequate and satisfactory internal control system monitored by the Management Assurance Group. The Group is staffed with qualified and experienced personnel, who undertake review of all operations pertaining to various divisions/ departments on a regular basis. The Group also reports on the key issues of various control related points to the Executive Management and the Audit Committee of the Board. The Audit Committee reviews the Company's operational, financial and risk management policies. The Audit Committee further advises the Executive Management on issues related to both business risks and internal controls.

A critical risk management framework has been put in place and the risks impacting the business have been documented through the process of risk identification, risk minimization and risk optimization. The Audit Committee is appraised of this periodically.

Segment-wise financial performance

The summarized segment-wise performance of the Company for the financial year 2010-11 is as follows:

(Rs.lacs)

Business Segment	Agro Inputs	Bulk Drugs & Formulations	SMO	Others	Consolidated Total
Segment revenue	146337.38	1541.60	24828.54	2206.28	174913.80
Unallocated income					1333.78
Segment Results Profit/(Loss)(before tax and interest)	5189.80	(5277.47)	729.26	78.62	720.21
Unallocable expenditure net of unallocable income					(10029.19)
Profit/(loss) before interest and tax					10749.40
Interest expenses - net not allocable to segment					2551.04
Profit/(loss) before tax					8198.36
Capital employed (segment asset - segment liabilities)	37241.09	2665.04	7554.60	2353.22	49813.95
Unallocated					(152423.73)

Cautionary Statement

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

* * *

SPIC
Nourishing growth

E-mail Registration Form

(for those who hold shares in physical form)

Folio No. : ____________________

Name of the First Holder : ____________________

Name of the Joint Holder : ____________________

Address registered with the Company : ____________________

____

____

E-mail I.D to be registered : ____________________

I/We, being the shareholders of SPIC, agree to receive communications from the Company in electronic form. I/We request the Company to register my/our above e-mail address for sending communications thro' e-mail.

Date: Signature of the Shareholder

Note: To serve better, shareholder(s) are requested to inform the Company / RTA as and when there is a change in e-mail address.

Duly filled in form may be sent to:

Southern Petrochemical Industries Corporation Limited
Shares Department
"SPIC House"
88 Mount Road, Guindy
Chennai 600 032.

CORPORATE GOVERNANCE REPORT

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 among 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 management practices for ideal corporate governance.

2 BOARD OF DIRECTORS

On 31 March 2011, the Board of Directors of the Company had 8 members.

During the financial year 2010-11 viz. from 1 April 2010 to 31 March 2011, 9 Board meetings were held on the following dates i.e, 20 April 2010, 4 May 2010, 6 August 2010 (2 meetings), 21 September 2010, 28 October 2010, 29 December 2010, 14 February 2011 and 10 March 2011.

BOARD'S COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD AS ON 31 MARCH 2011.

Name of the Director, designation and category	Attendance at Board meetings (Held: 9)	Attendance at previous AGM on 21.9.2010	Other Directorships (*)	Number of other Board-Committee positions @	
				As Chairman	As Member
Thiruvalargal Dr A C Muthiah Chairman (Managing Director) Executive	9	Yes	5(4)	-	-
Ashwin C Muthiah Vice-Chairman Non-Executive Non-Independent	8	Yes	9(4)	-	2
Dr (Thirumathi) S Revathi TIDCO Nominee Non-Executive Independent	7	No	1(1)	-	-
T K Arun TIDCO Nominee Non-Executive Independent	8	Yes	9	1	6
B Elangovan TIDCO Nominee Non-Executive Independent	7	Yes	7	-	2
M Jayasankar Non-Executive Independent	9	Yes	2	-	2
B Narendran Non-Executive Independent	9	Yes	1	2	-
Thirumathi Neeta Mukerji Asset Reconstruction Company (India) Ltd Nominee Non-Execuitve Independent [from 6.8.2010]	6	No	2	-	1
Saurav Ghosh Asset Reconstruction Company (India) Ltd Nominee Non-Execuitve Independent [up to 28.6.2010]	1	Not Applicable	-	-	-
Sudhir S Rangnekar Non-Executive Independent [up to 6.8.2010]	-	Not Applicable	-	-	-

(*) 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. Figures mentioned in brackets indicate the number of companies in which the Director is also the Chairman.

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

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

3 COMMITTEES OF THE BOARD:

The Board has constituted various committees, viz., Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee for smooth and efficient operation of the Company. The terms of reference of the Committees are laid down by the Board from time to time. Minutes of the meetings of these Committees are approved by the subsequent meetings of the Committee / Board. Details of composition of the Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee of the Board of Directors of the Company are furnished below.

(a) AUDIT COMMITTEE

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

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 external Auditors periodically about the nature and scope of audit.

COMPOSITION

The Audit Committee comprises 3 members, all being Non-executive Independent Directors. All members of Audit Committee have sound financial management expertise. During the year, the Committee met on 6 occasions on 4 May 2010, 6 August 2010 (2 meetings), 21 September 2010, 27 October 2010 and 14 February 2011. The Statutory Auditors, Internal Auditor [Head (Management Assurance Group)], Chief Financial Officer, Vice Chairman and Chairman of the Board are invited to participate in meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee.

DETAILS:

Name of the Director	Designation	No. of meetings attended	Category
Thiruvalargal M Jayasankar	Chairman	6	Non-Executive Independent
B Narendran	Member	6	Non-Executive Independent
T K Arun	Member	6	Non-Executive Independent
Sudhir S Rangnekar [up to 6.8.2010]	Member	-	Non-Executive Independent

(b) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

TERMS OF REFERENCE

The terms of reference to the Shareholders'/Investors' Grievance Committee includes monitoring the work related to transfer, transmission, dematerialization, rematerialisation, sub-division / consolidation of shares and issue of duplicate share certificates of the Company and also to ensure that all the investors' grievances and complaints are redressed expeditiously to strengthen the investors' relations. The Committee is headed by Thiru M Jayasankar, a Non-Executive Independent Director. The Committee met 7 times during the financial year 2010-11, i.e. on 30 June 2010, 14 September 2010, 12 October 2010, 8 November 2010, 8 December 2010, 16 December 2010 and 31 March 2011. The Company Secretary is the Secretary of the Committee.

DETAILS:

Name	Designation	No of Meetings attended	Category
Thiruvalargal			
M Jayasankar	Chairman	7	Non-Executive Independent
B Narendran	Member	7	Non-Executive Independent
T K Arun	Member	6	Non-Executive Independent

One Investor complaint was received regarding non-receipt of dividend for the financial year 2008-09 during the financial year and it was redressed to the satisfaction of the Investor / SEBI. There were no share transfers pending registration as on 31 March 2011. Thiru N Rajeeva Prakash, Secretary, is the Compliance Officer of the Company.

(c) REMUNERATION COMMITTEE

Remuneration to Whole-time/Executive Directors is fixed by the Board of Directors, based on recommendations of the Remuneration Committee. The remuneration of the Whole-time/ Executive Directors is recommended and fixed taking into consideration their qualifications and experience and the prevailing remuneration trends in the industry. As there was no appointment/re-appointment necessitating consideration and fixation of remuneration, there was no meeting of the Committee during 2010-11.

DETAILS:

Name	Designation	Category
Thiruvalargal		
M Jayasankar	Chairman	Non-Executive Independent
Ashwin C Muthiah	Member	Non-Executive Non-Independent
B Narendran	Member	Non-Executive Independent

DIRECTORS' REMUNERATION DURING 2010-11

Name	Salary & Perquisites (*) (Rs.)	Special Allowance Paid/ Payable (Rs.)	Sitting Fees (Rs.)
Thiruvalargal			
Dr A C Muthiah Chairman (Managing Director)	38,24,145	15,00,000	-
Ashwin C Muthiah	-	-	80,000
Dr (Thirumathi) S Revathi ##	-	-	70,000
T K Arun ##	-	-	2,20,000
B Elangovan ##	-	-	70,000
M Jayasankar	-	-	2,20,000
B Narendran	-	-	2,40,000
Saurav Ghosh ##	-	-	10,000
Thirumathi Neeta Mukerji ##	-	-	60,000
Sudhir S Rangnekar	-	-	-

(*) 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.

NOTES:

The period of appointment of Dr A C Muthiah, Chairman (Managing Director) is from 1 October 2009 to 30 September 2012 and the notice period is 3 months. The components of remuneration as above are fixed. There is no performance-linked incentive. The Company does not have a scheme for grant of stock options either to the Directors or to its employees. The non-executive Directors are not paid any remuneration other than sitting fees for attending meetings of the Board/Board Committees. Except Thiru Ashwin C Muthiah (45 shares) and Thiru M Jayasankar (650 shares) of Rs.10/- each, none of the other non-executive Directors hold any equity shares of the Company.

4 ANNUAL GENERAL MEETINGS

DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS:

Year	Date	Time
2008	25 September 2008	3.15 P.M.
2009	15 September 2009	2.45 P.M.
2010	21 September 2010	2.45 P.M.

All the Annual General Meetings were held in Rajah Annamalai Hall, Chennai 600 108.

No special resolution was passed at the Annual General Meeting held on 25 September 2008

A special resolution was passed at the Annual General Meeting held on 15 September 2009 regarding the re-appointment and payment of remuneration/minimum remuneration to Dr A C Muthiah, Chairman (Managing Director), for the period, 1 October 2009 to 30 September 2012.

A special resolution was passed at the 39th Annual General Meeting held on 21 September 2010 regarding issue and allotment, on preferential basis to secured lenders of the Company by way of conversion of the Company's secured debt.

No resolution was passed at the Annual General Meeting held on 21 September 2010 through postal ballot**.**

5 DISCLOSURES

(a) During the financial year 2010-11 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 2010-11.

(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. Status of adoption of the non-mandatory requirements is provided under Sl.no.9 of this report.

6 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 newspapers in English and Tamil (regional language). The financial results and official press releases are posted on the Company's website www.spic.in In accordance with Listing Agreement requirements, data pertaining to shareholding pattern, quarterly financial results and other details are forwarded to the Stock Exchange.

7 SUBSIDIARY COMPANY

The Company has one unlisted subsidiary company namely Orchard Microsystems Limited with its Registered Office at Chennai whose Minutes of the Board Meetings are considered and taken on record in the Board Meetings of the Holding Company.

8 GENERAL SHAREHOLDERS' INFORMATION

(a)	**DATE, TIME AND VENUE OF ANNUAL GENERAL MEETING**	**:**	Wednesday, 16 November 2011 at 2.30 P.M. at Rajah Annamalai Hall, Chennai 600108.
(b)	**DATES OF BOOK CLOSURE**	**:**	Thursday, 3 November 2011 to Wednesday, 16 November 2011 [both days inclusive].

(c) 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 2010-11 to NSE and Luxembourg Exchange.

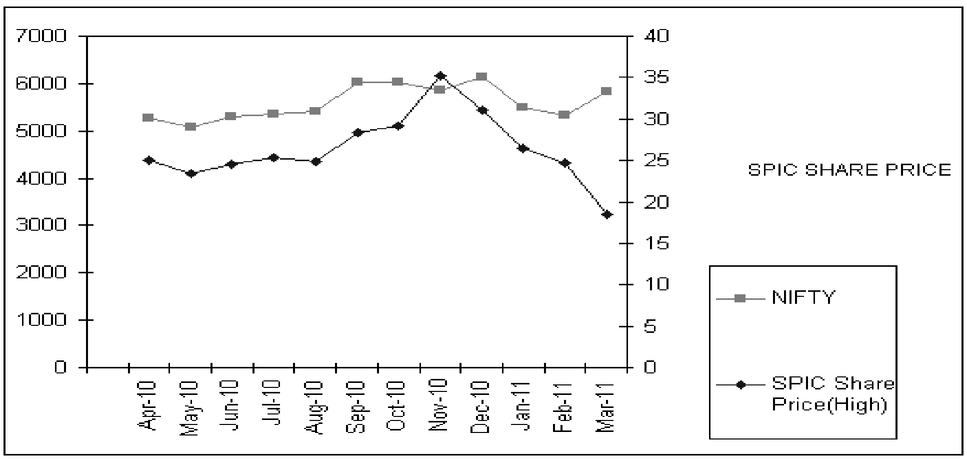
(d) MARKET/SHARE PRICE DATA

(In Rs.)

	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011
High	25.00	23.35	24.60	25.40	24.90	28.35	29.20	35.25	31.10	26.75	24.75	18.50
Low	19.50	18.00	18.00	19.90	19.50	22.25	22.10	24.40	22.50	18.30	16.00	15.20

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

Sensex



(f) REGISTRAR AND TRANSFER AGENTS

Cameo Corporate Services Ltd.

"Subramanian Building" 1 Club House Road , Chennai - 600002.

Tel: 044-28460390 / 28460718; Fax : 044–28460129; E-mail : investor@cameoindia.com

(g) SHARE TRANSFER SYSTEM

The Board had constituted a Shareholders'/Investors' Grievance Committee to approve, inter alia, transfer of shares etc., in physical form and also to ratify the confirmations made to the demat requests and redress complaints from shareholders / investors received by the Company. During the year, 7 such meetings were held. The entire process, including dispatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

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

(i) DISTRIBUTION OF SHAREHOLDING AS OF 31 MARCH 2011

Sl. No.	Range	No. of shares held	Percentage to paid-up capital	No. of Members	Percentage to total Members
1	Up to 500	10077149	6.06	63363	81.69
2	501 - 1000	5904343	3.55	7008	9.04
3	1001 - 2000	5410329	3.25	3434	4.43
4	2001 - 3000	3146792	1.89	1201	1.55
5	3001 - 4000	1854460	1.12	506	0.65
6	4001 - 5000	3118609	1.88	646	0.83
7	5001 - 10000	5734845	3.45	742	0.96
8	10001 and above	131031847	78.80	660	0.85
	Total	**166278374**	**100.00**	**77560**	**100.00**

(ii) **SHAREHOLDING PATTERN AS OF 31 MARCH 2011**

Particulars	Equity shares held	Percentage to paid-up capital
Promoters:		
(a)TIDCO	8840000	5.32
(b) Dr MA Chidambaram group	61294510	36.86
Financial institutions and nationalized banks	7042509	4.24
The Bank of New York Mellon (as depository for Global Depository Receipts)	17194550	10.34
Foreign institutional investors	183150	0.11
Non-resident individuals	1294991	0.78
Foreign companies	39800	0.02
Mutual funds	2316491	1.39
Public and others	68072373	40.94
Total	**166278374**	**100.00**

(h) **OUTSTANDING GDRs/ADRs**

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

(i) **DEMATERIALIZATION OF SHARES AND LIQUIDITY**

The Company's equity shares are in the compulsory demat segment and are available for trading in the depository systems of National Securities Depository Limited and Central Depository Services (India) Limited. 12,67,52,151 equity shares, constituting 76.23 per cent of the paid-up equity capital of the Company, stood dematerialized as on 31 March 2011. The Company's equity shares are regularly traded on the National Stock Exchange of India Limited in the compulsory demat form.

(j) **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. As on 1 June 2011, 120 shareholders have claimed their shares and 107 shareholders have reported loss of the required documents. The Company is in the process of despatching Indemnity Bonds to those shareholders who have reported loss of required documents. The Company is proposing to 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.

(k) **PLANT LOCATION**

Fertilizer Division		:	SPIC Nagar, Tuticorin 628 005
Pharmaceuticals Division	Penicillin G Plant: API Plant Industrial Enzymes & Allied Business	:	Plot No.C 14-16, SIPCOT Industrial Complex, Kudikadu Village, Cuddalore 607 005
	Formulations Plant	:	Plot No. 5, NH-7, Maraimalai Nagar, 603 209
Biotechnology Division		:	Chitrai Chavadi, Pooluvapatti Post, Siruvani Road, Coimbatore 641 101

(l) **FINANCIAL CALENDAR (TENTATIVE)**

Financial year	:	1 April 2011 to 31 March 2012
First quarter results	:	July/August 2011
Half-yearly results	:	October/November 2011
Third quarter results	:	January/February 2012
Annual results	:	June 2012
41st Annual General Meeting	:	September 2012

(m) ADDRESS FOR CORRESPONDENCE

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

9 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.

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

To the Members of Southern Petrochemical Industries Corporation Limited

Pursuant to Clause 49(I) D(ii) of the Listing Agreement with the Stock Exchange, this is to certify that all Board members and designated senior management personnel have affirmed compliance with the Code of Conduct for Directors and senior management, for the year ended 31 March 2011.

For Southern Petrochemical Industries
Corporation Limited

Place: Chennai
Date : 26 July 2011

Dr A C MUTHIAH
Chairman

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Southern Petrochemical Industries Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Southern Petrochemical Industries Corporation Limited for the year ended 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 FRASER & ROSS
Chartered Accountants

M K ANANTHANARAYANAN
Partner
Membership No.19521

Place: Chennai
Date : 26 July 2011

AUDITORS' REPORT TO THE MEMBERS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** ("the Company") as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The Company's current liabilities exceeded its current assets by Rs. 19873.86 lac and its total liabilities exceeded its total assets by Rs. 102609.78 lac. The ability of the company to continue as a going concern is dependent on the successful implementation of the rework package approved by ARCIL and other financial institutions through CDR mechanism as referred to in Note B-3(b) of Schedule 16. However the financial statements have been prepared on a going concern basis based on matters as set forth in Note B-4 of Schedule 16.

4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in paragraph 3 above and in the Annexure referred to in paragraph 4 above, we report as follows:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the Directors as on 31 March 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For FRASER & ROSS
Chartered Accountants
(Registration No.000829S)

M K ANANTHANARAYANAN
Partner
(Membership No.19521)

Place : Chennai
Date : 26 July 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

(i) Having regard to the nature of the Company's business / activities / result, clauses (xii), (xiii), (xiv), (xv), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted / taken any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs. 5 lac in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Fertilisers, Sulphuric Acid, Penicillin G, Bulk Drugs and

Formulations and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lac)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals) / Customs, Excise & Service Tax Appellate Tribunal	1998-99 to 2007-08	346.63 (346.63)
	Service Tax	Commissioner of Central Excise (Appeals) / Hon'ble Madras High Court	2003-04 to 2007-08	124.23 (124.23)
Sales Tax Act under various State Enactments	Local Sales tax	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal	1996-97 to 2002-03	107.25 (110.79)
Central Sales Tax Act, 1956	Central Sales Tax	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal	1998-99 and 1999-00	50.17 (46.67)

(xi) The accumulated losses of the Company at the end of the financial year are more than its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xii) As mentioned in Note B-3(b) of Schedule 16 in view of the Company's inability to meet its liability under the CDR package dated 19 March 2003, ARCIL and other financial institutions have approved the rework package dated 13 March 2010, read with ARCIL term sheet dated 28 March 2010 through CDR mechanism. The Company has paid Rs. 82555 lac to ARCIL as of 31 March 2011, and as per the rework package, there is a shortfall of Rs. 19220 lac as on that date.

(xiii) In our opinion and according to the information and explanations given to us, the company has not availed any term loans during the current year.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xv) According to the information and explanations given to us, the Company has not made preferential allotment of Equity Shares (other than Conversion of Fully Compulsorily Convertible Preference Shares into Equity Shares) to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For FRASER & ROSS
Chartered Accountants
(Registration No.000829S)

M K ANANTHANARAYANAN
Partner
(Membership No.19521)

Place : Chennai
Date : 26 July 2011

BALANCE SHEET AS AT 31 MARCH 2011

(Rupees in lac)

	Schedule		As at 31 March 2011		As at 31 March 2010
SOURCES OF FUNDS					
Shareholders' funds:					
Share Capital	1	**17877.84**		18186.79	
Reserves and surplus	2	**28682.85**		25628.90	
			46560.69		43815.69
Loan funds:					
Secured	3	**118467.66**		167768.35	
Unsecured	4	**54792.18**		52158.18	
			173259.84		219926.53
TOTAL			**219820.53**		263742.22
APPLICATION OF FUNDS					
Fixed assets:	5				
Gross block			**246561.64**		262690.41
Less:Depreciation			**163134.51**		157739.93
Less:Impairment Provision			**920.02**		-
Net block			**82507.11**		104950.48
Capital work-in-progress / advances			**2415.35**		2765.78
			84922.46		107716.26
Investments	6		**5601.46**		23854.42
Current assets,loans and advances:					
Interest accrued on investments		**-**		6.35	
Inventories	7	**16816.17**		10802.53	
Sundry debtors	8	**10926.52**		7171.39	
Cash and bank balances	9	**9964.73**		18264.72	
Loans and advances	10	**27283.06**		15123.27	
		64990.48		51368.26	
Less: Current liabilities & provisions					
Liabilities	11	**84393.78**		76138.03	
Provisions		**470.56**		427.52	
		84864.34		76565.55	
Net current assets			**(19873.86)**		(25197.29)
Profit and loss account			**149170.47**		157368.83
TOTAL			**219820.53**		263742.22
Notes on accounts	16				

Schedules 1 to 11 and 16 form an integral part of this Balance Sheet.

For and on behalf of the Board

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

M K ANANTHANARAYANAN
Partner

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Rupees in lac)

	Schedule		Year ended 31 March 2011		Year ended 31 March 2010
INCOME					
Sales and services (Refer Note B-17(c) of Schedule 16)		**173335.00**		42125.90	
Less: Excise duty		**432.59**		419.39	
			172902.41		41706.51
Other income	12		**3345.17**		10576.48
TOTAL INCOME			**176247.58**		52282.99
EXPENDITURE					
Purchase of finished goods			**1960.29**		1599.83
Manufacturing and other expenses	13		**165228.75**		47129.42
Interest and financial charges	14		**2551.04**		2049.51
Depreciation			**8894.90**		9667.44
TOTAL EXPENDITURE			**178634.98**		60446.20
Loss for the year before exceptional item and tax			**(2387.40)**		(8163.21)
Add : Exceptional item	15		**10585.76**		(4293.36)
Profit / (Loss) for the year before tax and after exceptional item			**8198.36**		(12456.57)
Less: Provision for Tax			**-**		-
Profit/(Loss) for the year after exceptional item and tax			**8198.36**		(12456.57)
Add: Loss brought forward from the previous year			**(157368.83)**		(144912.26)
Balance carried to Balance sheet			**(149170.47)**		(157368.83)
Basic earnings per share of Rs. 10 each			**5.51**		(11.69)
Diluted earnings per share of Rs. 10 each			**5.51**		(9.77)
Notes on accounts	16				

Schedules 12 to 16 form an integral part of this Profit & Loss account

For and on behalf of the Board

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

M K ANANTHANARAYANAN
Partner

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (Rupees in lac)

			Year ended 31 March 2011		Year ended 31 March 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	(Loss) for the year before exceptional item and tax		**(2387.40)**		(8163.21)
	Add : Exceptional item				
	Provision for dimunition in the value of Investments		**-**		(30609.63)
	Profit on sale of fixed assets		**(3463.19)**		(1315.50)
	Profit on sale of investments in a joint venture and in a wholly owned subsidiary company		**14048.95**		7694.45
	Excess liability for interest on loans written back		**-**		17065.40
	Provision for claims no longer required written back		**-**		2871.92
	Profit / (Loss) for the year before tax and after exceptional item		**8198.36**		(12456.57)
	Adjustment for :				
	Depreciation	**8894.90**		9667.44	
	Loss on sale / retirement of assets	**4714.36**		1980.42	
	Impairment of assets	**920.02**		-	
	Loss on sale / write off of Investment	**(14031.95)**		(7781.92)	
	Dimunition in the value of Investments	**-**		30616.20	
	Excess liability for interest on loans written back	**-**		(17065.40)	
	Provision for non-moving inventories	**260.31**		74.34	
	Provision for claims no longer required written back	**-**		(2871.92)	
	Provision for doubtful debts and advances	**119.22**		1029.67	
	Unclaimed Credit balances written back	**(165.70)**		(1818.09)	
	Provisions no longer required written back	**(120.34)**		(1305.13)	
	Bad debts and advances written off	**0.98**		253.46	
	Exchange difference	**(462.51)**		(3750.95)	
	Interest and financial charges	**2551.04**		2049.51	
	Income from investments	**(323.96)**		(882.72)	
	Interest income	**(381.80)**		(829.72)	
			1974.57		9365.19
	Operating profit before working capital changes		**10172.93**		(3091.38)
	Adjustments for :				
	(Increase)/Decrease in sundry debtors	**(3824.60)**		(1692.89)	
	(Increase)/Decrease in inventories	**(6349.86)**		1187.89	
	(Increase)/Decrease in loans and advances	**(11275.26)**		150.42	
	Increase/(Decrease) in current liabilities & provisions	**9194.77**		1691.98	
			(12254.95)		1337.40
	Cash used in operations		**(2082.02)**		(1753.98)
	Direct taxes (paid) / Received		**(28.07)**		(388.84)
	NET CASH USED IN OPERATING ACTIVITIES		**(2110.09)**		(2142.82)

CASH FLOW STATEMENT (Contd)

(Rupees in lac)

			Year ended 31 March 2011		Year ended 31 March 2010
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Deletions / (Additions) to fixed assets, including capital work-in-progress / advances adjustments for exchange fluctuation	**(1314.60)**		(1215.64)	
	Proceeds from sale of fixed assets	**9579.09**		8017.05	
	Income from investments	**323.96**		882.72	
	Proceeds from sale of investments	**32284.91**		10872.81	
	Interest income	**381.81**		829.72	
			41255.17		19386.66
	NET CASH FROM INVESTING ACTIVITIES		**41255.17**		19386.66
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from issue of preference share capital	**-**		5000.00	
	Long term borrowings	**(46555.68)**		(35999.47)	
	Deposits paid	**(6.27)**		(3.65)	
	Interest and financial charges paid	**(159.30)**		(228.41)	
			(46721.25)		(31231.53)
	NET CASH USED IN FINANCING ACTIVITIES		**(46721.25)**		(31231.53)
	NET CASH FLOWS DURING THE YEAR (A+B+C)		**(7576.17)**		(13987.69)
	Cash and cash equivalents (opening balance) *		**15402.53**		26843.52
	Cash balance regrouped from secured loans		**-**		2546.70
	Cash and cash equivalents (closing balance) *		**7826.36**		15402.53
	Disclosure of non cash transactions				
	Unpaid Interest	**2391.74**		1821.10	
	Exchange (loss) / gain on restatement of FRN liability	**172.81**		2048.99	
	Conversion of Debt into equity	**2745.00**		3000.00	

* Excludes Margin Money Deposit with Scheduled Banks Rs. 2138.37 lac (Previous Year Rs. 2862.19 lac)
Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

M K ANANTHANARAYANAN
Partner

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

SCHEDULE 1
SHARE CAPITAL

(Rupees in lac)

	As at 31 March 2011	As at 31 March 2010
Authorised:		
31,60,00,000 (19,10,00,000) Equity shares of Rs.10 each	**31600.00**	19100.00
55,00,000 (55,00,000) Redeemable cumulative preference shares of Rs.100 each	**5500.00**	5500.00
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible preference (FCCP) shares of Rs. 18 each	**5400.00**	5400.00
	42500.00	30000.00
Issued, subscribed and paid up:		
16,62,78,374 (13,11,73,538) Equity shares of Rs. 10 each	**16627.84**	13117.35
3,00,000 (3,00,000) 14.50% Redeemable cumulative non-convertible preference shares of Rs. 100 each	**300.00**	300.00
8,50,000 (8,50,000) 11.50% Redeemable cumulative non-convertible preference shares of Rs. 100 each	**850.00**	850.00
1,00,000 (1,00,000) 10.00% Redeemable cumulative non-convertible preference shares of Rs. 100 each	**100.00**	100.00
Nil (2,12,19,101) Fully Compulsorily Convertible preference shares of Rs 18 each	**-**	3819.44
Total	**17877.84**	18186.79

Notes:

1. **Equity shares include:**
   (a) 1,70,00,000 shares allotted as fully paid up bonus shares, by capitalisation of Rs. 1700 lac, from General Reserve.
   (b) 1,66,66,666 shares of Rs. 10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of Rs. 18 per share inclusive of a premium of Rs. 8 per share in accordance with SEBI ICDR Regulations, 2009 by conversion of secured debts of a sum of Rs. 3000 lac into equity at the meeting of the Board of Directors held on 30 March 2010. Also refer Note B-3(b) of Schedule 16.
   (c) 65,58,676 shares issued in the year 2009 -10 on conversion of same number of Fully Compulsorily Convertible Preference (FCCP) shares of the face value of Rs. 10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 31 March 2010.
   (d) 2,12,19,101 shares issued during the year on conversion of same number of FCCP shares of the face value of Rs. 10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 12 October 2010 after obtaining the exemption from SEBI under SEBI Takeover Code, vide its order dated 28 September 2010, from the requirement of making of a public announcement.
   (e) 32,14,734 shares of Rs 10 each fully paid up, at an issue price of Rs 19 per share inclusive of premium of Rs 9 per share in accordance with SEBI ICDR Regulations,2009 alloted to secured lenders on conversion of secured debts of Rs. 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010. Also refer Note B-3(b) of Schedule 16.
   (f) 1,06,71,001 shares of Rs 10 each fully paid up, at an issue price of Rs 20 per share inclusive of premium of Rs 10 per share in accordance with SEBI ICDR Regulations, 2009 alloted to ARCIL on conversion of secured debts of Rs. 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010. Also refer Note B-3(b) of Schedule 16.
2. **Preference shares:**
   (a) 14.50% Redeemable cumulative non-convertible preference shares of Rs. 300 lac issued on private placement basis, redeemable at par after the expiry of 60 months from the date (s) of allotment, have fallen due for redemption during the year 2001-02.
   (b) 11.50% Redeemable cumulative non-convertible preference shares of Rs. 850 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2002-03.
   (c) 10.00% Redeemable cumulative non-convertible preference shares of Rs. 100 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2003-04.
   (d) Pursuant to the approval of the Board at its meeting held on 25 January 2010 and the shareholders at the EGM held on 22 February 2010, M/s.FICON Holdings Ltd., Mauritius (FICON) a promoter group entity remitted Rs. 5000 lac and was allotted 2,77,77,777 FCCP shares of Rs. 18 each with each FCCP share compulsorily and mandatorily convertible in multiple tranches to one equity share of Rs. 10 each, fully paid up at an issue price of Rs. 18 which is inclusive of a premium of Rs. 8 per share, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). Out of this 65,58,676 FCCP shares were converted in to Equity shares of face value Rs. 10 each fully paid up at a premium of Rs. 8 per share on 31 March 2010. During the year, the balance of 2,12,19,101 FCCP shares were converted into equity shares of Rs. 10 each at a premium of Rs. 8 per share(Refer note 1(c) & (d) above).

(Rupees in lac)

	As at 31 March 2010	**Additions**	**Deductions**	**As at 31 March 2011**
SCHEDULE 2				
RESERVES AND SURPLUS				
Securities Premium Account (Refer note 1-(d),1-(e) and 1-(f) of Schedule 1)	15190.33	**3053.95**	**-**	**18244.28**
Debenture Redemption Reserve	3800.00	**-**	**-**	**3800.00**
Capital Redemption Reserve	6500.00	**-**	**-**	**6500.00**
Capital Reserve	97.24	**-**	-	**97.24**
Statutory Reserve	41.33	-	**-**	**41.33**
Total	25628.90	**3053.95**	-	**28682.85**

SCHEDULE 3

SECURED LOANS
(Refer Note B-3 (b) of Schedule 16)

(Rupees in lac)

		As at 31 March 2011	As at 31 March 2010
I. Privately placed non-convertible debentures : *			
(i)	Series VII	**4343.31**	4469.92
	Funded interest term loan	**906.51**	1561.40
	Interest accrued and due	**687.44**	687.44
(ii)	Series XIII	**10000.00**	10000.00
	Funded interest term loan	**2277.06**	2277.06
	Interest accrued and due	**571.94**	571.94
II. Loans :			
(a)	From banks		
	(i) Term Loans	**14756.88**	15020.90
	(ii) Working capital loans and cash credit facilities	**-**	6176.15
(b)	From financial institutions $		
	Term loans	**1436.24**	1466.47
	Interest accrued and due	**1156.96**	1156.96
(c)	Long term Loans and advances from others **	**102698.25**	131518.40
		138834.59	174906.64
	Less: Payments made to ARCIL (Refer Note to Schedule 3 given below)	**20366.93**	7138.29
	Total	**118467.66**	167768.35

* Includes debentures assigned to Asset Reconstruction Company (India) Limited (ARCIL) Rs. 15567.00 lac (Previous Year Rs. 15567.00 lac)

** Represent borrowings from certain banks and financial institutions which have been assigned to ARCIL, stated net of repayments appropriated by ARCIL. In the absence of information regarding the appropriation towards debentures and interest accrued thereon assigned to ARCIL, no part of the amount repaid has been adjusted against the outstanding debentures assigned to ARCIL.

$ Includes the amounts due to a financial institution which is not a party to CDR re-work package dated 13 March 2010, as referred to in Note B-3(f) of Schedule 16.

Notes to Schedule 3:

1. The secured loans as above are secured by a *pari-passu* charge, by way of joint equitable mortgage, on immovable and movable properties of the Company, both present and future, hypothecation of inventories and all present and future book debts of the Company including Government subsidies,(except inventories and concession relating to phosphatic fertilisers which has been assigned to another bank – Refer Note B-3(d) of Schedule 16) pledge of Company's investments in equity of other companies identified for divestment, Personal Guarantee of two Director(s) and by pledge of shareholding of the private promoters in the Company.

Notes to Schedule 3 (contd.)

2. As per the rework package of CDR dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010) as referred in Note B-3(b) of Schedule 16, the repayment schedule is for the total secured loans including debentures and accordingly the debentures do not have a separate redemption Schedule.

   The amount repayable within one year, as per the rework package of CDR dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010), is Rs. 34940 lac (previous year Rs. 62978 lac).

3. As per the rework package dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010), all the repayments including to those lenders not assigned to ARCIL (other lenders) are made through ARCIL, who distributes them to the respective lenders. During the year 2010-11 the company has paid to ARCIL Rs. 46555.68 lac (Previous Year Rs. 35999.47 lac). Out of the total payment of Rs. 82555.15 lac, based on the information available, ARCIL had appropriated Rs. 51341.55 lac and distributed Rs. 10846.67 lac to other lenders. Accordingly the balance dues against various categories of such other lenders are net of the said amount of Rs. 10846.67 lac distributed to them. The balance amount of Rs. 20366.93 lac whose distribution details are not available is shown as deduction from the outstanding dues to lenders.

4. Secured loans other than those due to ARCIL are subject to confirmation by respective lenders.

(Rupees in lac)

SCHEDULE 4		**As at**	As at
UNSECURED LOANS #		**31 March 2011**	31 March 2010
1	**Short Term**		
	From Financial Institutions	**5770.00**	5770.00
	Interest accrued and Due	**2728.42**	2235.59
2	**Other Loans**		
	From Others	**30965.21**	31105.97
	Interest accrued and Due	**15328.55**	13046.62
	Total	**54792.18**	52158.18

Amount repayable within one year Rs. 28493.42 lac (Previous year Rs. 21828.61 lac).

SCHEDULE 5

FIXED ASSETS (Rupees In lac)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 31 March 2010	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2011	As at 31 March 2010	Additions/ Adjustments	Deletions/ Adjustments	As at 31 March 2011	Impairment Loss *	As at 31 March 2011	As at 31 March 2010
Tangible Assets $											
Freehold Land and Development	14943.34	-	**4743.38**	**10199.96**	-	-	-	-	-	**10199.96**	14943.34
Leasehold Land	1201.41	-	**1071.22**	**130.19**	80.40	**32.61**	**83.37**	**29.64**	-	**100.55**	1121.01
Buildings and sanitary fittings #	40018.88	**30.43**	**9851.29**	**30198.02**	15678.54	**577.98**	**1814.88**	**14441.64**	**147.21**	**15609.17**	24340.34
Plant and Machinery	192655.72	**1643.23**	**1351.11**	**192947.84**	132071.44	**7809.37**	**968.63**	**138912.18**	**625.18**	**53410.48**	60584.28
Electrical fittings and water supply installations	7019.56	**6.48**	**277.15**	**6748.89**	5486.13	**100.91**	**202.08**	**5384.96**	-	**1363.93**	1533.43
Furniture,Fixtures,office and other equipment	4220.93	**120.61**	**608.71**	**3732.83**	3174.83	**172.71**	**395.33**	**2952.21**	**9.04**	**771.58**	1046.10
Roads	1185.40	-	**13.55**	**1171.85**	547.84	**41.11**	**7.15**	**581.80**	**17.98**	**572.07**	637.56
Railway siding	582.26	-	-	**582.26**	199.68	**14.19**	-	**213.87**	-	**368.39**	382.58
Vehicles	339.25	**30.51**	**43.62**	**326.14**	218.65	**25.39**	**28.88**	**215.16**	-	**110.98**	120.60
Intangible Assets											
Technical know-how	523.66	-	-	**523.66**	282.42	**120.63**	-	**403.05**	**120.61**	-	241.24
Total	262690.41	**1831.26**	**17960.03**	**246561.64**	157739.93	**8894.90**	**3500.32**	**163134.51**	**920.02**	**82507.11**	
Previous Year	272909.92	1873.25	12092.76	262690.41	150167.80	9667.44	2095.31	157739.93	-		104950.48
Capital Work-in-progress/advances										**2415.35**	2765.78
(Refer Note B-7 of Schedule 16)										**84922.46**	107716.26

Includes Rs. 756.56 lac (Previous year Rs. 976.63 lac) being cost of building on lease hold land.

$ Includes R & D Assets of Rs. 339.03 lac (Previous year Rs. 1691.93 lac). Also refer Note B-5 of Schedule 16 regarding revaluation of certain assets done in earlier years.
Free hold Land, Buildings and Capital work in progress include assets held for sale aggregating to Rs. 2150 lac (Previous year Rs. 9466.62 lac) (stated at lower of net book value and realisable value)

* Refer Note B-3(e) of Schedule 16.

SCHEDULE 6

INVESTMENTS (At Cost)

		As at 31 March 2011	As at 31 March 2010
			(Rupees in lac)
	LONG TERM		
	In subsidiary companies - Quoted		
	Equity shares (fully paid)		
	SPEL Semiconductor Limited 2,58,11,207 (2,58,11,207) Equity shares of Rs.10 each	**7738.98**	7738.98
a)	**In subsidiary companies - Unquoted**		
	Equity shares (fully paid)		
	Indo-Jordan Chemicals Company Limited Nil (2,31,63,000) Equity shares of JD 1 each (Sold 2,31,63,000 (Nil) equity shares during the year)	**-**	13747.69
	SPIC Fertilizers and Chemicals Limited, Mauritius 3,26,40,000 (3,26,40,000) Equity shares of USD 1 each	**18453.62**	18453.62
	SPIC Petrochemicals Ltd 25,37,50,009 (25,37,50,009) Equity shares of Rs 10 each	**-**	25375.00
	Orchard Microsystems Limited 32,62,100 (32,62,100) Equity Shares of Rs.10 each	**270.60**	270.60
	Preference shares (fully paid)		
	SPIC Petrochemicals Limited 5,000 (5,000) 8 % Redeemable Cumulative Non Convertible Preference Shares of Rs.100 each	**-**	5.00
	In Bonds		
	SPIC Petrochemicals Ltd (Zero interest non transferable bonds)*	**-**	30609.63
b)	**Quoted (Non Trade)**		
	Equity shares (fully paid)		
	Tuticorin Alkali Chemicals and Fertilisers Limited 66,80,113 (66,80,113) Equity shares of Rs. 10 each	**1935.67**	1935.67
	SICAL Logistics Limited Nil (5,77,681) Equity shares of Rs. 10 each (Sold 5,77,681 (Nil) equity shares during the year)	**-**	158.14
	SICAGEN India Limited** 5,77,681 (5,77,681) Equity shares of Rs. 10 each	**	**
	Tamilnadu Petroproducts Limited 1,52,34,375 (1,52,34,375) Equity shares of Rs. 10 each	**1980.47**	1980.47
	Manali Petrochemical Limited 1,14,61,053 (6,58,66,053) Equity shares of Rs. 5 each (Sold 5,44,05,000 (Nil) equity shares during the year)	**780.30**	4484.32
	ICICI Bank Limited 383 (383) Equity shares of Rs. 10 each	**0.20**	0.20
	State Bank of Bikaner and Jaipur 3450 (3450) Equity shares of Rs. 10 each	**1.85**	1.85

INVESTMENTS (contd.)

	As at 31 March 2011	As at 31 March 2010
		(Rupees in lac)
c) Unquoted (Non Trade)		
Equity shares (fully paid)		
Chennai Willington Corporate Foundation 50 (50) Equity shares of Rs. 10 each costing Rs. 450	**-**	-
EDAC Engineering Limited Nil (14,27,143) Equity shares of Rs. 10 each (Sold 14,27,143 (Nil) equity shares during the year)	**-**	252.11
Biotech Consortium India Limited 2,50,000 (2,50,000) Equity shares of Rs. 10 each	**25.00**	25.00
Cuddalore SIPCOT Industries Common Utilities Limited 15,915 (15,915) Equity shares of Rs. 100 each	**15.92**	15.92
Gold Nest Trading Company Limited 2,49,000 (2,49,000) Equity Shares of Rs. 100 each	**250.25**	250.25
National Aromatics & Petrochemicals Corporation Limited 25,000 (25,000) Equity Shares of Rs. 10 each	**2.50**	2.50
SPIC Electric Power Corporation Private Limited 5,00,000 (5,00,000) Equity Shares of Rs. 10 each	**50.00**	50.00
SPIC Petrochemicals Ltd 25,37,50,009 (25,37,50,009) Equity shares of Rs 10 each (Refer Note B-8 of Schedule 16)	**25375.00**	-
Preference shares (fully paid)		
Tuticorin Alkali Chemicals and Fertilisers Limited 20,00,000 (20,00,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each	**2000.00**	2000.00
SPIC Aromatic & Chemicals Corporation Limited Nil (5,000) 8 % Redeemable Cumulative Non Convertible Preference Shares of Rs. 100 each	**-**	5.00
SPIC Petrochemicals Limited 5,000 (5,000) 8 % Redeemable Cumulative Non Convertible Preference Shares of Rs. 100 each (Refer Note B-8 of Schedule 16)	**5.00**	-
In Bonds		
SPIC Petrochemicals Ltd (Zero interest non transferable bonds)* (Refer Note B-8 of Schedule 16)	**30609.63**	-
d) In Mutual funds		
In Canara Robeco Equity Diversified - Growth Plan formerly known as Canara Robeco Fortune - 94 units 12,760 (12,760) units of Rs. 10 each	**1.00**	1.00
CURRENT		
Unquoted (Non Trade)		
Others		
7.00% Fertilizer Companies GOI Special Bonds,2022	**-**	167.00
6.65% Fertilizer Companies GOI Special Bonds,2023	**-**	267.90
	89495.99	107797.85
Provision for diminution in value of investments	**83894.53**	83943.43
Total	**5601.46**	23854.42
Aggregate value of unquoted investments	**41.92**	14432.72
Aggregate value of quoted investments	**5559.54**	9421.70
Market value of quoted investments	**7192.75**	13703.96

* Repayable in ten equal half yearly instalments after 12 years from the commencement of commercial production or total repayment of the term loan to the lenders whichever is earlier. The carrying value of this investment has been fully provided for.

** Consequent to the Scheme of Arrangement (Demerger) between SICAL LOGISTICS LIMITED and SICAGEN INDIA LIMITED,Sanctioned by the Hon'ble High Court of Madras,by its Order dated 20 December 2007, the Company was allotted 577681 equity shares of the face value of Rs. 10 each in SICAGEN INDIA LIMITED.

(Rupees in lac)

SCHEDULE 7	**As at 31 March 2011**	As at 31 March 2010
INVENTORIES		
(Refer Note B-3 (d) of Schedule 16)		
Stores and spares	**2610.43**	3132.93
Raw Materials	**6043.33**	4338.79
Work-in-process	**1794.13**	316.78
Contracts-in-progress	**3194.82**	1772.87
Finished goods	**3173.46**	1241.16
Total	**16816.17**	10802.53

SCHEDULE 8

SUNDRY DEBTORS

(Refer Note B-3 (d) of Schedule 16)

(Unsecured, Considered Good unless otherwise stated)

Debts outstanding for a period exceeding six months:				
Considered good				
-Dues from subsidiaries	**-**		-	
-Dues from others*	**2963.86**		3882.70	
	2963.86		3882.70	
Considered doubtful				
-Dues from subsidiaries#	**352.76**		352.76	
-Dues from others	**2083.68**		2031.84	
	2436.44		2384.60	
		5400.30		6267.30
Other debts:				
Considered good				
-Dues from subsidiaries #	**3.33**		25.23	
-Dues from others*	**7959.33**		3263.46	
		7962.66		3288.69
		13362.96		9555.99
Less: Provision for doubtful debts		**2436.44**		2384.60
Total		**10926.52**		7171.39

* Includes Rs. 2920.58 lac in Debts exceeding six months (Previous year Rs. 2654.79 lac) and Rs. 898.76 lac in Other debt (Previous year Rs. 402.39 lac) retentions on account of Contract-in-progress.

Maximum Outstanding due at any time during the year

SPIC Fertilizers and Chemicals FZE, Dubai Rs. 352.76 lac (Previous year Rs. 352.76 lac)

SPEL Semiconductor Limited Rs. 3.33 lac (Previous year Rs. Nil)

Indo-Jordan Chemicals Company Limited Nil (Previous year Rs. 25.23 lac)

SCHEDULE 9 (Rupees in lac)

CASH AND BANK BALANCES

	As at 31 March 2011	As at 31 March 2010
Cash & Cheques on hand	**35.06**	11.49
Bank Balances		
With Scheduled Banks:		
In Current Accounts	**5198.84**	3209.67
In Deposit Accounts (including Margin money for Bank Guarantee)	**4730.83**	15043.56
Total	**9964.73**	18264.72

SCHEDULE 10

LOANS AND ADVANCES
(Unsecured, Considered Good unless otherwise stated)

Dues from Subsidiaries:*				
Considered good	**0.34**		4829.95	
Considered doubtful	**1741.01**		2059.92	
	1741.35		6889.87	
Less: Provision for doubtful advances	**1741.01**		2059.92	
		0.34		4829.95
Advances recoverable in cash or in kind or for value to be received:				
Considered good	**23568.63**		6607.30	
Considered doubtful	**2905.69**		2547.53	
	26474.32		9154.83	
Less: Provision for doubtful advances	**2905.69**		2547.53	
		23568.63		6607.30
Prepaid taxes less provisions (provision for tax - Rs. 1543.09 lac (previous year Rs. 1543.09 lac))		**3714.09**		3686.02
Total		**27283.06**		15123.27

* Maximum amount due at any time during the year

SPEL Semiconductor Limited	Rs. 0.34 lac (Previous Period Rs. 0.33 lac)
Indo-Jordan Chemicals Company Limited	Nil (Previous Period Rs. 5153.64 lac)
SPIC Fertilizers and Chemicals Limited (SFCL)	Rs. 1.93 lac (Previous Period Rs. 1.93 lac)
SPIC Fertilizers and Chemicals FZE, Dubai	Rs. 1739.08 lac (Previous Period Rs. 1739.08 lac)

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS
CURRENT LIABILITIES:

Sundry creditors				
Dues to :				
- Micro Enterprises and Small Enterprises (Refer Note B-18 of Schedule 16)	**121.44**		72.67	
- Other than Micro Enterprises and Small Enterprises	**69007.36**		61344.05	
- Subsidiary companies	**72.60**		123.79	
Advance from customers	**8329.52**		4939.85	
Dues to directors	**15.00**		15.00	
Interest accrued but not due on loans	**4542.92**		4957.99	
Investor Education and Protection Fund shall be credited by the following amounts:*				
-Unpaid matured deposits	**6.03**		12.30	
Other Liabilities	**2298.91**		4672.38	
		84393.78		76138.03
PROVISIONS				
Leave encashment		**470.56**		427.52
Total		**84864.34**		76565.55

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

(Rupees in lac)

SCHEDULE 12

OTHER INCOME

	Year ended 31 March 2011	Year ended 31 March 2010
Dividend from Long Term Investments		
- Others (Non-trade)	**323.96**	882.72
Interest from		
- Banks	**354.39**	808.12
- Others (from customers / others)	**27.41**	21.60
(Tax deducted at source Rs. 33.20 lac; Previous year Rs. 94.38 lac)		
Conversion income relating to Contract Manufacturing	**362.73**	489.02
Profit on sale of investment (Net)	**-**	87.47
Exchange Fluctuation Gain (Net)	**462.51**	3750.95
Unclaimed credit balances written back	**165.70**	1818.09
Provision for doubtful debts/advances no longer required written back	**120.34**	182.55
Provision for claims no longer required written back	**-**	1122.58
Miscellaneous Income	**1528.13**	1413.38
Total	**3345.17**	10576.48

SCHEDULE 13
MANUFACTURING AND OTHER EXPENSES

Raw materials consumed				
Opening stock	**4338.79**		2628.44	
Add: Purchases	**93974.44**		20935.86	
	98313.23		23564.30	
Less: Raw materials sold	**-**		171.54	
	98313.23		23392.76	
Less: Closing stock	**6043.33**		4338.79	
Raw materials consumed (Net)		**92269.90**		19053.97
Stores and spares consumed		**474.39**		234.31
Materials and equipment for construction contracts		**20248.91**		3746.48
Sub-contractors payment		**2563.64**		1727.30
Power and fuel charges		**31307.18**		4327.65
Water charges		**528.24**		263.30
Rent		**403.80**		384.76
Repairs to:#				
Plant and machinery	**1408.73**		1416.32	
Buildings	**368.22**		527.70	
Others	**726.23**		708.50	
		2503.18		2652.52
Salaries, wages and bonus		**4888.23**		4469.62
Contribution to provident and other funds		**321.43**		300.16
Contribution to gratuity and superannuation funds		**637.32**		397.91
Staff welfare expenses		**479.84**		501.67
Insurance		**438.83**		253.48
Rates and taxes		**605.74**		199.23
Excise duty *		**44.66**		60.05
Packing, transportation and handling		**6166.84**		1874.48
Rebates and discounts		**1388.61**		256.75
Sales promotion expenses		**107.97**		85.62
Travelling expenditure		**400.06**		343.52
Other professional charges		**240.90**		185.68

(Rupees in lac)

SCHEDULE 13 (contd.)		Year ended 31 March 2011		Year ended 31 March 2010
Provision for Doubtful Debts & Advances		**119.22**		1029.67
Bad debts & advances written off	**19.48**		957.74	
Less: Transfer from provision	**18.50**		704.28	
		0.98		253.46
Loss on sale / write off of Investment	**65.89**			
Less: Transfer from provision for diminution in value of investments	**48.89**			
		17.00		-
Provision for Non moving Inventories		**260.31**		74.34
Provision for diminution in value of Investment		**-**		6.56
Loss on sale / retirement of fixed assets (Net)		**1251.17**		664.93
Impairment of Assets (Refer Note B-3(e) of Schedule 16).		**920.02**		-
Miscellaneous expenses		**1471.98**		1149.61
Opening Stock				
Finished goods	**1241.16**		1636.44	
Work-in-process (including Contracts in progress)	**2089.65**		4326.76	
	3330.81		5963.20	
Closing Stock				
Finished goods	**3173.46**		1241.16	
Work-in-process (including Contracts in progress)	**4988.95**		2089.65	
	8162.41		3330.81	
		(4831.60)		2632.39
Total		**165228.75**		47129.42

Includes stores and spare parts.

*Represents excise duty on stock differential. Excise duty on sales for the year is shown as deduction from turnover.

SCHEDULE 14

INTEREST AND FINANCIAL CHARGES

On debentures	**-**	-
On fixed loans	**-**	262.37
On others	**2551.04**	1787.14
Total	**2551.04**	2049.51

SCHEDULE 15

EXCEPTIONAL ITEMS

Provision for Diminution in value of Investments in a Subsidiary Company (Refer Note B-8 of Schedule 16)	**-**	(30609.63)
Loss on sale of Properties (Net)	**(3463.19)**	(1315.50)
Profit on sale of investments (Joint venture/ Subsidiary /Associate / Other companies)	**14048.95**	7694.45
Excess liability for interest on loans written back	**-**	17065.40
Provision for claims no longer required written back	**-**	2871.92
Total	**10585.76**	(4293.36)

SCHEDULE 16

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

A. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The financial statements have been prepared under the historical cost convention, except for certain fixed assets which are revalued, on accrual basis and in accordance with the generally accepted accounting principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 as applicable.

ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialized.

iii) Fixed Assets and Depreciation

Fixed assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less accumulated depreciation / amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer (xi) below) till such assets are ready for its intended use. Capital work in progress is stated at the amount expended up to the Balance sheet date. Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

Certain assets have been revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 and the resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account. (Refer Note B-5)

Depreciation on fixed assets (other than fixed assets relating to Pen-G unit) has been provided on Straight Line Method (SLM) in accordance with and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.

Depreciation in respect of fixed assets relating to Pen-G unit is provided based on the useful lives as determined by the management at the following rates which are higher than the rates prescribed under Schedule XIV of the companies Act, 1956:

Class of Asset	Percentage of Depreciation
Buildings	3.34%
Plant & Machinery	5.28% for assets installed after 1 April 2004. For other assets, depreciation is charged at 50% and 33.33% based on the useful life of the assets
Furniture & Fixtures	33.33%
Office Equipments	33.33%
Computers	33.33%
Vehicles	9.50%
Technical Know-how	33.33%

Premium on Lease hold Land is amortized over the tenure of the lease. Individual assets costing less than Rs. 5000 are depreciated in full in the year of acquisition.

Intangible assets are amortized over their estimated useful life of 3 years on straight line basis.

iv) Impairment of Assets

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, and if the carrying value is less than the recoverable amount, the impairment loss is recognized.

v) Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution is made in the value of investments if such diminution is other than of temporary in nature. Current investments are stated at lower of cost or fair value.

vi) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes freight, taxes and duties net of CENVAT / VAT credit wherever applicable. Customs duty payable on material in bond is added to the cost. The method of determining cost of various categories of inventories of various divisions is as follows:

Stores, spares and raw materials	-	Monthly weighted average method/first in first out method/annual average method
Work-in-Process and finished goods	-	Average cost of last quarter's production/average annual cost, computed on full absorption costing method
By-Products	-	At Net realizable value
Contract in Progress	-	Work in Process on construction contracts reflects proportionate value of inputs and expenses on contracts yet to be billed

vii) Revenue Recognition

(a) Sales revenue is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.

(b) Nutrient Based Subsidy Scheme (NBS) has been implemented by Government of India for Phosphatic Fertilisers effective from 1 April 2010. Concession allowable under the above scheme (NBS) with respect to Phosphatic fertilisers is recognized at the rates notified by the Government for the year 2010-11. Concession is recognized on the basis of the receipt of material at the warehouse/sale at the factory gate to dealers.
Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertiliser Industry, the difference between the cost of production and the selling price realised from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of movement of fertiliser from the factory and receipt of the same at the warehouse/Dealer point, as per the procedure prescribed by the Government and not on the basis of ultimate sales. The said amount has been further adjusted for input price escalation/de-escalation as estimated by the management based on prescribed norms.

(c) **Income on long-term contract**
Income on long-term contracts is recognized on percentage completion method and measured by reference to the percentage of cost incurred up to the reporting date to the estimated total cost for each contract. Provision for anticipated losses on the long-term contracts is made as and when such loss is established.

(d) **Dividend Income**
Dividend Income is recognized, when the right to receive the payment is established.

viii) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the profit and loss account.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Profit & Loss Account. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

ix) Employee Benefits

a. Defined Contribution Plan

(i) Fixed contributions paid/payable to (i) the Superannuation Fund pertaining to Officers and Executives which is administered by the Company nominated trustees and being managed by Life Insurance Corporation of India, (ii) the Superannuation Fund pertaining to staff members which is administered by Company nominated trustees and (iii) the Employee State Insurance Corporation (ESIC) are charged to the Profit and Loss Account.

Company also contributes to a Government administered Pension Fund on behalf of its employees, which are charged to the Profit and Loss Account.

(ii) Fixed Contributions made to the Provident Fund managed by the Regional Provident Fund Commissioner are charged to Profit & Loss account.

b. Defined Benefit Plan

The liability for Gratuity to employees, as at the Balance Sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date, is funded with a Gratuity Trust managed by Company nominated Trustees. The liability thereof paid/payable is absorbed in the Profit & Loss account. The actuarial gains/ losses are recognised in the Profit and Loss Account.

c. Long Term Compensated Absences

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date and is provided for.

d. Short Term Employee Benefits

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

x) Research and Development Expenditure

All revenue expenditure related to research and development are charged to the respective heads in the Profit and Loss Account. Capital expenditure incurred on research and development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the Company.

xi) Borrowing costs

Borrowing costs, if any, are capitalized as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

xii) Segment Reporting

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under unallocated corporate expenses.

b) Investments, advance towards investments and other advances, which are not allocable to segments, are excluded from segment capital employed.

xiii) Taxation

Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961.

Deferred tax is recognized for all the timing differences. Deferred Tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

B. NOTES ON ACCOUNTS

1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 84.50 lac (Previous year Rs. 246.88 lac).

2. **Contingent Liabilities**

(a) Claims not acknowledged as debts :

(i) The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded Rs. 16873.97 lac (Previous year Rs. 16873.97 lac) towards lease rent for the utilization of 415.19 acres of sand quarry poramboke lands by the Company for its effluent treatment and storage of Gypsum for the period from 1975 to 2008 while the assignment proposal submitted by the Company in the year 1975 to the State Government is still pending. The Company had filed a writ petition challenging the demand before the Hon'ble Madras High Court and the court granted interim stay vide its order dated 21 April 2010 on further proceedings.

(ii) The Phosphate Chemical Export Association Inc. USA (Phoschem) filed a suit before the Hon'ble Madras High Court for recovery of US$11.52 million (INR equivalent 5143.68 lac) during March 2006 towards supply of raw material to the Company. The court passed an interim decree in favour of Phoschem for US$8.76 million (INR equivalent 3911.34 lac) against which the Company filed a Review Petition on the ground that the Hon'ble High Court has not considered the realization of US$6.31 million by Phoschem from the Insurance company. The Review Petition is still pending before the Hon'ble High Court. The Company had already made a provision of Rs. 3872.20 lac (Previous year Rs. 3914.70 lac) towards this claim and the balance claim not acknowledged by the Company is Rs. 1234.25 lac (Previous year Rs. 1247.80 lac).

(iii) Groupe Chimique Tunisian SA (GCT) initiated arbitration proceedings against the Company for non payment of US$ 15.02 million together with interest towards supply of Phosphoric Acid in the earlier years against which the Arbitral Tribunal passed an award on 9 September 2009 directing the Company to pay a sum of Rs. 7300 lac to GCT towards principal and Rs. 2500 lac towards interest. The Company filed a petition before the Hon'ble Madras High Court on 7 December 2009 for setting aside the award and the Court ordered notice to GCT on 23 December 2009. The matter is pending before the Hon'ble Madras High Court. As the Company had already made a provision of Rs. 6565.52 lac (Previous year Rs. 6637.57 lac), the remaining claim not acknowledged by the Company on this account is Rs. 3234.48 lac (Previous year Rs. 3163 lac).

(iv) As the Nitrogenous plants were not in operation, Tamilnadu Water Supply and Drainage Board (TWAD) has claimed payments on the basis of 50% allotted quantity of water. Water Charges were paid to TWAD on the basis of actual receipt by individual industries (since inception of 20 MGD Scheme) for the last 36 years. The claims made by TWAD for Rs. 692.79 lac is not acknowledged as debt, as this differential value from April 2009 to December 2010 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.

(v) Other claims against the Company, which are being disputed/challenged before the Courts - Rs. 4155.82 lac (Previous year Rs. 4167.05 lac).

In respect of the above claims, the Company has been advised 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. 781.78 lac (Previous year Rs. 803.07 lac)

(d) Cumulative amount of Preference Dividend and Dividend Tax thereon not provided for the period from 1 April 2001 to 31 March 2011 is Rs. 2112.30 lac (Previous year Rs. 1935.94 lac)

(e) No provision has been considered necessary by the management for the following disputed Income Tax, Sales Tax, Excise duty, Service tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in lac)	Forum where pending
Direct Taxes				
Income Tax Act, 1961	Income Tax	1996-97 to 2000-01	**2592.46** (2592.46)	Hon'ble Madras High Court
Indirect Taxes				
Central Excise Act, 1944	Excise duty	1998-99 to 2007-08	**391.46** (391.46)	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax Appellate Tribunal
	Service Tax	2003-04 to 2007-08	**124.23** (124.23)	Commissioner of Central Excise (Appeals) /Hon'ble Madras High Court
Sales Tax Act under various State enactments	Local Sales Tax	1996-97 to 2002-03	**156.39** (156.77)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	1998-99 and 1999-00	**75.25** (86.35)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Tamilnadu Electricity (Taxation on Consumption) Act, 1962	Electricity Tax	1985-86 to 1993-94	**1050.54** (1050.54)	Before the Division Bench of the Hon'ble Madras High Court
Employees State Insurance Act *	ESI dues	1977 to 2003	**11031.98** (10697.01)	ESI Court / Hon'ble Madras High Court
TOTAL			**15422.31** (15098.82)	

* Includes disputes relating to the period 1977 to 1992 decided by the ESI Court in favour of the Company against which the Employees State Insurance Corporation has gone on an appeal before the Hon'ble Madras High Court.

Out of the above demand of Rs. 15422.31 lac (Previous year Rs. 15098.82 lac), an amount of Rs. 3488.11 lac (Previous year Rs. 3637.90 lac) has been deposited under protest/adjusted by relevant authorities.

(f) Certain unsecured creditors have filed winding up petitions which are being defended by the Company before the Hon'ble Madras High Court.

3. (a) Consequent to the implementation of Corporate Debt Restructuring (CDR) Package dated 19 March 2003, the Company had availed interest relief from various banks and financial institutions amounting to Rs. 4110.36 lac (Previous year Rs. 4110.36 lac) for the year 2002-03 and therefore accrued the interest liability at the reduced rates in the subsequent years up to 31 March 2008.

(b) As the Corporate Debt Restructuring (CDR) Package referred above did not yield the desired results, the secured lenders preferred to assign their debts in favour of Asset Reconstruction Company (India) Limited (ARCIL). As on 31 March 2011, approximately 85% of secured lenders in value stands assigned the financial assistance granted by them along with the attendant security interests in favour of ARCIL under the provisions of SARFAESI Act.

ARCIL and other financial institutions (except one lender) have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010) on successful implementation of which the Company would be eligible for substantial reduction in debts and interest accrued thereon. The total payment to ARCIL/Secured lenders upto 31 March 2011 amounted to Rs. 82555.15 lac (Previous year Rs. 35999.47 lac) including a sum of Rs. 46555.68 lac (Previous year Rs. 35999.47 lac) paid during the year for distribution to secured lenders (including to those whose debts had not been assigned to ARCIL). ARCIL and certain other secured lenders have also converted part of the debts amounting to Rs. 5745 lac (Previous year Rs. 3000 lac) into equity as stipulated in the CDR Rework Package, including Rs. 2745 lac (Previous year Rs. 3000 lac) converted during the year. There has been delay in payment of some loan installments which may entail additional outflow as per the rework package. In the event of the Company not being able to comply with the stipulated conditions as per the rework package, the same shall be withdrawn. In view of the delay in payment of installments and pending satisfactory completion/compliance of the conditions stipulated in the package, no credit has been taken for expected relief in loan/interest liabilities.

(c) The Company executed a Memorandum of Understanding with Indian Oil Corporation Limited (IOCL) on 19 April 2010 mutually agreeing the terms and conditions for the execution of the Supply Agreement for resumption of supply of Naphtha and Furnace Oil and settlement of certain past dues. The Supply Agreement was also executed by the Company with IOCL on 24 April 2010 for the supply of Naphtha and furnace oil on agreed terms and conditions. During the year, the Company has paid Rs. 11000 lac towards settlement of past dues, including a sum of Rs. 3000 lac released by the lead bank from the Trust and Retention Account (TRA) as per the decision of Corporate Debt Restructuring Empowered Group(CDREG) on 31 August 2009 and directive of Hon'ble Debt Recovery Tribunal (Hon'ble DRT) vide its order dated 22 September 2009.

(d) The Company has assigned exclusive charge of all raw materials, work-in-process, finished goods and concession relating to phosphatic fertilisers, to a bank against working capital facility for purchase of raw materials.

(e) The Pen-G operations were shut down from 15 January 2010 due to then prevailing un-remunerative prices on account of Chinese competition. The Company initiated steps by representing to the Government of India to impose anti dumping duty on imports of Pen-G and 6-APA from China and Mexico. The Company was successful in obtaining the recommendation of the Ministry of Commerce for imposition of anti dumping duty. However the Ministry of Finance had rejected the recommendation of the Commerce Ministry for levying anti dumping duty, which prevented the Company from competing on a level playing field. As a result the Company has not been able to restart the Pen-G operations.

Pursuant to the sale of Land and Building at Maraimalai Nagar during March 2011 the assets relating to R&D and API lying in this location were transferred to Pen-G plant at Cuddalore.

In view of the Company's inability to restart the Pen-G operations and also considering non-viability of operations relating to R&D and API, ARCIL vide notice dated 17 May 2011, has taken over the possession of immovable properties of the Pharma unit at Cuddalore to sell the assets.

In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., buildings, plant and machinery, furnitures and fittings and intangible assets relating to Pharma Unit and has provided for impairment loss estimated at Rs. 920.02 lac which is included in "Manufacturing & Other Expenses".

(f) One lender had sent a communication to the Company withdrawing its consent to the CDR package dated 19 March 2003 and advised the Company to take note of the same. However the Company has not received any demand from this lender so far. Also the said institution is not a party to the CDR rework package dated 13 March 2010.

4. Going Concern

In spite of erosion of net-worth, the financial statements of the Company have been prepared on a going concern basis, in view of the following:

i) The Company has re-commenced the production of Urea from 9 October 2010 and the production has stabilized. The production of Phosphatic fertilisers continued during the current year. The other Divisions viz SPIC Maintenance Organization, Enzymes, Formulation Units and Agribusiness continued their operations throughout the financial year. This has resulted in significant reduction in operating loss.

ii) The Supply Agreement executed on 24 April 2010 by the Company with Indian Oil Corporation Ltd. (IOCL) has enabled the Company to source naphtha and furnace oil and recommencement of operations of its nitrogenous fertiliser plants from 9 October 2010.

iii) The action of Department of Fertilisers, Government of India (GOI), to cut down the urea subsidy payment cycle resulted in reduction of working capital requirement and enabled the Company to operate its nitrogenous fertiliser plants at stipulated capacity levels.

iv) The Notification was issued by the Department of Fertilisers, Government of India (GOI), increasing the fixed cost reimbursement in urea operations resulted in additional realization of fertiliser subsidy and consequent improvement in profitability.

The above positive developments have enabled the Company to operate the fertiliser plants, being its core business, at optimum levels resulting in profitable operations and reducing the accumulated losses.

v) The rework package dated 13 March 2010 approved under Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010), as referred in Note 3 (b) envisages bringing down the debts to a sustainable level consequently improving the net-worth.

5. The details of revaluation carried out by independent professional valuers in the previous five years and the resultant surplus in values are as follows:

Assets revalued	Revalued as on	Division	Revaluation uplift * (Rupees in lac)
Fixed assets (other than furniture and fittings, office equipment and vehicles)	31 March 2006	Fertiliser	14912.79
Administrative buildings and land	31 March 2006	All divisions except Fertiliser	6465.84

* The revaluation uplift in respect of major assets disposed off amounts to Rs. 15391.16 lac which is netted off above.

6. 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 has invested in a wholly owned subsidiary company, viz. SPIC Fertilizers and Chemicals, FZE, Dubai(SFC FZE Dubai), 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. However, the project remained a non-starter.

   Meanwhile, the Jebel Ali Free Zone Authorities (JAFZA), Dubai had issued a notice on 24 March 2010 to SFC FZE Dubai, for vacation of site and surrender of materials and machineries on site to JAFZA towards land lease arrears amounting to Rs. 2483.50 lac (equivalent to 20334918.75 AED) due to them failing which they will initiate legal action against the said company. SFC FZE, Dubai, has conveyed its consent to the above authorities to avoid proposed legal action and consequent damages. However, full provision has already been made by the Company for the carrying value of investment in SPIC Fertilizer and Chemicals Limited, Mauritius, along with other dues from it.

7. Capital work in progress/advances include a sum of Rs. 2091.04 lac (Previous year Rs. 2091.04 lac) being advances paid to MCC Finance Limited for purchase of certain immovable properties. The Company entered into sale agreements for these properties with MCC Finance Limited and the execution and registration of sale deeds are pending. The Administrator/ Provisional Liquidator of MCC Finance Limited filed a Petition before the Company Court at Chennai seeking a direction that the sale agreements entered into between the Company and MCC Finance Limited be declared null and void. The said Petition was allowed by the Single Judge on 18 June 2003. The Company has filed an appeal against the Order before the Division Bench of the Hon'ble Madras High Court. The Division Bench admitted the appeal and ordered status quo be maintained, pending disposal of the appeal.

8. The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn (Capacity: 80000 TPA) and Purified Terepthalic Acid (Capacity: 315000 TPA). The Company has so far invested Rs. 25375.00 lac in the equity share capital, Rs. 5.00 lac in 8% redeemable cumulative non convertible preference share capital, Rs. 30609.63 lac in Unsecured Zero Interest Bonds redeemable after 12 years from the date of commencement of commercial production or repayment of all the term loans to the lenders, whichever is earlier. In view of the pending litigation between Chennai Petroleum Corporation Limited (CPCL) and the Company and the consequent interim injunction granted by the Hon'ble Madras High Court in 1997 to stop implementation of activities, there has been a suspension of activities.

   While SPIC Petro was pursuing its revival efforts, the Hon'ble Single Judge of the Hon'ble Madras High Court ordered the winding up of the company on 17 April 2009 and appointed the Official Liquidator to take charge of all the properties and effects of the company, at the time of disposing the winding up petitions filed by certain unsecured creditors.

   Against the above winding up order, SPIC Petro filed an appeal and obtained an interim stay from the Division Bench of the Hon'ble Madras High Court on 5 May 2009. After several hearings, the Division Bench vide its order dated 16 December 2009 directed SPIC Petro to pay an amount of Rs. 110 lac as part-payment to certain unsecured creditors who have initiated the winding up proceedings before the court, on or before 31 March 2010. Since SPIC Petro was unable to make the above payment on or before 31 March 2010, the Division Bench of the Hon'ble Madras High Court, dismissed the appeal on 26 April 2010. Meanwhile, ARCIL issued a notice on 19 March 2009, u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), directing SPIC Petro to make payment of the dues to ARCIL within sixty days from the date of the notice. As SPIC Petro could not make the payment, ARCIL took over the possession of the assets of SPIC Petro, under SARFAESI Act on 13 May 2010.

   However, the Official Liquidator appointed by the Hon'ble Madras High Court has taken over possession of the assets and effects of SPIC Petro on 14 May 2010, in accordance with the order issued by the Division Bench of the Hon'ble Madras High Court on 26 April 2010. Consequent to the above, the nominee directors of SPIC Limited have ceased to be directors of SPIC Petro with effect from 14 May 2010. On an appeal preferred by ARCIL, the Hon'ble Madras High Court vide its order dated 20 December 2010 directed the official Liquidator to hand back the possession of the above mentioned assets to ARCIL, pursuant to which ARCIL took repossession of the same on 4 January 2011.

   In view of the above developments, the Company has lost its control over SPIC Petro and hence it ceased to be a subsidiary of the Company. However, full provision has already been made in the earlier years for the carrying value of investments and also for all other dues from this Company.

9. The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said company without their prior approval.

10. The Company has disposed of Fertiliser bonds issued by Government of India with a face value of Rs. 434.90 lac (Previous

year Rs. 2600.00 lac) during the current year and the loss on sale of such bonds amounting to Rs. 60.89 lac (Previous year profit Rs. 66.23 lac) has been debited to the Profit & Loss Account under the head "Manufacturing and Other Expenses".

11. The GOI has introduced Nutrient Based Subsidy Scheme (NBS) effective from 1 April 2010 for phosphatic fertilisers and as per this policy the concession payable is fixed for the entire financial year with open MRP. Concession income has been recognised in the books of accounts based on the applicable concession under NBS for the year 2010-11. Hence, no estimates are necessary for the concession to be received from GOI, as has been the practice by the company, hitherto.

12. Sundry debtors and loans & advances include certain overdue and unconfirmed balances. However, in the opinion of the Management these current assets would in the ordinary course of business realize the value as stated in the accounts.

13. (a) Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts notified by the Central Government of India under Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 is as below:

(Rupees in lac)

Particulars	**Year ended 31 March 2011**	Year ended 31 March 2010
Contract revenue recognized as revenue in the year	**24008.89**	7262.13
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	**39370.33**	30255.85
Advances received	**4284.64**	935.79
The amount of retention due from customers for contracts in progress	**2137.97**	2393.66
Gross amount due from customers for contracts in progress	**-**	86.90

(b) Research and Development expenses incurred on revenue account is Rs. 123.94 lac (Previous year Rs. 116.82 lac)

14. Disclosure as per Accounting Standard 15 (Revised)

Disclosures required under this standard are given below:

a) Movement

(Rupees in lac)

Particulars	**2010-11**	2009-10
Projected Benefit Obligation as of 1 April 2010	**1496.13**	1517.70
Service cost	**218.39**	81.60
Interest cost	**110.47**	112.01
Actuarial Loss	**132.10**	24.36
Benefits paid	**(234.81)**	(239.54)
Projected Benefit Obligation as of 31 March 2011	**1722.28**	1496.13
Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	**1722.28**	1496.13
Fair value of plan assets at the end of the year	**1277.28**	1339.71
Liability recognised in the Balance Sheet	**445.00**	156.42

Cost of defined plan for the year		
Current service cost	**218.40**	81.60
Interest on obligation	**110.47**	112.01
Expected return on plan assets	**109.54**	73.35
Net actuarial loss recognized in the year	**(364.34)**	451.74
Net cost recognized in the Profit and Loss account	**(583.67)**	331.46

(Rupees in lac)

Particulars	2010-11	2009-10
Fair value of plan assets at the beginning	**1339.71**	1029.82
Expected return on plan assets assuming that movements occur in mid year	**109.54**	73.35
Contribution	**295.08**	-
Benefits paid (claim settled)	**(234.81)**	(239.55)
Actuarial gain/(loss) on plan assets	**(232.25)**	476.08
Fair value plan assets at the end of the financial year	**1277.27**	1339.71

b) Mean Financial Assumptions

Particulars	2010-11	2009-10
Discount Rate	**8%**	8%
Salary escalation rate	**6%**	6%
Demographic assumptions – Mortality	**LIC 94-96 rates**	LIC 94-96 rates
Demographic assumptions – Withdrawal	**3%**	3%

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of relevant information from the actuary the above details do not include the composition of plan assets.

The details of the experience adjustment arising on account of planned assets and liabilities as required by para 120n (2) of AS15 (revised) on employee benefits are not available in the valuation report and hence are not furnished

15 Managerial Remuneration:

(Rupees in lac)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Salaries	**18.00**	18.00
Contribution to Provident and other funds	**4.95**	5.70
Perquisites	**14.54**	14.81
Special Allowance	***15.00**	15.00
Directors' sitting fees	**9.70**	8.70
TOTAL	**62.19**	62.21

* Rs. 15 lac is payable as on 31 March 2011.

The appointment and remuneration of a former Director for the period 30 July 1990 to 26 September 1990, aggregating to Rs. 19206.90 paid during earlier years, is subject to approval of the shareholders and the Central Government. The Company has filed necessary application to the Central Government for its approval.

The Whole-time Director is covered under the Company's Gratuity Policy along with the other employees of the Company. Proportionate amount of gratuity is not included in the aforementioned disclosure.

16. **Manufacturing Expenses includes fees and other expenses paid to Auditors as**

(Rupees in lac)

	Year ended 31 March 2011	Year ended 31 March 2010
Fee for Statutory Audit	**25.00**	25.00
Fees for other services	**21.11**	14.76
Expenses	**0.84**	0.17

17. The information required by paras 3 and 4 of Part II of Schedule VI to the Companies Act 1956 is as under:

(I) **CAPACITY, PRODUCTION, PURCHASES, SALES, CONSUMPTION AND STOCKS:**

Quantitative information in respect of goods manufactured/purchased

(a) **LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION:**

PRODUCTS #	LICENSED CAPACITY (Metric Tonnes) **PER ANNUM**	*** INSTALLED CAPACITY (Metric Tonnes) **PER ANNUM**	ACTUAL PRODUCTION (Metric Tonnes) **PER ANNUM**
Ammonia	**352000**	***363000**	**175392**
	(352000)	(363000)	(-)
Urea	**	***620400**	**297650**
		(620400)	(-)
Complex Fertilisers (DAP, NPK)	**	**278800**	**49427**
In terms of P_2O_5 (Phosphorous Pentoxide)		(278800)	(34921)
Single Super Phosphate(SSP	**18400**	**18400**	**2325**
In terms of P_2O_5 (Phosphorous Pentoxide)	(-)	(-)	(-)
Aluminium Fluoride	**	***10000**	**3388**
		(10000)	(3233)
Sulphuric Acid	**150000**	**192000**	**153150**
	(150000)	(192000)	(76835)
Phosphoric Acid	**52800**	**52800**	**26189**
	(52800)	(52800)	(10020)
Pencillin-G (MMU)	**	******2460**	**-**
		(2460)	(678)

(Figures in brackets are for 12 months year ended 31 March 2010)

\# Includes products for captive consumption.

* Reassessed capacity by Government of India.

** These products are delicensed.

*** As certified by the Management, but not verified by Auditors, being a technical matter.

**** Formal approval yet to be received.

(b) **PURCHASE OF FINISHED GOODS**

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Quantity	**Value**	Quantity	Value
	(Metric Tonnes)	**(Rupees in lac)**	(Metric Tonnes)	(Rupees in lac)
Others		**1960.29**		1599.83
Total		**1960.29**		1599.83

(c) **SALES AND SERVICES**

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Quantity	**Value**	Quantity	Value
	(Metric Tonnes)	**(Rupees in lac)**	(Metric Tonnes)	(Rupees in lac)
Urea	**290529**	**15457.24**	-	-
Di-Ammonium Phosphate	**30974**	**3249.71**	-	-
Complex Fertiliser (20:20)	**171294**	**12536.42**	174603	10991.28
Single Super Phosphate	**5074**	**162.95**	-	-
Aluminium Fluoride	**4656**	**1835.44**	2058	1038.31
Gypsum	**205371**	**1977.79**	166305	1621.83
Penicillin - G (MMU)	**2.6**	**15.47**	838	3651.35
Fertiliser and Transport Subsidy		**104250.53**		11894.86
Income from Contracts		**24637.53**		8248.27
Others		**9211.92**		4680.00
Total		**173335.00**		42125.90

(d) **RAW MATERIALS CONSUMED**

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Quantity	**Value**	Quantity	Value
	(Metric Tonnes)	**(Rupees in lac)**	(Metric Tonnes)	(Rupees in lac)
Naphtha	**136549**	**56844.95**	-	-
Rock Phosphate	**109415**	**7074.52**	38746	2725.33
Sulphur	**47303**	**3950.07**	29790	1086.29
Aluminium Hydroxide	**3856**	**618.30**	3695	578.91
Sulphuric Acid	**25711**	**768.34**	23322	139.71
Ammonia	**49486**	**10330.33**	42730	6614.23
Phosphoric Acid	**34622**	**12130.36**	23789	5886.73
Phenyl Acetic Acid	**2905**	**22.39**	217	266.98
Butyl Acetate	**-**	**-**	126	82.15
Cane Sugar	**-**	**-**	1735	430.48
Demulsifier	**-**	**-**	31	53.11
Cotton Seed Meal	**-**	**-**	173	46.93
Others		**530.64**		1143.12
Total		**92269.90**		19053.97

(e) **STOCK PARTICULARS OF FINISHED GOODS (INCLUDING TRADED GOODS)**

(Previous Year's figures are given in brackets)

Particulars	OPENING STOCK		CLOSING STOCK	
	Quantity (Metric Tonnes)	Value (Rupees in lac)	Quantity (Metric Tonnes)	Value (Rupees in lac)
Urea	**59**	**10.47**	**7178**	**379.93**
	(59)	(10.47)	(59)	(10.47)
Di-Ammonium Phosphate	**8**	**1.38**	**552**	**131.01**
	(8)	(1.38)	(8)	(1.38)
Complex Fertiliser (NPK 20:20)	-	-	**4268**	**667.25**
	(-)	(-)	(-)	(-)
Single Super Phosphate	-	-	**9454**	**498.11**
	(-)	(-)	(-)	(-)
Aluminium Fluoride	**1351**	**524.29**	**83**	**31.53**
	(176)	(83.96)	(1351)	(524.29)
Gypsum	**51903**	**441.03**	**131869**	**1167.38**
	(40127)	(417.10)	(51903)	(441.03)
Penicillin-G (MMU)	**4.20**	**18.95**	* -	-
	(177.20)	(779.27)	(4.20)	(18.95)
Others		**245.04**		**298.25**
		(344.26)		(245.04)
TOTAL		**1241.16**		**3173.46**
		(1636.44)		(1241.16)

*After adjusting an internal transfer of 1.6 MMU

(II) **EXPENDITURE IN FOREIGN CURRENCY**

(Rupees in lac)

	Year ended 31 March 2011	Year ended 31 March 2010
Travel	**7.44**	6.41
Royalty	**44.68**	46.48
Technical know how	**31.65**	366.48
Finance and other charges	**210.77**	-

(III) **EARNINGS IN FOREIGN EXCHANGE**

(Rupees in lac)

	Year ended 31 March 2011	Year ended 31 March 2010
Export on FOB basis	**5529.75**	2935.86
Others	**82.41**	130.60

(IV) **CIF VALUE OF IMPORTS**

(Rupees in lac)

	Year ended 31 March 2011	Year ended 31 March 2010
Raw Materials	**21504.80**	9430.56
Components and spare parts	**42.16**	40.01
Capital goods	**889.67**	253.33

(V) VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

	Year ended 31 March 2011				Year ended 31 March 2010			
	Raw Materials		**Components & Spare parts**		Raw Materials		Components & Spare parts	
	Percentage to total consumption	**Value (Rs.in lac)**	**Percentage to total consumption**	**Value (Rs.in lac)**	Percentage to total consumption	Value (Rs.in lac)	Percentage to total consumption	Value (Rs.in lac)
Imported	**23.11**	**21320.11**	**12.11**	**104.67**	50.38	9600.30	7.57	72.11
Indigenous	**76.89**	**70949.79**	**87.89**	**759.84**	49.62	9453.67	92.43	880.29

18. The details relating to the amounts due to Micro, Small and Medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as identified by the Management and relied upon by the auditors are given below.

	As at 31 March 2011	As at 31 March 2010
Dues outstanding for more than 45 days	**53.64**	70.65
Amount remaining unpaid as at the end of the year - Principal amounts - Interest amounts	 **53.64** **13.48**	 70.65 4.23
The amount of interest paid in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	**NIL**	NIL
The amount of interest due and payable for the period of delay in making payment : - As per the terms of the contract - As specified by the Act	 **NIL** **13.48**	 NIL 4.23
The amount of interest accrued and remaining unpaid at the end of the year	**13.48**	4.23

19. The Company has reviewed its deferred tax assets and liabilities as at 31 March 2011. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs. 54217.29 lac (Previous Year Rs. 48814.27 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. 9138.35 lac (Previous Year Rs. 8356.34 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2011 to be accounted for.

(Rupees in lac)

Particulars	**As at 31 March 2011**	As at 31 March 2010
Depreciation	-	-
Subsidy	**13426.50**	11902.55
Deferred tax liability	**13426.50**	11902.55
Depreciation	**1990.03**	1223.63
Provision for doubtful debts	**2298.12**	2322.58
Carry forward business losses and unabsorbed depreciation restricted to	**9138.35**	8356.34
Deferred tax asset	**13426.50**	11902.55
Net deferred tax asset	-	-

20. There is no provision for tax in view of the carried forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income both under provisions of section 115-JB and those other than section 115-JB of the Income Tax Act, 1961.

21. **Segment Reporting**

Primary segment information (Business segments)

(Rupees in lac)

Particulars	Agro Inputs	Bulk Drugs and Formulations	SMO	Others	Total
Segment revenue					
Sales to external Customers	**144848.22**	**1226.02**	**24637.53**	**2190.64**	**172902.41**
	(26163.09)	(4839.92)	(8248.27)	(2455.23)	(41706.51)
Other Income	**1489.16**	**315.58**	**191.01**	**15.64**	**2011.39**
	(5660.59)	(149.03)	(188.87)	(109.34)	(6107.83)
Unallocated income					**1333.78**
					(4468.65)
Inter segment Revenue	-	-	-	-	-
	-	-	-	-	-
Total Revenue	**146337.38**	**1541.60**	**24828.54**	**2206.28**	**176247.58**
	(31823.68)	(4988.95)	(8437.14)	(2564.57)	(52282.99)
Elimination of inter segment sales	-	-	-	-	-
	-	-	-	-	-
Total Net Revenue	**146337.38**	**1541.60**	**24828.54**	**2206.28**	**176247.58**
	(31823.68)	(4988.95)	(8437.14)	(2564.57)	(52282.99)
Segment results	**5189.80**	**(5277.47)**	**729.26**	**78.62**	**720.21**
	(-2677.52)	(-4365.20)	(262.40)	(-468.98)	(-7249.30)
Unallocated expenses net of unallocated income					**(10029.19)**
					(3157.76)
Profit / (Loss) before interest,etc.,and taxation					**10749.40**
					(-10407.06)
Interest Expenses- Net, not allocable to segments					**2551.04**
					(2049.51)
Profit / (Loss) before taxation					**8198.36**
					(-12456.57)
Income taxes / Fringe benefit tax					-
					-
Profit / (Loss) after Taxation					**8198.36**
					(-12456.57)
Other Information					
Segment assets	**104771.42**	**3500.96**	**14697.72**	**2579.42**	**125549.52**
	(87184.81)	(9867.17)	(12265.54)	(3302.68)	(112620.20)
Unallocated corporate Assets					**29964.88**
					(70318.74)
Total Assets					**155514.40**
					(182938.94)
Segment liabilities	**67530.33**	**835.92**	**7143.12**	**226.20**	**75735.57**
	(61151.47)	(1472.71)	(4804.62)	(286.29)	(67715.09)
Unallocated corporate Liabilities					**182388.61**
					(228776.97)
Total Liabilities					**258124.18**
					(296492.06)
Capital expenditure	**436.49**	**160.48**	**1296.09**	**48.81**	
	(45.93)	(626.82)	(494.17)	(4.57)	
Depreciation/Amortisation	**6045.85**	**2453.06**	**88.24**	**79.19**	
	(6214.95)	(2816.79)	(57.91)	(146.46)	
Non-cash expenditure other than depreciation	**47.78**	***** **1231.06**	**1.85**	**0.47**	
	(377.04)	(1.71)	-	(6.52)	

(Rupees in lac)

Secondary segment Information (Geographical Segments)	Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	**169384.05**	**125549.52**	**1941.87**
	(44878.48)	(112620.20)	(1171.49)
Outside India	**5529.75**	-	-
	(2935.86)	(-)	(-)
Total	**174913.80**	**125549.52**	**1941.87**
	(47814.34)	(112620.20)	(1171.49)

* Includes Rs. 920.02 lac of impairment relating to Pharma assets (Refer Note B-3(e) of Schedule 16).

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:

(i) Agro inputs - includes fertilisers

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

(iii) SMO - includes maintenance contracts

(iv) Others - includes tissue culture

Revenues 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.

22. Related party disclosure under Accounting Standard – 18

(i) The list of related parties, as identified by the management are as under:

Subsidiaries	1	Orchard Microsystems Limited
	2	Indo-Jordan Chemicals Company Limited, Jordan (ceased to be a subsidiary with effect from 21 April 2010)
	3	SPIC Fertilizers and Chemicals Limited, Mauritius
	4	SPIC Fertilizers and Chemicals, FZE, Dubai
	5	SPEL Semiconductor Limited
	6	SPEL America Inc., USA
	7	SPIC Petrochemicals Limited (ceased to be a subsidiary – with effect from 14 May 2010 Refer Note B–8 of Schedule 16)

Associates	1 2 3 4	Tuticorin Alkali Chemicals & Fertilisers Limited Manali Petrochemical Limited (ceased to be an Associate with effect from 9 March 2011) Gold Nest Trading Company Limited EDAC Engineering Limited (ceased to be an Associate with effect from 27 October 2010)
Joint Ventures	1 2	Tamilnadu Petroproducts Limited National Aromatics and Petrochemicals Corporation Limited.
Key management personnel of the Company	1. 2.	Dr. A C Muthiah Thiru Ashwin C Muthiah
Relatives of Key Management Personnel of the Company (with whom there were transactions during the year 2010-11)	1.	Thirumathi Devaki Muthiah
Enterprise owned by / over which Key Management Personnel is able to exercise significant influence	1 2	Wilson International Trading Pte Limited, Singapore Manali Petrochemical Limited

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

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	As at 31 March 2011	As at 31 March 2010
A	**Balance outstanding as at 31.03.2011**			
	(a) Receivables including Advances			
	Indo-Jordan Chemicals Company Limited	Subsidiary	**-**	4855.08
	SPEL Semiconductor Limited	Subsidiary	**3.67**	0.11
	SPIC Fertilizers and Chemicals FZE, Dubai *	Subsidiary	**1053.47**	1053.47
	SPIC Fertilizers and Chemicals Limited, Mauritius *	Subsidiary	**1.93**	1.93
	SPIC Petrochemicals Limited *	Subsidiary	**-**	318.91
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**1384.76**	1083.25
	EDAC Engineering Limited	Associate	**-**	0.33
	Manali Petrochemical Limited	Associate	**-**	0.10
	Tamilnadu Petroproducts Limited	Joint Venture	**53.62**	31.97
	National Aromatics and Petrochemicals Corporation Limited *	Joint Venture	**1471.45**	1468.75
	Thirumathi Devaki Muthiah	Relatives of KMP	**3.75**	3.75
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**6.17**	-
	(b) Payables			
	Indo-Jordan Chemicals Company Limited	Subsidiary	**-**	49.65
	SPEL Semiconductor Limited	Subsidiary	**1.78**	1.81
	Orchard Microsystems Limited	Subsidiary	**70.00**	70.00
	SPIC Fertilizers and Chemicals Limited, Mauritius	Subsidiary	**0.82**	0.82
	SPIC Petrochemicals Limited	Subsidiary	**-**	3.32
	Manali Petrochemical Limited	Associate	**-**	0.47
	EDAC Engineering Limited	Associate	**-**	52.32
	Tamilnadu Petroproducts Limited	Joint Venture	**0.25**	0.27
	Dr. A C Muthiah	Key Management Personnel	**15.00**	15.00
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**5449.27**	-
	(c) Advance against equity			
	SPIC Fertilizers and Chemicals FZE, Dubai *	Subsidiary	**1038.37**	1038.37
	(d) Guarantee Received			
	SPEL Semiconductor Limited	Subsidiary	**520.00**	-
	Manali Petrochemical Limited	Associate	**1500.00**	1220.00

S.NO	PARTICULARS	RELATIONSHIP	For the Year 2010-11	For the Year 2009-10
B	**Transactions during the year**			
1	**Sale of goods**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**190.38**	359.81
	EDAC Engineering Limited	Associate	**-**	7.44
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**3618.58**	-
2	**Purchase/Loan of materials**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**174.57**	156.72
	Manali Petrochemical Limited	Associate	**1.08**	8.40
	Tamilnadu Petroproducts Limited	Joint Venture	**2.50**	19.81

Related parties transactions (contd.) (Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the Year 2010-11	For the Year 2009-10
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**21489.79**	-
3	**Reimbursement of Expenses (Receipts)**			
	Indo-Jordan Chemicals Company Limited	Subsidiary	**-**	11.00
	SPEL Semiconductor Limited	Subsidiary	**0.08**	(1.10)
	SPIC Fertilizers and Chemicals FZE, Dubai	Subsidiary	**-**	16.14
	SPIC Fertilizers and Chemicals Limited, Mauritius	Subsidiary	**-**	1.93
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**37.91**	14.58
	EDAC Engineering Limited	Associate	**18.20**	30.32
	Tamilnadu Petroproducts Limited	Joint Venture	**27.59**	24.36
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	**2.69**	2.98
4	**Income from services rendered**			
	Indo-Jordan Chemicals Company Limited	Subsidiary	**-**	36.52
	SPEL Semiconductor Limited	Subsidiary	**1.55**	0.18
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**129.01**	0.30
	Manali Petrochemical Limited	Associate	**0.50**	0.31
	EDAC Engineering Limited	Associate	**1.66**	32.97
	Tamilnadu Petroproducts Limited	Joint Venture	**46.87**	35.97
	Technip India Limited	Joint Venture	**-**	1.23
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**0.47**	-
5	**Services/Consultancy charges**			
	SPEL Semiconductor Limited	Subsidiary	**0.03**	0.08
	Manali Petrochemical Limited	Associate	**31.36**	0.08
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**22.06**	264.72
	EDAC Engineering Limited	Associate	**1.55**	376.43
6	**Advances given**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**-**	20.00
7	**Sale of Fixed Assets**			
	SPEL Semiconductor Limited	Subsidiary	**1.93**	-
	EDAC Engineering Limited	Associate	**-**	121.62
8	**Income from Rentals**			
	EDAC Engineering Limited	Associate	**34.38**	57.21
	Tamilnadu Petroproducts Limited	Joint Venture	**1.77**	1.77
	Technip India Limited	Joint Venture	**-**	67.88
9	**Dividend Income**			
	Manali Petrochemical Limited	Associate	**247.00**	164.67
	Tamilnadu Petroproducts Limited	Joint Venture	**76.17**	-
	Technip India Limited	Joint Venture	**-**	716.75
10	**Bad debts written off**			
	Technip India Limited	Joint Venture	**-**	224.11
11	**Provision for Interest (written back)**			
	Indo-Jordan Chemicals Company Limited	Subsidiary	**-**	(2871.46)
12	**Provision for diminution in value of investments**			
	SPIC Petrochemicals Limited	Subsidiary	**-**	30609.63
13	**Provision for doubtful advances**			
	SPIC Fertilizers and Chemicals FZE, Dubai	Subsidiary	**-**	16.14
	SPIC Fertilizers and Chemicals Limited, Mauritius	Subsidiary	**-**	1.93
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**-**	1047.79
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	**2.69**	7.02
14	**Finance and Other Charges**			
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**210.77**	-
15	**Managerial Remuneration**			
	Dr. A C Muthiah	Key Management Personnel	**52.49**	53.51
16	**Rent Paid**			
	Thirumathi Devaki Muthiah	Relatives of KMP	**6.00**	6.00
17	**Sitting Fees**			
	Thiru Ashwin C Muthiah	Key Management Personnel	**0.80**	0.70

* Dues have been fully provided for.

23 Earning per share:

	Year ended 31 March 2011	Year ended 31 March 2010
Face Value per share (in Rupees)	**10**	10
Profit/(Loss) for the year after preference dividend (Rupees in lac)	**8021.94**	(12632.94)
Basic		
Weighted Average Number of shares outstanding	**145715681**	108057489
Earnings/(Loss) per share (in Rupees)	**5.51**	(11.69)
Diluted		
Weighted Average Number of shares outstanding	**145715681**	129276590
Earnings/(Loss) per share (in rupees)	**5.51**	(9.77)

24. Joint Venture Disclosures:

I. Jointly controlled entities:

Sl. No.	Name	Country of Incorporation	Percentage of ownership interest
1)	Tamilnadu Petroproducts Limited	India	16.93
2)	National Aromatics and Petrochemicals Corporation Limited	India	50.00

II. Interest in the assets, liabilities, income and expenses with respect to Jointly controlled entities for the period 1 April 2010 to 31 March 2011 :

(A) Assets:

(Rupees in lac)

		2010-11	2009-10
1)	Fixed assets (Net block)	**6124.59**	6713.28
	Fixed assets held for transfer	**359.58**	359.58
	Capital work in progress / advances	**817.99**	737.91
	Pre-operating expenses pending allocation	**2155.46**	2155.75
	Investments	**409.86**	1007.42
2)	Current Assets, Loans and advances		
	Inventories	**1680.33**	1533.55
	Sundry debtors	**1308.38**	1125.07
	Cash and bank balances	**1229.06**	1261.89
	Loans and advances	**1234.33**	1320.24
	Miscellaneous expenditure (to the extent not written off / adjusted)	**12.14**	12.14
(B)	**Liabilities:**		
i)	Loan Funds:		
	Secured Loans	**1594.37**	2676.67
	Unsecured Loans	**386.25**	396.95
ii)	Current Liabilities and Provisions		
	Liabilities	**3419.17**	3637.72
	Provisions	**219.52**	138.36
	Deferred tax liability (net)	**1156.48**	1243.19
(C)	**Income:**		
i)	Sales and Services (Gross)	**20026.77**	24208.55
ii)	Other Income	**158.19**	219.90
(D)	**Expenditure:**		
i)	Purchase of finished goods	**26.26**	447.12
ii)	Manufacturing and other expenses	**17369.93**	19834.58
iii)	Interest and finance charges	**388.30**	270.60
iv)	Depreciation	**643.42**	714.32
v)	Provision for taxation - Current Tax	**85.14**	706.36
	- Deferred Tax	**(86.70)**	14.97
(E)	**Others :**		
i)	Capital Commitments	**26.83**	70.50
ii)	Disputed Tax	**525.65**	515.96

25 (a) Previous year figures have been regrouped / recast, wherever necessary, to conform to the classification of the current year.

(b) Previous year figures are given in brackets.

26 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	Registration No.	05778	State Code 18
	Balance Sheet date	31 03 2011	
II. Capital raised during the year	Public Issue	NIL	
(Amount in Rupees Thousands)	Rights Issue	NIL	
	Bonus Issue	NIL	
	Private Placement	351049	
III. Position of mobilisation and Deployment of funds	Total Liabilities	30468487	
(Amount in Rupees Thousands)	Total Assets	30468487	
Sources of Funds	Paid-up Capital	1787784	
	Reserves and Surplus	2868285	
	Secured Loans	11846766	
	Unsecured Loans	5479218	
Application of Funds	Net Fixed Assets	8492246	
	Investments	560146	
	Net Current Assets	(-) 1987386	
	Miscellaneous Expenditure	- - - - - - - -	
	Accumulated Losses	14917047	
IV. Performance of Company	Turnover	17624758	
(Amount in Rupees Thousands)	Total Expenditure	16804922	+ -
	Profit/(Loss) Before Tax	819836	✓ (+)
	Profit/(Loss) After Tax	819836	✓ (+)
	Earnings per share in Rupees	5.51	✓ (+)
	Dividend Rate %	NIL	
V. Generic names of three Principal Products/Services	Item Code No.	310210	
(As per monetary terms)	Product Description	UREA	
	Item Code No.	310530	
	Product Description	DI-AMMONIUM PHOSPHATE	
	Item Code No.	310540	
	Product Description	C0MPLEX FERTILISERS 20:20:0	

ASHWIN C MUTHIAH *Vice Chairman*	**M JAYASANKAR** *Director*	**T K ARUN** *Director*
B NARENDRAN *Director*	**B ELANGOVAN** *Director*	**N RAJEEVA PRAKASH** *Secretary*

Place: Chennai
Date: 26 July 2011.

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

a. Name of Subsidiary Company	Orchard Microsystems Limited #	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	25 April 2011	31 March 2011	31 March 2011	31 March 2011
c. Holding Company's Interest:				
(i) No. of Equity Shares	3262100	25811207	10	32640000
Face Value	Rs. 10	Rs. 10	USD 10	One USD
Paid up Value	Rs. 32621000	Rs. 258112070	USD 100	USD 32640000
(ii) Extent of Holding	100 percent	55.97 per cent	55.97 per cent	83.54 percent
d. Net aggregate amount of Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts:				
(i) for subsidiary's financial year	(Rs. 15557405)	Rs. 25352758	(USD 909)	(USD 32640543)
(ii) for its previous financial years	(Rs. 17063595)	Rs. 110672980	(USD 618)	(USD 73947)
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	NIL
(ii) for its previous financial year	NIL	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 2011 (i) Holding Company's interest as on 31 March 2011 Number of Equity Shares Face Value Paid up value (ii) Extent of Shareholding	NIL	Not Applicable	Not Applicable	Not Applicable
g. Material changes between the end of the Subsidiary's financial year ended and 31 March 2011 in respect of :				
(i) Subsidiary's Fixed Assets	NIL	Not Applicable	Not Applicable	Not Applicable
(ii) Subsidiary's Investments	NIL	Not Applicable	Not Applicable	Not Applicable
(iii) Monies lent by subsidiary	NIL	Not Applicable	Not Applicable	Not Applicable
(iv) Monies borrowed by the subsidiary, other than for meeting current liabilities	NIL	Not Applicable	Not Applicable	Not Applicable

Orchard Microsystems Limited had opted for voluntary liquidation under Easy Exit Scheme 2011(EES) issued by Ministry of Corporate Affairs, Government of India dated 03 February 2011. The Financial Statements of the said company was drawn upto 25 April 2011.

1. SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL)(a wholly owned subsidiary of the Company) holds 1 equity share of One Million Arab Emirate Dinar each in SPIC Fertilizers and Chemicals FZE, Dubai (SFC FZE). Hence the combined share of the Company and its subsidiary in SFC FZE Dubai is 83.54%. Due to inaccessibility to the records consequent to re-possession of certain assets of the company by Jebel Ali Free Zone Authorities (JAFZA), Dubai the details of SFC FZE Dubai are not given in the above statement.

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED.

1. We have audited the attached Consolidated Balance Sheet of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31 March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The Company's current liabilities exceeded its current assets by Rs. 19873.86 lac and its total liabilities exceeded its total assets by Rs. 102609.78 lac. The ability of the company to continue as a going concern is dependent on the successful implementation of the rework package approved by ARCIL and other financial institutions through CDR mechanism as referred to in Note C-3(a) and C-3(b) of Schedule 22. However the financial statements have been prepared on a going concern basis based on matters as set forth in Note C-4 of Schedule 22.

4. (a) We did not audit the financial statements of certain subsidiaries and joint ventures whose financial statements reflect total assets of Rs. 30798.93 lac as at 31 March 2011, total revenues of Rs. 27354.99 lac and net cash outflows amounting to Rs. 263.94 lac for the year ended on that date, certain associates whose financial statements include the company's share of profit of Rs. 1022.42 lac for the year ended 31 March 2011 and Group's share of losses of Rs. 267.21 lac upto 31 March 2011 as considered in the Consolidated Financial Statements.

   These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

   (b) The financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. Nil as at 31 March 2011, total revenues of Rs. 9104.04 lac and net cash outflows amounting to Rs. 3.78 lac and financial statement of an associate of a joint venture whose financial statements reflect the Group's share of profit for the year ended 31 March 2011 of Rs. 62.17 lac and Group share of profits of Rs. 103.21 lac upto 31 March 2011 are incorporated in the consolidated financial statements based on management's estimates and are not audited by their auditors. We are unable to express our opinion on the adjustments that would be required to be made in the consolidated financial statements, had the audited financial statements of the said companies for the year ended 31 March 2011 were available

   (c) In respect of the associate of Tamilnadu Petroproducts Limited, a joint venture:

   As stated in Note C-15 of Schedule 22, assets held by TPL amounting to Rs. 2123.63 lac (proportionate share included in consolidated financials Rs. 359.58 lac) are expected to be transferred to the proposed overseas project at not less than cost. We are unable to express an opinion on the realizable value of these assets. Our audit report for the previous year was also similarly modified.

5. Subject to our comments in paragraphs 4(b) and 4(c) above, the effect of which we are unable to determine:

   a) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006

   b) Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;

      (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date and

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

For FRASER & ROSS
Chartered Accountants
(Registration No.000829S)

M K ANANTHANARAYANAN
Partner
(Membership No.19521)

Place: Chennai
Date: 26 July 2011

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(Rupees in lac)

Particulars	Schedule		As at 31 March 2011		As at 31 March 2010
SOURCES OF FUNDS					
Shareholders' funds:					
Share capital	1	**17877.84**		18186.79	
Share capital advance	2	**1614.88**		1615.04	
Reserves and surplus	3	**33834.23**		38489.25	
			53326.95		58291.08
Minority interest			**4233.27**		24072.78
Loan funds:					
Secured	4	**122645.97**		496143.15	
Unsecured	5	**56123.40**		55293.28	
			178769.37		551436.43
Deferred tax liability (Net) (Note C-13(b) of Schedule 22)	6		**2342.42**		2320.48
TOTAL			**238672.01**		636120.77
APPLICATION OF FUNDS					
Fixed assets:	7				
Gross block			**284337.83**		387510.53
Less:Accumulated Depreciation			**184379.92**		228664.01
Less:Impairment Provision			**920.02**		-
Net block			**99037.89**		158846.52
Capital work-in-progress / advances			**5409.66**		143129.63
			104447.55		301976.15
Fixed Assets held for transfer			**359.58**		359.58
Pre-operative expenditure pending allocation	8		**2155.45**		334490.50
Investments	9		**1234.13**		9454.97
Current Assets, Loans and Advances:					
Interest accrued on Investments		**-**		6.35	
Inventories	10	**20072.80**		22641.44	
Sundry debtors	11	**12688.93**		8739.90	
Cash and bank balances	12	**11651.89**		23435.73	
Loans and Advances	13	**28920.46**		10707.02	
		73334.08		65530.44	
Less: Current Liabilities and Provisions	14				
Liabilities		**89292.20**		159750.60	
Provisions		**695.64**		779.54	
		89987.84		160530.14	
Net current assets			**(16653.76)**		(94999.70)
Miscellaneous expenditure (to the extent not written off or adjusted)	15		**12.14**		316.84
Profit and Loss account			**147116.92**		84522.43
TOTAL			**238672.01**		636120.77
Notes on accounts	22				

Schedule 1 to 15 and 22 form an integral part of this Balance Sheet

For and on behalf of the Board

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

M K ANANTHANARAYANAN
Partner

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Rupees in lac)

Particulars	Schedule		Year ended 31 March 2011		Year ended 31 March 2010
INCOME					
Sales and services		**211598.81**		113014.83	
Less: Excise Duty		**2237.37**		1577.76	
Net Sales and services	16		**209361.44**		111437.07
Other income	17		**3738.56**		11015.68
TOTAL INCOME			**213100.00**		122452.75
EXPENDITURE					
Purchase of finished goods	18		**1986.55**		2046.95
Manufacturing and other expenses	19		**199224.79**		122800.75
Interest and financial charges (net)	20		**3102.51**		2346.04
Depreciation		**11461.29**		15423.42	
Less: Credit for amount withdrawn from revaluation reserve [Refer Note C-5(b) of Schedule 22]		**3.41**		5.27	
			11457.88		15418.15
TOTAL EXPENDITURE			**215771.73**		142611.89
LOSS BEFORE EXCEPTIONAL ITEM AND TAXATION			**(2671.73)**		(20159.14)
Less : Exceptional items					
Profit on disposal of Subsidiary/Joint Venture/Associates			**(12990.75)**		(4689.27)
Provision for Diminution in value of Investments			**-**		6.56
Adjustment arising on derecognition of a Subsidiary (Refer Note A-1(i) (a) of Schedule 22)			**55989.63**		-
Loss on sale of assets			**3463.19**		1315.50
Profit on sale of investments			**(224.94)**		-
Excess liability for interest on loans written back			**-**		(17065.40)
Provision for claims no longer required written back			**-**		(2871.92)
Investments written off			**17542.13**		-
PROFIT/(LOSS) BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS			**(66450.99)**		3145.39
Provision for taxation - Current	21		**297.80**		817.01
- Deferred			**21.95**		223.62
PROFIT/(LOSS) AFTER TAXATION			**(66770.74)**		2104.76
Share of Profit of Associates (Net)			**1084.72**		1259.35
Profit/(Loss) before minority interest			**(65686.02)**		3364.11
Profit /(Loss) applicable to minority interest			**(3091.53)**		(6853.42)
Net Profit/(Loss) for the year			**(62594.49)**		10217.53
Loss brought forward			**(84522.43)**		(101737.55)
Less: Adjustments relating to earlier years			**-**		8350.97
			(147116.92)		(83169.05)
APPROPRIATIONS					
Dividend and tax on dividends paid by Joint Ventures			**-**		(89.12)
Adjustments arising on Consolidation			**-**		(1264.26)
Balance carried to balance sheet			**(147116.92)**		(84522.43)
Basic earnings per share of Rs. 10 each			**(43.08)**		9.29
Diluted earnings per share of Rs. 10 each			**(43.08)**		7.77
Notes on accounts	22				

Schedule 16 to 22 form an integral part of this Profit and Loss Account

For and on behalf of the Board

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

M K ANANTHANARAYANAN
Partner

Place: Chennai
Date: 26 July 2011.

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(Rupees in lac)

	Particulars		Year ended 31 March 2011		Year ended 31 March 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Loss for the year before exceptional item and tax		**(2671.73)**		(20159.14)
	Add : Exceptional item				
	Profit on disposal of Subsidiary/Associates/Joint Venture/Other Investments		**13215.69**		4689.27
	Provision for dimunition in the value of Investments		**-**		(6.56)
	Adjustment arising on derecognition of a Subsidiary		**(55989.63)**		-
	Loss on sale of fixed assets		**(3463.19)**		(1315.50)
	Investments written off		**(17542.13)**		-
	Excess liability for interest on loans written back		**-**		17065.40
	Provision for claims no longer required written back		-		2871.92
	Profit / (Loss) for the year before tax and after exceptional item		**(66450.99)**		3145.39
	Adjustment for :				
	Depreciation	**11457.88**		15418.15	
	(Profit)/Loss on sale of assets and scrapping of assets	**4725.71**		1975.84	
	(Profit)/Loss on sale of investments	**(13198.69)**		(4776.72)	
	Investments written off	**17542.13**		-	
	Impairment of Assets	**920.02**		-	
	Exchange difference	**(330.51)**		(3825.69)	
	Bad debts and advances written off	**144.05**		253.45	
	Provision for Doubtful debts and advances	**119.22**		1033.79	
	Provision for claims no longer required written back	**(13.84)**		(2871.92)	
	Interest and financial charges	**3232.84**		2759.48	
	Income from investments	**(323.96)**		(894.30)	
	Diminution in value of investments	**-**		6.56	
	Adjustment arising on derecognition of a Subsidiary	**55989.63**		-	
	Excess liability for interest on loans written back	**-**		(17065.40)	
	Provision for non moving Inventories	**260.32**		82.45	
	Provision written back	**(120.34)**		(3123.22)	
	Unclaimed Credit balances written back	**(165.70)**		-	
	Lease Rental Income	**(11.95)**		(6.31)	
	Interest income	**(425.00)**		(1255.02)	
			79801.81		(12288.86)
	Operating profit before working capital changes		**13350.82**		(9143.47)
	Adjustments for :				
	(Increase)/Decrease in sundry debtors	**(3330.22)**		(6164.47)	
	(Increase)/Decrease in inventories	**(5587.95)**		15776.22	
	(Increase)/Decrease in loans and advances	**(5103.22)**		6789.45	
	Increase/(Decrease) in current liabilities and provisions	**2798.86**		(9462.55)	
			(11222.53)		6938.65
	Cash (used in) / generated from operations		**2128.29**		(2204.82)
	Direct taxes		**(330.94)**		(1219.95)
	NET CASH FROM /(USED IN) OPERATING ACTIVITIES		**1797.35**		(3424.77)

CONSOLIDATED CASH FLOW STATEMENT (contd.)

(Rupees in lac)

	Particulars		Year ended 31 March 2011		Year ended 31 March 2010
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Additions to fixed assets, including capital work-in-progress/ advances and adjustments for exchange fluctuation	**(3913.93)**		(4315.75)	
	Proceeds from sale of fixed assets	**9582.66**		8028.07	
	Income from investments	**323.96**		894.30	
	Proceeds from sale of investments	**33297.81**		10872.81	
	Proceeds from Issue of Share Capital to minority shareholders by a joint venture	**176.10**		23.78	
	Share of Profit / (Loss) of Associates in Joint Venture	**-**		(41.85)	
	Lease Rental Income	**11.95**		6.31	
	Interest income	**457.10**		1255.02	
			39935.65		16722.69
	NET CASH FROM INVESTING ACTIVITIES		**39935.65**		16722.69
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from issue of Preference share capital	**-**		5000.00	
	Proceeds from borrowings	**3086.72**		1830.60	
	Repayment of borrowings	**(50264.68)**		(38361.96)	
	Deposits paid	**(6.27)**		(3.65)	
	Translation Difference arising on consolidation	**80.96**		153.95	
	Dividend and Dividend tax paid	**(86.61)**		(832.26)	
	Paid to Investor Education and Protection Fund	**(2.24)**		(4.49)	
	Interest and financial charges paid	**(839.45)**		(959.44)	
			(48031.57)		(33177.25)
	NET CASH (USED IN) FINANCING ACTIVITIES		**(48031.57)**		(33177.25)
	NET CASH FLOWS DURING THE YEAR (A+B+C)		**(6298.57)**		(19879.33)
	Cash and cash equivalents (opening balance)*		**20573.54**		39571.34
	Cash balance regrouped from secured loans		**-**		2546.70
	Cash and Bank balances on disposal of a subsidiary and a joint venture		**(4761.45)**		(1665.17)
	Cash and cash equivalents (closing balance)*		**9513.52**		20573.54
	Disclosure of Non Cash transactions:				
	Unpaid Interest	**2391.74**		1821.10	
	Exchange (loss) / gain on restatement of FRN liability	**172.81**		2048.99	
	Conversion of Debt into equity	**2745.00**		3000.00	

* Excludes Margin Money Deposit with Scheduled Banks Rs. 2138.37 lac (Previous Year Rs. 2862.19 lac)

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

For and on behalf of the Board

In terms of our report attached
For FRASER & ROSS
Chartered Accountants

ASHWIN C MUTHIAH
Vice Chairman

M JAYASANKAR
Director

T K ARUN
Director

M K ANANTHANARAYANAN
Partner

B NARENDRAN
Director

B ELANGOVAN
Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date: 26 July 2011.

Consolidated Accounts Section

SCHEDULE 1

SHARE CAPITAL		As at 31 March 2011		(Rupees in lac) As at 31 March 2010
Authorised :				
31,60,00,000 (19,10,00,000) Equity shares of Rs. 10 each	**31600.00**		19100.00	
55,00,000 (55,00,000) Redeemable Cumulative Preference Shares of Rs. 100 each	**5500.00**		5500.00	
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible Preference (FCCP) Shares of Rs. 18 each	**5400.00**		5400.00	
		42500.00		30000.00
Issued, subscribed and paid up:				
16,62,78,374 (13,11,73,538) Equity Shares of Rs. 10 each		**16627.84**		13117.35
3,00,000 (3,00,000) 14.50% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each		**300.00**		300.00
8,50,000 (8,50,000) 11.50% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each		**850.00**		850.00
1,00,000 (1,00,000) 10.00% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each		**100.00**		100.00
Nil (2,12,19,101) Fully Compulsorily Convertible Preference Shares of Rs. 18 each		-		3819.44
Total		**17877.84**		18186.79

Notes:

1. **Equity shares include:**

(a) 1,70,00,000 shares allotted as fully paid up bonus shares, by capitalisation of Rs. 1700 lac, from General Reserve

(b) 1,66,66,666 shares of Rs. 10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of Rs. 18 per share inclusive of a premium of Rs. 8 per share in accordance with SEBI ICDR Regulations,2009 by conversion of secured debts of a sum of Rs. 3000 lac into equity at the meeting of the Board of Directors held on 30 March 2010. Also refer Note C-3(b) of Schedule 22.

(c) 65,58,676 shares issued in the year 2009-10 on conversion of same number of Fully Compulsorily Convertible Preference (FCCP) shares of the face value of Rs. 10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 31 March 2010.

(d) 2,12,19,101 shares issued during the year on conversion of same number of FCCP shares of the face value of Rs. 10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 12 October 2010 after obtaining the exemption from SEBI under SEBI Takeover Code, vide its order dated 28 September 2010 from the requirement of making of a public announcement.

(e) 32,14,734 shares of Rs. 10 each fully paid up, at an issue price of Rs. 19 per share inclusive of premium of Rs. 9 per share in accordance with SEBI ICDR Regulations,2009 alloted to secured lenders on conversion of secured debts of Rs. 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010. Also refer Note C-3(b) of Schedule 22.

(f) 1,06,71,001 shares of Rs. 10 each fully paid up, at an issue price of Rs. 20 per share inclusive of premium of Rs. 10 per share in accordance with SEBI ICDR Regulations, 2009 allotted to ARCIL on conversion of secured debts of Rs. 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010. Also refer Note C-3(b) of Schedule 22.

2. **Preference shares:**

(a) 14.50 % Redeemable cumulative non-convertible preference shares of Rs. 300 lac issued on private placement basis, redeemable at par after the expiry of 60 months from the date(s) of allotment, have fallen due for redemption during the year 2001-02.

(b) 11.50% Redeemable cumulative non-convertible preference shares of Rs. 850 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date(s) of allotment, have fallen due for redemption during the year 2002-03.

(c) 10.00% Redeemable cumulative non-convertible preference shares of Rs. 100 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date(s) of allotment, have fallen due for redemption during the year 2003-04.

(d) Pursuant to the approval of the Board at its meeting held on 25 January 2010 and the shareholders at the EGM held on 22 February 2010, M/s FICON Holdings Ltd, Mauritius (FICON) a promoter group entity remitted Rs. 5000 lac and was allotted 2,77,77,777 FCCP shares of Rs. 18 each with each FCCP share compulsorily and mandatorily convertible in multiple tranche to one equity share of Rs. 10 each, fully paid up at an issue price of Rs. 18 which is inclusive of a premium of Rs. 8 per share, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). Out of this 65,58,676 FCCP shares were converted into Equity shares of face value of Rs. 10 each fully paid up at a premium of Rs. 8 per share on 31 March 2010. During the year, the balance of 2,12,19,101 FCCP shares were converted into equity shares of Rs. 10 each at a premium of Rs. 8 per share (Refer note 1(c) and (d) above).

SCHEDULE 2

(Rupees in lac)

SHARE CAPITAL ADVANCE	As at 31 March 2011	As at 31 March 2010
Share Capital Advance	-	0.08
Proportionate share in Joint Ventures	1614.88	1614.96
Total	1614.88	1615.04

SCHEDULE 3

RESERVES & SURPLUS	As at 31 March 2010	Additions	Deductions	As at 31 March 2011
Securities Premium Account (Refer Note 1(d),1 (e) and 1(f) of Schedule 1)	15216.83	3053.95	-	18270.78
Capital Reserve	100.97	-	-	100.97
Statutory Reserve	1788.67	-	1747.33	41.34
Capital Redemption Reserve	6500.00	-	-	6500.00
Debenture Redemption Reserve	3800.00	-	-	3800.00
Revaluation Reserve	1141.98	-	-	1141.98
Foreign Currency Translation Reserve	8802.89	2844.67	8802.89	2844.67
Proportionate share in Joint Ventures				
- Securities Premium Account	780.85	-	-	780.85
- Capital Reserve	7.15	-	-	7.15
- Revaluation Reserve	349.91	-	3.42	346.49
Total	38489.25	5898.62	10553.64	33834.23

SCHEDULE 4

SECURED LOANS	**As at 31 March 2011**	(Rupees in lac) As at 31 March 2010
(Refer Note C-3(b) of Schedule 22)		
I. Privately placed non-convertible debentures:*		
(i) Series VII (including Funded interest term loan)	**5249.82**	6031.32
(ii) Series XIII (including Funded interest term loan)	**12277.06**	12277.06
Interest accrued and due	**1259.38**	1259.38
II. Loans		
(a) From Banks		
(i) Term Loans	**16719.95**	92962.91
(ii) Working capital loans and Cash Credit facilities	**620.87**	6651.29
(b) From Financial Institutions $		
Term Loans	**2593.19**	249904.41
(c) Long term loans & advances from others **	**102698.25**	131518.40
	141418.52	500604.77
Less: Payments made to ARCIL(Refer Note 3 below)	**20366.93**	7138.29
Total	**121051.59**	493466.48
Proportionate share in Joint Ventures	**1594.38**	2676.67
Total	**122645.97**	496143.15

* Includes debentures assigned to Asset Reconstruction Company (India) Limited (ARCIL) Rs. 15567 lac (Previous year Rs. 15567 lac)

** Represent borrowings from certain banks and financial institutions which have been assigned to ARCIL, stated net of repayments appropriated by ARCIL. In the absence of information regarding the appropriation towards debentures and interest accrued thereon assigned to ARCIL, no part of the amount repaid has been adjusted against the outstanding debentures assigned to ARCIL.

$ Includes the amounts due to a financial institution which is not a party to CDR re-work package dated 13 March 2010, as referred to in Note C-3(f) of Schedule 22.

Notes:

1. The secured loans as above are secured by a *pari-passu* charge, by way of joint equitable mortgage, on immovable and movable properties of the Company, both present and future, hypothecation of inventories and all present and future book debts of the Company including Government subsidies,(except inventories and concession relating to phosphatic fertilisers which has been assigned to another bank – Refer Note C-3(d) of Schedule 22) pledge of Company's investments in equity of other companies identified for divestment, Personal Guarantee of two Director(s) and by pledge of shareholding of the private promoters in the Company.
2. As per the re-work package of CDR dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010) as refered in Note C-3(b) of Schedule 22, the repayment schedule is for the total secured loans including debentures and accordingly the debentures do not have a separate redemption Schedule.
   The amount repayable within one year, as per the re-work package of CDR dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010), is Rs. 34940 lac (Previous year Rs. 62978 lac).
3. As per the re-work package dated 13 March 2010 (read with Term Sheet of ARCIL dated 28 March 2010), all the repayments including to those lenders not assigned to ARCIL (other lenders) are made through ARCIL, who distributes them to the respective lenders. During the year 2010-11 the company has paid to ARCIL Rs. 46555.68 lac (Previous year Rs. 35999.47 lac). Out of the total payment of Rs. 82555.15 lac, based on the information available, ARCIL had appropriated Rs. 51341.55 lac and distributed Rs. 10846.67 lac to other lenders. Accordingly the balance dues against various categories of such other lenders are net of the said amount of Rs. 10846.67 lac distributed to them. The balance amount of Rs. 20366.93 lac whose distribution details are not available is shown as deduction from the outstanding dues to lenders.
4. Secured loans other than those due to ARCIL are subject to confirmation by respective lenders.
5. Term loans from banks include Rs. 1963.06 lac secured by first mortgage on SPEL Semiconductor Limited's fixed assets acquired out of Bank Finance. Equitable Mortgage relating to Factory Land and Building at 5 CMDA Industrial Estate, Maraimalai Nagar and first Charge on the existing Plant & Machinery and other Fixed Assets for Term Loan.
6. Working Capital loans from banks include Rs. 620.87 lac secured by hypothecation by way of first charge on SPEL Semiconductor Limited's current assets of the company viz stock of raw materials, stock-in process, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumables, stores and spares), bills receivables, book debts, deposits and all other movables excluding such movables as may be permitted by banks in their discretion from time to time, both present and future, wherever situated and further secured by the second charge on the immovable assets of the company both present and future. The charge on current assets of the company will rank parri-passu with the existing charges created and /or agreed to be created thereon in favour of banks.
7. Proportionate share in Secured loans of Joint Ventures are secured by movable and immovable properties and current assets of the respective Joint Venture companies.

SCHEDULE 5

(Rupees in lac)

UNSECURED LOANS	As at 31 March 2011	As at 31 March 2010
(a) Floating Rate Notes	**30965.21**	31105.97
(b) From Financial Institutions		
- Others	**5770.00**	5770.00
(c) From banks	**500.00**	1362.75
(d) From Other than banks	**445.00**	4107.41
(e) Interest accrued and due	**18056.95**	12550.20
Total	**55737.16**	54896.33
Proportionate share in Joint Ventures	**386.24**	396.95
Total	**56123.40**	55293.28

SCHEDULE 6

DEFERRED TAX LIABILITY (NET)		
Deferred Tax liability		
Depreciation	**1185.94**	1077.29
Deferred Tax Assets	**-**	-
Net Deferred Tax Liability (in respect of subsidiaries)	**1185.94**	1077.29
Proportionate share in Joint Ventures	**1156.48**	1243.19
Total	**2342.42**	2320.48

SCHEDULE 7

FIXED ASSETS

(Rupees in lac)

Description	GROSS BLOCK				DEPRECIATION				Impairment Loss **	NET BOOK VALUE	
	As at 31 March 2010	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2011	As at 31 March 2010	For the year *	Deductions/ Adjustments	As at 31 March 2011		As at 31 March 2011	As at 31 March 2010
Tangible Assets $											
Freehold land and development	19007.08	**-**	**4797.00**	**14210.08**	-	**-**	**-**	**-**	**-**	**14210.08**	19007.08
Leasehold land	1201.41	**-**	**1071.22**	**130.19**	80.40	**32.61**	**83.37**	**29.64**	**-**	**100.55**	1121.01
Buildings and Sanitary fittings #	46576.42	**30.43**	**15726.43**	**30880.42**	19193.37	**658.62**	**5147.12**	**14704.87**	**147.21**	**16028.34**	27383.05
Plant and machinery	281737.04	**1644.00**	**78950.14**	**204430.90**	182258.04	**9565.87**	**47275.01**	**144548.90**	**625.18**	**59256.82**	99479.00
Electrical fittings and water supply installations	7594.15	**6.48**	**851.75**	**6748.88**	5774.39	**107.68**	**497.17**	**5384.90**	**-**	**1363.98**	1819.76
Furniture, fixtures, office and other equipment	5809.91	**141.07**	**1962.56**	**3988.42**	4516.32	**199.78**	**1590.02**	**3126.08**	**9.04**	**853.30**	1293.59
Roads	1896.48	**-**	**724.62**	**1171.86**	985.10	**49.51**	**452.82**	**581.79**	**17.98**	**572.09**	911.38
Railway sidings	582.26	**-**	**-**	**582.26**	199.69	**14.19**	**-**	**213.88**	**-**	**368.38**	382.57
Vehicles	1363.42	**30.51**	**1037.05**	**356.88**	868.85	**58.82**	**695.73**	**231.94**	**-**	**124.94**	494.57
Intangible Asset											
Technical Know-how	523.66	**41.59**	**-**	**565.25**	282.43	**127.38**	**-**	**409.81**	**120.61**	**34.83**	241.23
TOTAL	366291.83	**1894.08**	**105120.77**	**263065.14**	214158.59	**10814.46**	**55741.24**	**169231.81**	**920.02**	**92913.31**	152133.24
Capital work-in-progress / advances										**4591.66**	142391.73
Total (a)	366291.83	**1894.08**	**105120.77**	**263065.14**	214158.59	**10814.46**	**55741.24**	**169231.81**	**920.02**	**97504.97**	294524.97
Proportionate share in Joint Ventures											
Fixed Assets	21218.70	**62.00**	**8.01**	**21272.69**	14505.42	**647.21**	**4.52**	**15148.11**	**-**	**6124.58**	6713.28
Capital work-in-progress / advances										**818.00**	737.90
Total (b)	21218.70	**62.00**	**8.01**	**21272.69**	14505.42	**647.21**	**4.52**	**15148.11**		**6942.58**	7451.18
Total (a+b)	387510.53	**1956.08**	**105128.78**	**284337.83**	228664.01	**11461.67**	**55745.76**	**184379.92**	**920.02**	**104447.55**	
Previous year	397168.16	4807.40	14465.03	387510.53	216196.23	15423.82	2956.04	228664.01	-		301976.15

* Depreciation for the year includes Rs 0.38 lac (Previous year Rs.0.41 lac) debited to Expenditure Pending Allocation in respect of Joint Ventures.
# Includes Rs. 756.56 lac (Previous year Rs. 976.63 lac) being cost of building on lease hold land.
$ Includes R & D Assets of Rs. 339.03 lac (Previous year Rs.1691.93 lac). Also refer Note C-5(a) of Schedule 22 regarding revaluation of certain assets done in earlier years.
Free hold Land, Building and Capital work in progress include assets held for sale aggregating to Rs.2150 lac (Previous year Rs.9466.62 lac) (stated at lower of Net book value and Realisable value).
** Refer Note C-3(e) of Schedule 22.

SCHEDULE 8

PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

(Rupees in lac)

	As at 31 March 2011	As at 31 March 2010
Salaries	-	2090.19
Contribution to Provident and other Funds	-	202.61
Staff Welfare Expenses	-	319.11
Training and Seminar Expenses	-	124.11
Recruitment Expenses	-	36.41
Power	-	352.90
Freight	-	77.26
Storage and Handling	-	144.97
Rent	-	134.62
Rates and Taxes	-	14.10
Travel and Conveyance	-	401.85
Vehicle Hire charges	-	332.96
Communication Expenses	-	161.05
Printing and Stationery	-	50.21
Books and Periodicals	-	8.97
Insurance	-	1260.17
Publicity	-	21.45
Legal and Consulting Charges	-	239.61
Repairs and Maintenance		
Building	-	27.35
Others	-	320.70
Project Appraisal fee	-	10.00
Environmental Clearance fee	-	13.32
Interest and Commitment charges	-	325250.08
Auditors Remuneration		
Audit fees	-	10.96
Certification fees	-	2.84
Reimbursement of Expenses/levies	-	0.70
Management Services	-	14.00
Depreciation	-	713.28
Directors Sitting fees	-	6.76
Miscellaneous Expenses	-	207.91
Less: Miscellaneous Income	-	(37.95)
Interest Received	-	(0.67)
Loan amount waived by a bank	-	(177.08)
Pre-operative expenditure pending allocation	-	332334.75
Proportionate share in Joint Ventures	2155.45	2155.75
Total	2155.45	334490.50

SCHEDULE 9

INVESTMENTS

	As at 31 March 2011	As at 31 March 2010
A LONG TERM		
a) Trade		
(i) Quoted		
Equity shares - Associates	-	4820.84
Equity shares - Others	782.36	160.20
(ii) Unquoted		
Equity Shares - Associates	-	3033.58
Equity shares - Others #	25465.90	90.91
b) Non Trade		
(i) Unquoted		
Units	1.00	1.00
Preference shares #	5.00	5.00
Bonds #	30609.63	-
B CURRENT		
(i) Trade		
GOI Special Bonds #	-	434.90
Total	56863.89	8546.43
# Dimunition in value of Investments	56039.62	98.88
	824.27	8447.55
Proportionate share in Joint Ventures	409.86	1007.42
Total	1234.13	9454.97

SCHEDULE 10

(Rupees in lac)

INVENTORIES	As at 31 March 2011	As at 31 March 2010
(Refer Note C-3(d) of Schedule 22)		
Stores and spares	**2863.94**	8418.84
Raw material	**6641.31**	6144.26
Work-in-process	**2396.57**	1234.18
Contracts-in-progress	**3194.82**	1772.87
Finished goods	**3295.82**	3537.74
Total	**18392.46**	21107.89
Proportionate share in Joint Ventures	**1680.34**	1533.55
Total	**20072.80**	22641.44

SCHEDULE 11

SUNDRY DEBTORS				
(Refer Note C-3(d) of Schedule 22)				
Unsecured :				
Debts outstanding for a period exceeding six months:				
Considered good	**2975.96**		3885.19	
Considered doubtful	**2469.88**		2418.05	
		5445.84		6303.24
Other debts:				
Considered good		**8404.60**		3729.64
		13850.44		10032.88
Less: Provision for doubtful debts		**2469.88**		2418.05
Total		**11380.56**		7614.83
Proportionate share in Joint Ventures		**1308.37**		1125.07
Total		**12688.93**		8739.90

SCHEDULE 12

CASH AND BANK BALANCES		
Cash and cheques on hand	**37.22**	17.12
With scheduled banks :		
In current accounts	**5454.80**	3277.26
In fixed deposits (including margin money for Bank Guarantee)	**4930.81**	15158.26
With other banks :		
In current accounts	**-**	3721.20
Total	**10422.83**	22173.84
Proportionate share in Joint Ventures	**1229.06**	1261.89
Total	**11651.89**	23435.73

SCHEDULE 13

(Rupees in lac)

LOANS AND ADVANCES		As at 31 March 2011		As at 31 March 2010
Advances recoverable in cash or in kind or for value to be received				
Unsecured:				
-Considered good	**23630.75**		5417.37	
-Considered doubtful	**4653.73**		4611.51	
	28284.48		10028.88	
Less: Provision for doubtful advances	**4653.73**		4611.51	
		23630.75		5417.37
Income-tax payments less provision [Provision for Tax - Rs. 2111.88 lac (Previous year Rs. 1948.68 lac)]		**3647.40**		3505.77
Balance with Customs, Port Trust and Central Excise on current accounts		**407.96**		463.64
Total		**27686.11**		9386.78
Proportionate share in Joint Ventures		**1234.35**		1320.24
Total		**28920.46**		10707.02

SCHEDULE 14

CURRENT LIABILITIES AND PROVISIONS	As at 31 March 2011	As at 31 March 2010
CURRENT LIABILITIES		
Sundry creditors		
- dues to Micro Enterprises and Small Enterprises	**121.44**	74.59
- other than Micro Enterprises and Small Enterprises	**81202.62**	146749.26
Unclaimed deposits	**6.03**	12.30
Interest accrued but not due on loans	**4542.92**	9310.75
Total	**85873.01**	156146.90
Proportionate share in Joint Ventures	**3419.19**	3603.70
Total	**89292.20**	159750.60
PROVISIONS:		
Leave encashment	**470.56**	432.61
Gratuity and other retirement benefits	**182.63**	208.57
Total	**653.19**	641.18
Proportionate share in Joint Ventures	**42.45**	138.36
Total	**695.64**	779.54
Total	**89987.84**	160530.14

SCHEDULE 15

(Rupees in lac)

MISCELLANEOUS EXPENDITURE NOT WRITTEN OFF (OR) ADJUSTED	**As at 31 March 2011**	As at 31 March 2010
Preliminary Expenditure and Other Expenditure	**-**	304.70
Proportionate share in Joint Ventures	**12.14**	12.14
Total	**12.14**	316.84

SCHEDULE 16

SALES & SERVICES

	Year ended 31 March 2011	Year ended 31 March 2010
Sales & Services	**191572.07**	88806.31
Less: Excise Duty	**432.59**	419.39
Net Sales & Services	**191139.48**	88386.92
Proportionate share in Joint Ventures	**18221.96**	23050.15
Total	**209361.44**	111437.07

SCHEDULE 17

OTHER INCOME

Dividend from non-trade investments	**323.96**	882.72
Interest Income from banks / customers / others	**381.92**	843.59
Exchange Fluctation Gain (net)	**525.31**	3810.07
Provision for doubtful debts/advances and claims no longer required written back	**120.34**	1122.58
Miscellaneous	**2228.83**	4136.82
Total	**3580.36**	10795.78
Proportionate share in Joint Ventures	**158.20**	219.90
Total	**3738.56**	11015.68

SCHEDULE 18

PURCHASE OF FINISHED GOODS

Purchase of finished goods	**1960.29**	1599.83
Proportionate share in Joint Ventures	**26.26**	447.12
Total	**1986.55**	2046.95

SCHEDULE 19

(Rupees in lac)

MANUFACTURING AND OTHER EXPENSES		Year ended 31 March 2011		Year ended 31 March 2010
Raw materials consumed				
Opening stock	**6144.26**		4747.55	
Add: Purchases	**102881.33**		47847.26	
	109025.59		52594.81	
Less: Raw materials sold at cost	**-**		171.54	
	109025.59		52423.27	
Less: Adjustment on Disposal of Subsidiary	**1651.39**		-	
	107374.20		52423.27	
Less: Closing stock	**6641.31**		6144.26	
Raw materials consumed		**100732.89**		46279.01
Stores and spares consumed		**2244.94**		2269.30
Power, fuel and water charges		**32485.80**		4951.84
Sales promotion expenses		**107.97**		85.62
Salaries, wages and bonus		**7470.72**		10399.91
Contribution to gratuity and superannuation funds		**637.32**		397.91
Contribution to provident and other funds		**432.66**		391.70
Staff welfare expenses		**582.48**		591.22
Rent		**433.11**		458.01
Rates and taxes		**631.88**		215.28
Excise duty*		**44.66**		60.05
Insurance		**521.01**		543.50
Repairs to:				
Plant and machinery	**1699.86**		1790.83	
Buildings	**378.16**		561.60	
Others	**813.81**	**2891.83**	859.03	3211.46
Rebates and discounts		**1388.61**		256.75
Packing, transportation and handling		**6847.07**		4963.89
Provision for doubtful debts and advances (net)/Bad debts & advances written off		**263.27**		1287.25
Provision for non moving inventories		**260.32**		85.85
Assets written off		**1262.50**		664.93
Loss on sale of investments		**17.00**		18.13
Impairment of Assets(Refer Note C-3(e) of Schedule 22)		**920.02**		-
Supply of materials and equipment for construction contracts		**20248.91**		3746.48
Sub-contractors payments		**2563.64**		1727.30
Miscellaneous expenses		**2864.37**		3260.40
(Increase) / Decrease in work in process and finished goods				
Opening Stock				
Finished goods	**3537.74**		15889.76	
Work-in-process (including Contracts in progress)	**3010.45**		7758.81	
	6548.19		23648.57	
***Less*: Adjustment on Disposal of Subsidiary**				
Finished goods	**1517.98**		-	
Work-in-process (including Contracts in progress)	**141.09**		-	
	1659.07		-	
Less: Closing Stock				
Finished goods	**3295.82**		3537.74	
Work-in-process (including Contracts in progress)	**5591.39**		3010.45	
	8887.21		6548.19	
		(3998.09)		17100.38
Total		**181854.89**		102966.17
Proportionate share in Joint Ventures		**17369.90**		19834.58
Total		**199224.79**		122800.75

* Represents excise duty provision on stock differential. Excise duty paid on sales for the year is shown as deduction from turnover.

Consolidated Accounts Section

SCHEDULE 20

(Rupees in lac)

INTEREST AND FINANCIAL CHARGES (Net)	**Year ended 31 March 2011**	Year ended 31 March 2010
On other fixed interest bearing loans	**16.28**	363.42
On others	**2724.29**	2001.71
Total	**2740.57**	2365.13
Less: Interest on deposits, book debts, loans and others	**(26.36)**	(289.69)
Total	**2714.21**	2075.44
Proportionate share in Joint Ventures { Net of Interest Capitalised Rs. Nil (Previous year Rs. 21.03 lac) }	**388.30**	270.60
Total	**3102.51**	2346.04

SCHEDULE 21

PROVISION FOR TAXATION		
Current tax	**212.66**	110.65
Deferred tax	**108.65**	208.65
Total	**321.31**	319.30
Proportionate share in Joint Ventures:		
Current tax	**85.14**	706.36
Deferred tax	**(86.70)**	14.97
Total	**319.75**	1040.63

SCHEDULE 22

NOTES ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011.

A. BASIS OF CONSOLIDATION:

The Consolidated Financial Statements comprise of financial statements of Southern Petrochemical Industries Corporation Limited (the Company), its subsidiary companies, joint ventures and associates (SPIC Group). These Consolidated Financial Statements have been prepared in accordance with AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Ventures", notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006

Consolidated financial statements are prepared using uniform accounting policies except as stated in B (iii) of this Schedule, the adjustments arising out of the same are not considered material. With respect to overseas subsidiaries Indo-Jordan Chemicals Company Limited and SPIC Fertilizers and Chemicals Limited, which are classified as Non-Integral foreign operation, the financials were translated into Indian Currency as per Accounting Standard 11 (revised) and the exchange gains/ (losses) arising on conversion are accumulated under "Foreign Currency Translation Reserve".

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

Name	Country of Incorporation	**Percentage of ownership interest as at 31 March 2011**	Percentage of ownership interest as at 31 March 2010
SPIC Petrochemicals Limited (SPIC Petro)	India	**100.00***	100.00
SPIC Fertilizers and Chemicals Limited (SFCL, Mauritius)	Mauritius	**83.54**	83.54
SPIC Fertilizers and Chemicals FZE (through a subsidiary company – SFCL, Mauritius)	Dubai	**83.54**	83.54
Indo-Jordan Chemicals Company Limited	Jordan	**- #**	52.17
Orchard Microsystems Limited	India	**100.00@**	100.00
SPEL Semiconductor Limited	India	**55.97**	55.97
SPEL America, Inc., USA (through a subsidiary company – SPEL Semiconductor Limited, India)	America	**55.97**	55.97

* Ceased to be a subsidiary with effect from 14 May 2010

\# Ceased to be a subsidiary with effect from 21 April 2010

@ Ceased to be a subsidiary with effect from 25 April 2011 consequent to voluntary liquidation under Easy Exit Scheme (EES), 2011

(a) The Official Liquidator appointed by the Hon'ble Madras High Court took over possession of the assets and effects of SPIC Petrochemicals Limited (SPIC Petro) on 14 May 2010, in accordance with the order issued by the Division Bench of the Hon'ble Madras High Court on 26 April 2010. Consequent to the above, the nominee directors of SPIC Limited have ceased to be directors of SPIC Petro with effect from 14 May 2010. On an appeal preferred by ARCIL, the Hon'ble Madras High Court vide its order dated 20 December 2010 directed the Official Liquidator to hand back the possession of the above mentioned assets to ARCIL, pursuant to which ARCIL took repossession of the same on 4 January 2011.

In view of the above, the Company has lost its control over SPIC Petro and hence it ceased to be a subsidiary of the Company with effect from 14 May 2010. In the standalone accounts of the Company, the carrying value of investments aggregating to Rs. 55989.63 lac was provided for in earlier years. On de-recognition of this subsidiary, the adjustment relating to this provision has been reflected in the consolidated financial statement under exceptional item.

(b) The results of the subsidiary company SFCL Mauritius considered for consolidation is based on the unaudited financial statements as prepared by the management. These results do not include the results of step down subsidiary SFC, FZE Dubai as it has ceased to be a subsidiary company of SFCL Mauritius consequent to takeover of the assets of that company by Jebel Ali Free Zone (JAFZA) resulting in loss of control in that company.

(c) The Company has divested its investment in one of the subsidiaries namely, Indo-Jordan Chemicals Company Limited on 21 April 2010. The audited accounts for the period 1 January 2009 to 31 December 2009 had been consolidated for the year ended 31 March 2010 and the unaudited results for three months of operation from 1 January 2010 to 31 March 2010, with a loss of Rs. 445.77 lac has been included in consolidated Profit and Loss Account for the year ended 31 March 2011.

(d) Orchard Microsystems Limited had opted Easy Exit Scheme (EES) 2011 issued by Ministry of Corporate Affairs, Government of India dated 3 February 2011. In view of the same the financial statements were drawn from 1 April 2010 to 25 April 2011 and the resultant loss of Rs. 155.57 lac has been included in Consolidated Profit and Loss Account.

(ii) The financial statements of all the subsidiaries other than Orchard Microsystems Limited are drawn upto 31 March 2011, while that of Orchard Microsystems Limited were drawn upto 25 April 2011 for the reasons stated in (i) (d) above.

(iii) The financial statements of Indo-Jordan Chemicals Company Limited have been drawn for three months ended 31 March 2010 for the reasons stated in (i) (c) above in accordance with International Financial Reporting Standards and necessary adjustments have been made in the consolidated financial statements to confirm to Indian GAAP wherever there are significant differences between Indian GAAP and IFRS.

2. Interests in Joint Ventures:

(i) The Group's interests in jointly controlled entities are:

Name	Country of incorporation	**Percentage of ownership interest as at 31 March 2011**	Percentage of ownership interest as at 31 March 2010
Tamilnadu Petroproducts Limited	India	**16.93**	16.93
National Aromatics and Petrochemicals Corporation Limited	India	**50.00**	50.00

(ii) The financial statements of the Joint Ventures are drawn up to 31 March 2011

3. Investments in Associates:

(i) The Group's associates are

Name	Country of incorporation	**Percentage of Ownership interest as at 31 March 2011**	Percentage of Ownership interest as at 31 March 2010
Tuticorin Alkali Chemicals and Fertilisers Limited	India	**45.15**	45.15
Manali Petrochemical Limited (Refer Note (vi) below)	India	**– ***	38.29
Gold Nest Trading Company Limited	India	**32.76**	32.76
EDAC Engineering Limited (Refer Note (v) below)	India	**– #**	29.73

* Ceased to be an Associate with effect from 9 March 2011

Ceased to be an Associate with effect from 27 October 2010

(ii) The financial statements of the associates other than Gold Nest Trading Company Limited were drawn up to 31 March 2011 while that of Gold Nest Trading Company Limited has been drawn up to 30 September 2010.

(iii) 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 2011 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.

(iv) 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 2011 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.

(v) Investment in EDAC Engineering Limited, an associate company in which the Company held 29.73% of its share capital has been sold on 27 October 2010 and accordingly the audited results upto 31 October 2010 had been accounted under "equity method" as required under Accounting Standard (AS) 23 and the Company's share of Profit of Rs. 54.55 lac upto that date has been recognised in the consolidated financial statements.

(vi) Investment in Manali Petrochemical Limited, an associate company in which the Company held 38.29% of its share capital has sold the investment holding of 31.63% on 9 March 2011 and accordingly the audited results upto 31 March 2011 had been accounted under "equity method" as required under Accounting Standard (AS) 23 and the Company's share of Profit of Rs. 967.99 lac upto that date has been recognised in the consolidated financial statements.

4. Consistency in adoption of accounting policies among all group companies has been ensured to the extent practicable except in respect of depreciation rates adopted by a Joint Venture, Tamilnadu Petroproducts Limited, as stated in B (iii) below.

5. These consolidated financial statements are based, in so far as they relate to amounts included in respect of subsidiaries, joint ventures and associates, on the audited financial statements of each of the entities, except for Indo-Jordan Chemicals Company Limited for the period 1 January 2010 to 31 March 2010 and stand alone financials of SPIC Fertilizers and Chemicals Limited, Mauritius, for the period 1 April 2010 to 31 March 2011 which is based on the unaudited financial statements as certified by the management of those Companies.

6. The excess of cost to the holding Company of its investments in the subsidiaries and associates over the holding Company's portion of equity of the subsidiaries and associates is recognised in the financial statements as goodwill after considering the performance and business potential of those companies.

7. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

8. Investments in associate companies have been accounted under the Equity Method as per Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements'. Under the Equity Method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the Investee. The Consolidated Profit and Loss Account reflects the investor's share of the results of the operations of the Investee.

9. Investor's share in assets, liabilities, income and expenses as appearing in financial statements of the Joint Venture has been included, in accordance with AS 27 Financial Reporting of Interest in Joint Venture.

B. SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of Accounting

The financial statements have been prepared under the historical cost convention, except for certain fixed assets which are revalued, on accrual basis and in accordance with the generally accepted accounting principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 as applicable.

(ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialized.

(iii) Fixed Assets and Depreciation

Fixed assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less accumulated depreciation / amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer (xi) below) till such assets are ready for its intended use. Capital work in progress is stated at the amount expended up to the Balance sheet date. Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

Certain assets have been revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 and the resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account [Refer Note C-5(a)]. Fixed Assets held for transfer are valued at cost (Refer Note C-15).

Depreciation on fixed assets (other than fixed assets relating to Pen-G unit) has been provided on Straight Line Method (SLM) in accordance with and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of assets whose useful life has been revised, the unamortized depreciable amount has been charged over the revised remaining useful life.

Depreciation in respect of fixed assets relating to Pen-G unit is provided based on the useful lives as determined by the management at the following rates which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956:

Class of Asset	Percentage of Depreciation
Buildings	3.34%
Plant & Machinery	5.28% for assets installed after 1 April 2004. For other assets, depreciation is charged at 50% and 33.33% based on the useful life of the assets
Furniture & Fixtures	33.33%
Office Equipments	33.33%
Computers	33.33%
Vehicles	9.50%
Technical Know-how	33.33%

Premium on Lease hold Land is amortized over the tenure of the lease. Individual assets costing less than Rs. 5000 are depreciated in full in the year of acquisition.

In respect of Joint Venture Tamilnadu Petroproducts Ltd., depreciation is provided on a straight line basis at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956 except for Plant and Machinery used in the Epichlorohydrin Plant which is depreciated at 10%, assets provided to employees which are depreciated at 20% and certain specific assets whose useful life has been determined at 4.5 years.

Intangible assets are amortized over their estimated useful life of 3 years on straight line basis.

(iv) Impairment of Assets

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, and if the carrying value is less than the recoverable amount, the impairment loss is recognized.

(v) Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution is made in the value of investments if such diminution is other than of temporary in nature. Current investments are stated at lower of cost or fair value.

(vi) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes freight, taxes and duties net of CENVAT / VAT credit wherever applicable. Customs duty payable on material in bond is added to the cost. The method of determining cost of various categories of inventories of various divisions is as follows:

Stores, spares and raw materials	-	Monthly weighted average method/first in first out method/annual average method
Work-in-Process and finished goods	-	Average cost of last quarter's production/average annual cost, computed on full absorption costing method
By-Products	-	At Net realizable value
Contract in Progress	-	Work in Process on construction contracts reflects proportionate value of inputs and expenses on contracts yet to be billed

(vii) Revenue Recognition

(a) Sales revenue is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.

(b) Nutrient Based Subsidy Scheme (NBS) has been implemented by Government of India for Phosphatic Fertilisers effective from 1 April 2010. Concession allowable under the above scheme (NBS) with respect to Phosphatic fertilisers is recognized at the rates notified by the Government for the year 2010-11. Concession is recognized on the basis of the receipt of material at the warehouse/ sale at the factory gate to dealers.

Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertiliser Industry, the difference between the cost of production and the selling price realised from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of movement of fertiliser from the factory and receipt of the same at the warehouse/

dealer point, as per the procedure prescribed by the Government and not on the basis of ultimate sales. The said amount has been further adjusted for input price escalation/de-escalation as estimated by the management based on prescribed norms.

(c) Income on long-term contract

Income on long-term contracts is recognized on percentage completion method and measured by reference to the percentage of cost incurred up to the reporting date to the estimated total cost for each contract. Provision for anticipated losses on the long-term contracts is made as and when such loss is established.

(d) Dividend Income

Dividend Income is recognized, when the right to receive the payment is established.

(viii) Foreign Currency Transactions

Indian operations:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the profit and loss account.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Profit & Loss Account. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

(ix) Employee Benefits

a. Defined Contribution Plan

i. Fixed contributions paid/payable to (i) the Superannuation Fund pertaining to Officers and Executives which is administered by the Company nominated trustees and being managed by Life Insurance Corporation of India, (ii) the Superannuation Fund pertaining to staff members which is administered by Company nominated trustees and (iii) the Employee State Insurance Corporation (ESIC) are charged to the Profit and Loss Account.

Company also contributes to a Government administered Pension Fund on behalf of its employees, which are charged to the Profit and Loss Account.

ii. Fixed Contributions made to the Provident Fund managed by the Regional Provident Fund Commissioner are charged to Profit & Loss account.

b. Defined Benefit Plan

The liability for Gratuity to employees, as at the Balance Sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date, is funded with a Gratuity Trust managed by Company nominated Trustees and with Life Insurance Corporation of India in respect of Joint Venture, Tamilnadu Petroproducts Limited. The liability thereof paid/payable is absorbed in the Profit & Loss account. The actuarial gains/ losses are recognised in the Profit and Loss Account.

c. Long Term Compensated Absences

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date and is provided for.

d. Short Term Employee Benefits

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

(x) Research and Development Expenditure

All revenue expenditure related to research and development are charged to the respective heads in the Profit and Loss Account. Capital expenditure incurred on research and development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the Company.

(xi) Borrowing costs

Borrowing costs if any, are capitalized as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

(xii) Segment Reporting

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under unallocated corporate expenses.

b) Investments, advance towards investments and other advances, which are not allocable to segments, are excluded from segment capital employed.

(xiii) Taxes on Income

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

(xiv) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

C. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 708.83 lac (Previous year Rs. 1142.64 lac) [including share of Joint ventures Rs. 26.83 lac (Previous year Rs. 70.50 lac)]

2. Contingent Liabilities

(a) Claims not acknowledged as debts :

i. The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded Rs. 16873.97 lac (Previous year Rs. 16873.97 lac) towards lease rent for the utilization of 415.19 acres of sand quarry poramboke lands by the Company for its effluent treatment and storage of Gypsum for the period from 1975 to 2008 while the assignment proposal submitted by the Company in the year 1975 to the State Government is still pending. The Company had filed a writ petition challenging the demand before the Hon'ble Madras High Court and the court granted interim stay vide its order dated 21 April 2010 on further proceedings.

ii. The Phosphate Chemical Export Association Inc. USA (Phoschem) filed a suit before the Hon'ble Madras High Court for recovery of US$11.52 million (INR equivalent 5143.68 lac) during March 2006 towards supply of raw material to the Company. The court passed an interim decree in favour of Phoschem for US$8.76 million (INR equivalent 3911.34 lac) against which the Company filed a Review Petition on the ground that the Hon'ble High Court has not considered the realization of US$6.31 million by Phoschem from the Insurance company. The Review Petition is still pending before the Hon'ble High Court. The Company had already made a provision of Rs. 3872.20 lac (Previous year Rs. 3914.70 lac) towards this claim and the balance claim not acknowledged by the Company is Rs. 1234.25 lac (Previous year Rs. 1247.80 lac).

iii. Groupe Chimique Tunisian SA (GCT) initiated arbitration proceedings against the Company for non payment of US$ 15.02 million together with interest towards supply of Phosphoric Acid in the earlier years against which the Arbitral Tribunal passed an award on 9 September 2009 directing the Company to pay a sum of Rs. 7300 lac to GCT towards principal and Rs. 2500 lac towards interest. The Company filed a petition before the Hon'ble Madras High Court on 7 December 2009 for setting aside the award and the Court ordered notice to GCT on 23 December 2009. The matter is pending before the Hon'ble Madras High Court. As the Company had already made a provision of Rs. 6565.52 lac (Previous year Rs. 6637.57 lac), the remaining claim not acknowledged by the Company on this account is Rs. 3234.48 lac (Previous year Rs. 3163 lac).

iv. As the Nitrogenous plants were not in operation, Tamilnadu Water Supply and Drainage Board (TWAD) has claimed payments on the basis of 50% allotted quantity of water. Water Charges were paid to TWAD on the basis of actual receipt by individual industries (since inception of 20 MGD Scheme) for the last 36 years. The claims made by TWAD for Rs. 692.79 lac is not acknowledged as debt, as this differential value from April 2009 to December 2010 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.

v. Other claims against the Company, which are being disputed/challenged before the Courts - Rs. 4155.82 lac (Previous year Rs. 4167.05 lac).

In respect of the above claims, the Company has been advised 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.

vi. Disputed claims against one of the subsidiaries not acknowledged as debts amounting to Rs. 45.91 lac (previous year Rs. 45.91 lac).

(b) Guarantees / Security given to banks/financial institutions on behalf of other companies Rs. 5020 lac (Previous year Rs. 5020 lac) [including share of Joint ventures Rs. Nil (Previous year Rs. Nil)].

(c) Bank Guarantees outstanding Rs. 781.88 lac (Previous year Rs. 943.31 lac) [including share of Joint Ventures Rs. Nil (Previous year Rs. Nil)], LC Rs. 419.06 lac (Previous year Rs. 538.76 lac) [including share of Joint ventures Rs. Nil (Previous year Rs. Nil)].

(d) Cumulative amount of Preference Dividend and dividend tax thereon not provided for by the Company from 1 April 2001 to 31 March 2011 is Rs. 2112.30 lac (Previous year Rs. 1935.94 lac).

(e) No provision has been considered necessary by the management for the following disputed Income Tax, Sales Tax, Excise duty, Service tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in lac)	Forum where pending
Direct Taxes				
Income Tax Act, 1961	Income Tax	1996-97 to 2000-01	**2592.46** (2592.46)	Hon'ble Madras High Court
Indirect Taxes				
Central Excise Act, 1944	Excise duty	1998-99 to 2007-08	**391.46** (391.46)	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax Appellate Tribunal
	Service Tax	2003-04 to 2007-08	**124.23** (124.23)	Commissioner of Central Excise (Appeals) / Hon'ble Madras High Court
Sales Tax Act under various State enactments	Local Sales Tax	1996-97 to 2002-03	**156.39** (156.77)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	1998-99 & 1999-00	**75.25** (86.35)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Tamilnadu Electricity (Taxation on Consumption) Act, 1962	Electricity Tax	1985-86 to 1993-94	**1050.54** (1050.54)	Before the Division Bench of the Hon'ble Madras High Court
Employees State Insurance Act *	ESI dues	1977 to 2003	**11031.98** (10697.01)	ESI Court / Hon'ble Madras High Court
Proportionate share of Income Tax, Sales Tax, Excise Duty, Electricity Tax demands pending before various authorities of Joint venture/ Subsidiaries.			**525.57** (515.96)	
Total			**15947.88** (15614.78)	

*Includes disputes relating to the period 1977 to 1992 decided by the ESI Court in favour of the Company against which the Employees State Insurance Corporation has gone an appeal before the Hon'ble Madras High Court.

Out of the above demand of Rs. 15947.88 lac (Previous Year Rs. 15614.78 lac), an amount of Rs. 3488.11 lac (Previous year Rs. 3637.90 lac) has been deposited under protest/adjusted by relevant authorities.

(f) Certain unsecured creditors have filed winding up petitions which are being defended by the Company before the Hon'ble Madras High Court.

3. (a) Consequent to the implementation of Corporate Debt Restructuring (CDR) Package dated 19 March 2003, the Company had availed interest relief from various banks and financial institutions amounting to Rs. 4110.36 lac (Previous year Rs. 4110.36 lac) for the year 2002-03 and therefore accrued the interest liability at the reduced rates in the subsequent years up to 31 March 2008.

(b) As the Corporate Debt Restructuring (CDR) Package referred above did not yield the desired results, the secured lenders preferred to assign their debts in favour of Asset Reconstruction Company (India) Limited (ARCIL). As on 31 March 2011, approximately 85% of secured lenders in value stands assigned the financial assistance granted by them along with the attendant security interests in favour of ARCIL under the provisions of SARFAESI Act.

ARCIL and other financial institutions (except one lender) have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010) on successful implementation of which the Company would be eligible for substantial reduction in debts and interest accrued thereon. The total payment to ARCIL/Secured lenders upto 31 March 2011 amounted to Rs. 82555.15 lac (Previous year Rs. 35999.47 lac) including a sum of Rs. 46555.68 lac (Previous year Rs. 35999.47 lac) paid during the year for distribution to secured lenders (including to those whose debts had not been assigned to ARCIL). ARCIL and certain other secured lenders have also converted part of the debts amounting to Rs. 5745 lac (Previous year Rs. 3000 lac) into equity as stipulated in the CDR Rework Package, including Rs. 2745 lac(Previous year Rs. 3000 lac) converted during the year. There has been delay in payment of some loan instalments which may entail additional outflow as per the rework package. In the event of the Company not being able to comply with the stipulated conditions as per the rework package, the same shall be withdrawn. In view of the delay in payment of instalments and pending satisfactory completion/compliance of the conditions stipulated in the package, no credit has been taken for expected relief in loan/interest liabilities.

(c) The Company executed a Memorandum of Understanding with Indian Oil Corporation Limited (IOCL) on 19 April 2010 mutually agreeing the terms and conditions for the execution of the Supply Agreement for resumption of supply of Naphtha and Furnace Oil and settlement of certain past dues. The Supply Agreement was also executed by the Company with IOCL on 24 April 2010 for the supply of Naphtha and furnace oil on agreed terms and conditions. During the year, the Company has paid Rs. 11000 lac towards settlement of past dues, including a sum of Rs. 3000 lac released by the lead bank from the Trust and Retention Account (TRA) as per the decision of Corporate Debt Restructuring Empowered Group (CDREG) on 31 August 2009 and directive of Hon'ble Debt Recovery Tribunal (Hon'ble DRT) vide its order dated 22 September 2009.

(d) The Company has assigned exclusive charge of all raw materials, work-in-process, finished goods and concession relating to phosphatic fertilisers, to a bank against working capital facility for purchase of raw materials.

(e) The Pen-G operations were shut down from 15 January 2010 due to then prevailing un-remunerative prices on account of Chinese competition. The Company initiated steps by representing to the Government of India to impose anti dumping duty on imports of Pen-G and 6-APA from China and Mexico. The Company was successful in obtaining the recommendation of the Ministry of Commerce for imposition of anti dumping duty. However the Ministry of Finance had rejected the recommendation of the Commerce Ministry for levying anti dumping duty, which prevented the Company from competing on a level playing field. As a result the Company has not been able to restart the Pen-G operations.

Pursuant to the sale of Land and Building at Maraimalai Nagar during March 2011 the assets relating to R&D and API lying in this location were transferred to Pen-G plant at Cuddalore.

In view of the Company's inability to restart the Pen-G operations and also considering non-viability of operations relating to R&D and API, ARCIL vide notice dated 17 May 2011, has taken over the possession of immovable properties of the Pharma unit at Cuddalore to sell the assets.

In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., buildings, plant and machinery, furniture and fittings and intangible assets relating to Pharma Unit and has provided for impairment loss estimated at Rs. 920.02 lac which is included in "Manufacturing & Other Expenses".

(f) One lender had sent a communication to the Company withdrawing its consent to the CDR package dated 19 March 2003 and advised the Company to take note of the same. However the Company has not received any demand from this lender so far. Also the said institution is not a party to the CDR rework package dated 13 March 2010.

4. Going Concern

In spite of erosion of net-worth, the financial statements of the Company have been prepared on a going concern basis, in view of the following:

i) The Company has re-commenced the production of Urea from 9 October 2010 and the production has stabilized. The production of Phosphatic fertilisers continued during the current year. The other Divisions viz SPIC Maintenance Organization, Enzymes, Formulation Units and Agribusiness continued their operations throughout the financial year. This has resulted in significant reduction in operating loss.

ii) The Supply Agreement executed on 24 April 2010 by the Company with Indian Oil Corporation Ltd. (IOCL) has enabled the Company to source naphtha and furnace oil and recommencement of operations of its nitrogenous fertiliser plants from 9 October 2010.

iii) The action of Department of Fertilisers, Government of India (GOI), to cut down the urea subsidy payment cycle resulted in reduction of working capital requirement and enabled the Company to operate its nitrogenous fertiliser plants at stipulated capacity levels.

iv) The Notification was issued by the Department of Fertilisers, Government of India (GOI), increasing the fixed cost reimbursement in urea operations resulted in additional realization of fertiliser subsidy and consequent improvement in profitability.

The above positive developments have enabled the Company to operate the fertiliser plants, being its core business, at optimum levels resulting in profitable operations and reducing the accumulated losses.

v) The rework package dated 13 March 2010 approved under Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010), as referred in Note 3 (b) envisages bringing down the debts to a sustainable level consequently improving the net-worth.

5. a. The details of revaluation carried out by independent professional valuers in the previous five years and the resultant surplus in values are as follows:

Assets revalued	Revalued as on	Company	Revaluation uplift* (Rupees in lac)
Fixed assets (other than furniture and fittings, office equipment and vehicles)	31 March 2006	SPIC (Fertiliser Division)	14912.79
Administrative buildings and land	31 March 2006	SPIC (All divisions except Fertiliser)	6465.84

* The revaluation uplift in respect of major assets disposed off amounts to Rs. 15391.16 lac which is netted off above.

b. The depreciation charge for the year shown in the Profit and Loss Account is after deducting an amount of Rs. 3.41 lac (Previous year Rs. 5.27 lac) [including Rs. 3.41 lac (Previous year Rs. 3.41 lac) in respect of joint venture] representing the extra depreciation arising on revaluation of fixed assets withdrawn from Revaluation Reserve.

6. Capital work in progress/advances include a sum of Rs. 2091.04 lac (Previous year Rs. 2091.04 lac) being advances paid to MCC Finance Limited for purchase of certain immovable properties. The Company entered into sale agreements for these properties with MCC Finance Limited and the execution and registration of sale deeds are pending. The Administrator/Provisional Liquidator of MCC Finance Limited filed a Petition before the Company Court at Chennai seeking a direction that the sale agreements entered into between the Company and MCC Finance Limited be declared null and void. The said Petition was allowed by the Single Judge on 18 June 2003. The Company has filed an appeal against the Order before the Division Bench of the Hon'ble Madras High Court. The Division Bench admitted the appeal and ordered status quo be maintained, pending disposal of the appeal.

7. The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said company without their prior approval.

8. The Company has disposed of Fertiliser bonds issued by Government of India with a face value of Rs. 434.90 lac (Previous year Rs. 2600.00 lac) during the current year and the loss on sale of such bonds amounting to Rs. 60.89 lac (Previous year profit Rs. 66.23 lac) has been debited to the Profit & Loss Account under the head “Manufacturing and Other Expenses”.

9. The GOI has introduced Nutrient Based Subsidy Scheme (NBS) effective from 1 April 2010 for phosphatic fertilisers and as per this policy the concession payable is fixed for the entire financial year with open MRP. Concession income has been recognised in the books of account based on the applicable concession under NBS for the year 2010-11. Hence, no estimates are necessary for the concession to be received from GOI, as has been the practice by the Company, hitherto.

10. Sundry debtors and loans & advances include certain overdue and unconfirmed balances. However, in the opinion of the Management these current assets would in the ordinary course of business realise the value as stated in the accounts.

11. **Disclosure as per Accounting Standard 15 (Revised)**

Disclosures required under this standard are given below:

a) Movement

(Rupees in lac)

Particulars	**2010-11**	2009-10
Projected Benefit Obligation as of 1 April 2010	**1496.13**	1517.70
Service cost	**218.39**	81.60
Interest cost	**110.47**	112.01
Actuarial Loss	**132.10**	24.36
Benefits paid	**(234.81)**	(239.54)
Projected Benefit Obligation as of 31 March 2011	**1722.28**	1496.13
Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	**1722.28**	1496.13
Fair value of plan assets at the end of the year	**1277.28**	1339.71
Liability recognised in the Balance Sheet	**445.00**	156.42

(Rupees in lac)

Particulars	2010-11	2009-10
Cost of defined plan for the year		
Current service cost	**218.40**	81.60
Interest on obligation	**110.47**	112.01
Expected return on plan assets	**109.54**	73.35
Net actuarial loss recognized in the year	**(364.34)**	451.74
Net cost recognized in the Profit and Loss account	**(583.67)**	331.46

Particulars	2010-11	2009-10
Fair value of plan assets at the beginning	**1339.71**	1029.82
Expected return on plan assets assuming that movements occur in mid year	**109.54**	73.35
Contribution	**295.08**	-
Benefits paid (claim settled)	**(234.81)**	(239.55)
Actuarial gain/(loss) on plan assets	**(232.25)**	476.08
Fair value plan assets at the end of the financial year	**1277.27**	1339.71

b) **Mean Financial Assumptions**

Particulars	2010-11	2009-10
Discount Rate	**8%**	8%
Salary escalation rate	**6%**	6%
Demographic assumptions – Mortality	**LIC 94-96 rates**	LIC 94-96 rates
Demographic assumptions – Withdrawal	**3%**	3%

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of relevant information from the actuary the above details do not include the composition of plan assets.

The details of the experience adjustment arising on account of planned assets and liabilities as required by para 120n (2) of AS-15 (revised) on employee benefits are not available in the valuation report and hence are not furnished.

12. a) Research and Development expenses incurred on revenue account is Rs. 130.50 lac (Previous year Rs. 122.60 lac) [including share of Joint Venture Rs. 6.56 lac (Previous year Rs. 5.78 lac)]

b) Exchange variation (net) credited under other income to the Profit and Loss Account is Rs. 643.38 lac (Previous year Rs. 3850.34 lac) [including share of Joint Venture Rs. Nil (Previous year debited Rs. Nil)]

13. a) The Company has reviewed its deferred tax assets and liabilities as at 31 March 2011. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs. 54217.29 lac (Previous Year Rs. 48814.27 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. 9138.35 lac (Previous Year Rs. 8356.34 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2011 to be accounted for.

(Rupees in lac)

Particulars	As at 31 March 2011	As at 31 March 2010
Depreciation	**-**	-
Subsidy	**13426.50**	11902.55
Deferred tax liability	**13426.50**	11902.55
Depreciation	**1990.03**	1223.63
Provision for doubtful debts	**2298.12**	2322.58
Carry forward business losses and unabsorbed depreciation restricted to	**9138.35**	8356.34
Deferred tax asset	**13426.50**	11902.55
Net deferred tax asset	**-**	-

b) Subsidiaries and share in Joint Ventures

The deferred tax position as at 31 March 2011 has arisen on account of the following:

(Rupees in lac)

Particulars	**As at 31 March 2011**	As at 31 March 2010
Depreciation	**1185.94**	1077.29
Deferred Tax liability	**1185.94**	1077.29
Disallowances u/s43B	**-**	-
Deferred Tax Assets	**-**	-
Net Deferred Tax Liability(in respect of Subsidiaries)	**1185.94**	1077.29
Proportionate share in Joint Ventures	**1156.48**	1243.19
Grand Total	**2342.42**	2320.48

14. As at 31 March 2010, the Joint venturer Tamilnadu Petroproducts Limited (TPL) has investments of Rs. 2764.50 lac in SPIC Electric Power Corporation (Private) Ltd., (SEPC) for setting up a 525 MW coal based power project (power project) made during the period 1995-2003 and advances against equity of Rs. 33.91 lac made during the period 2006 -2008. TPL signed a Memorandum of Understanding (MoU) with Tamilnadu Electricity Board (TNEB) in February 1995 for setting up the power project at Tuticorin, Tamilnadu. As per the Power Purchase Agreement (PPA), TNEB had committed to provide Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Hon'ble High Court seeking a direction for allocation of Escrow. TPL is awaiting the outcome of the case.

    TPL, SEPC and an investor company executed on 28 May 2009, a Shareholders' and Share Subscription Agreement (SSA) broadly underlining the obligations of the Shareholders with regard to the power project. The investor company has agreed to bring in 74% of the equity for the power project. They have been meeting all the expenses of SEPC since August 2007 and have so far contributed a sum of Rs. 1191.45 lac upto 31 March 2011. Against this amount, 1,19,14,550 equity shares of Rs.10/- each for cash at par have been allotted to them.

    Due to non payment of lease rentals, Tuticorin Port Trust (TPT) sought to repossess the land allotted to SEPC for the power project. SEPC approached the Hon'ble High Court of Madras for appointment of an Arbitrator and by orders dated 18 July 2008 a Sole Arbitrator was appointed to settle the dispute between SEPC and TPT. SEPC also filed an appeal before the Division Bench of the Hon'ble High Court seeking an interim injunction restraining TPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its Order dated 4 September 2008 stated that SEPC is at liberty to approach the Arbitrator for seeking appropriate interim measure. The Arbitrator in his proceedings dated 13 February 2009 observed that the rights of TPT & SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. Subsequently, it was agreed between TPT and SEPC to defer the arbitration proceedings on the understanding that the issue would be amicably settled.

    Arising out of this, a joint committee consisting of representative from Central Electricity Authority (CEA)/TNEB/TPT was constituted. The committee recommended an alternative site for locating the power project. SEPC after making preliminary investigations found the alternative site suitable. The Ministry of Shipping, Govt of India during February 2010 has approved the proposal for allocation of alternate site to SEPC and TPT communicated their willingness to enter into a long term lease. The Ministry of Environment and Forest (MoEF) had accorded clearance for the project on 3 November 2010. SEPC has paid lease rentals to TPT by calculating penal interest @ 15% amounting to Rs. 830 lac as against 18% proposed by TPT. A representation from SEPC for charging 15% interest is under consideration by TPT and on receipt of confirmation from TPT on the final demand, action would be initiated to take physical possession of the alternate land.

    TPL filed a writ petition dated 14 April 2010 with Hon'ble TNERC seeking its direction to pass orders directing the respondent TNEB Board to act in accordance with the terms contained in the concluded PPA between SEPC and TNEB. During the course of hearing of the petition, the Board filed an affidavit conveying its acceptance of the terms conveyed in the PPA and also stated that the PPA was valid and that it would stand by the said PPA. At the hearing on 7 March 2011, the Honourable Commission reserved the matter for final orders.

    The detailed project report with revised project cost for the power plant has been finalized. SEPC's application for financial assistance is being processed by the Financial Institutions. The Company is hopeful that the project will be set up soon.

15. During the year 2004, due to change in global market conditions for Normal Paraffin, TPL decided not to proceed with the expansion of Normal paraffin capacity. The equipments and drawings pertaining to this project amounting to Rs. 2123.63 lac is expected to be transferred at not less than cost to its proposed overseas project at Singapore during 2011.

16. TPL had promoted Henkel India Limited (HIL) as a joint venture with Henkel KG & Co, KGaA, Germany (Henkel) during September 1989 to manufacture and market detergents to provide forward integration for its LAB business. TPL, as part of its business

restructuring, decided to disinvest its equity shareholdings in HIL. In this regard discussions were held with Henkel and subsequently a buyer viz. M/s. Jyothy Laboratories Ltd, Mumbai (JLL) was identified. On 16 March 2011, a major portion of TPL's equity holding in HIL were sold to JLL. Thereafter, on 6 April 2011, both Henkel and TPL mutually agreed to terminate the Shareholder's Agreement (including the amendments and supplements thereto) entered into between them on 11 September 1989, with no further liability or claim against each other and an understanding to this effect was signed.

17. SPEL Semiconductor Limited has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 and Accounting Standard 11 (AS-11) notified by Government of India on 31 March 2009 (GO No. GSR 225(E) dated 31 March 2009). The exchange difference adjusted in the carrying amount of fixed assets during the accounting period is Rs. 18.99 lac (decrease) (Previous year decrease (net)) Rs. 409.39 lac).

18. A Civil suit has been filed by one of the promoters – CPCL against the Company for Breach of Trust on MoU entered into between Company and CPCL while forming the joint venture company – AROCHEM. In this case AROCHEM have been included as a proforma defendant.

    CPCL has also filed another Civil suit against the Company praying for interim mandatory injunction directing SPIC Petrochemicals Limited to return the possession of 168.38 acres of land to AROCHEM. In this case, AROCHEM have been included as a defendant.

    Against the judgement by the Single Judge, a Division Bench of the Hon'ble Madras High Court has ordered an injunction not to implement the project by SPIC Petrochemicals Limited.

    The Company filed Special Leave Petitions in the Hon'ble Supreme Court against the above order. On 24 October 1997, the Hon'ble Supreme Court dismissed the Special Leave Petitions holding that it would not interfere with the interim order passed by the Division Bench, granting injunction, as it would prejudice the final hearing of the case. Consequently the project activities of SPIC Petro have been suspended.

    On 15 July 1998, the Petroleum Ministry called both CPCL and the Company for discussions to arrive at a compromise on the issue. CPCL and the Company held further deliberations and have since arrived at a compromise. A Memorandum of Settlement (MoS) entered into between CPCL and the Company was sent to the Government of India for their approval. The MoS was cleared by the Ministry of Petroleum and Natural Gas vide their letter, dated 12 March 2001.

    Since the promoters are unable to effectuate the earlier MoS approved by the Government of India, discussions are now being held to revise the MoS, subject to necessary approvals.

19. Information in accordance with the requirements of the revised Accounting Standard-7 on Construction Contracts notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006, and with the relevant provisions of the Companies Act, 1956 is as below:

(Rupees in lac)

Particulars	**Year ended 31 March 2011**	Year ended 31 March 2010
Contract revenue recognised as revenue in the year	**24008.89**	7262.13
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress	**39370.33**	30255.85
Advances received	**4284.64**	935.79
The amount of retention due from customers for contracts in progress	**2137.97**	2393.66
Gross amount due from customers for contracts in progress	**-**	86.90

20. Related party disclosures under Accounting Standard – 18

(i) The list of related parties as identified by the Management are as under:

		2010-11	**2009-10**
Associates	1.	Tuticorin Alkali Chemicals and Fertilisers Limited	Tuticorin Alkali Chemicals and Fertilisers Limited
	2.	Manali Petrochemical Limited (ceased to be an Associate with effect from 9 March 2011)	Manali Petrochemical Limited
	3.	Gold Nest Trading Company Limited	Gold Nest Trading Company Limited
	4.	EDAC Engineering Limited (ceased to be an Associate with effect from 27 October 2010)	EDAC Engineering Limited
Joint ventures	1.	Tamilnadu Petroproducts Limited	Tamilnadu Petroproducts Limited
	2.	National Aromatics and Petrochemicals Corporation Limited.	National Aromatics and Petrochemicals Corporation Limited.

Key Management Personnel of the Company	1. 2.	Dr. A C Muthiah Thiru Ashwin C Muthiah	Dr. A C Muthiah Thiru Ashwin C Muthiah
Relatives of Key Management Personnel of the Company (with whom there were transactions during the year)	1.	Thirumathi Devaki Muthiah	Thirumathi Devaki Muthiah
Enterprises owned by / over which Key Management Personnel is able to exercise significant influence	1 2	Wilson International Trading Pte Ltd, Singapore Manali Petrochemical Limited	--
Related party of a subsidiary	1.	--	Jordan Phosphate Mines Company

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

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	As at 31 March 2011	As at 31 March 2010
A	**Balance outstanding as at 31.03.2011**			
	(a) Receivables including Advances			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**1384.76**	1083.25
	EDAC Engineering Limited	Associate	**-**	0.33
	Manali Petrochemical Limited	Associate	**-**	0.10
	Tamilnadu Petroproducts Limited	Joint Venture	**53.62**	31.97
	National Aromatics and Petrochemicals Corporation Limited *	Joint Venture	**1471.45**	1468.75
	Thirumathi Devaki Muthiah	Relatives of KMP	**3.75**	3.75
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**6.17**	-
	(b) Payables			
	Manali Petrochemical Limited	Associate	**-**	0.47
	EDAC Engineering Limited	Associate	**-**	52.32
	Tamilnadu Petroproducts Limited	Joint Venture	**0.25**	0.27
	Dr. A C Muthiah	Key Management Personnel	**15.00**	15.00
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**5449.27**	-
	(c) Guarantee Received			
	Manali Petrochemical Limited	Associate	**1500.00**	1220.00

S.NO	PARTICULARS	RELATIONSHIP	For the Year 2010-11	For the Year 2009-10
B	**Transactions during the year**			
1	**Sale of goods**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**190.38**	359.81
	EDAC Engineering Limited	Associate	**-**	7.44
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**3618.58**	-
2	**Purchase/Loan of materials**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**174.57**	156.72
	Manali Petrochemical Limited	Associate	**1.08**	8.40
	Tamilnadu Petroproducts Limited	Joint Venture	**2.50**	19.81
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**21489.79**	-

Related parties transactions (Contd.,)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the Year 2010-11	For the Year 2009-10
3	**Reimbursement of Expenses (Receipts)**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**37.91**	14.58
	EDAC Engineering Limited	Associate	**18.20**	30.32
	Tamilnadu Petroproducts Limited	Joint Venture	**27.59**	24.36
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	**2.69**	2.98
4	**Income from services rendered**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**129.01**	0.30
	Manali Petrochemical Limited	Associate	**0.50**	0.31
	EDAC Engineering Limited	Associate	**1.66**	32.97
	Tamilnadu Petroproducts Limited	Joint Venture	**46.87**	35.97
	Technip India Limited	Joint Venture	**-**	1.23
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**0.47**	-
5	**Services/Consultancy charges**			
	Manali Petrochemical Limited	Associate	**31.36**	0.08
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**22.06**	264.72
	EDAC Engineering Limited	Associate	**1.55**	376.43
6	**Advances given**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**-**	20.00
7	**Sale of Fixed Assets**			
	EDAC Engineering Limited	Associate	**-**	121.62
8	**Income from Rentals**			
	EDAC Engineering Limited	Associate	**34.38**	57.21
	Tamilnadu Petroproducts Limited	Joint Venture	**1.77**	1.77
	Technip India Limited	Joint Venture	**-**	67.88
9	**Bad debts written off**			
	Technip India Limited	Joint Venture	**-**	224.11
10	**Provision for doubtful advances**			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	**-**	1047.79
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	**2.69**	7.02
11	**Finance and other Charges**			
	Wilson International Trading Pte Ltd,Singapore	Enterprises over which KMP exercise Significant Influence	**210.77**	-
12	**Managerial Remuneration**			
	Dr. A C Muthiah	Key Management Personnel	**52.49**	53.51
13	**Rent Paid**			
	Thirumathi Devaki Muthiah	Relatives of KMP	**6.00**	6.00
14	**Sitting Fees**			
	Thiru Ashwin C Muthiah	Key Management Personnel	**0.80**	0.70

* Dues have been fully provided for.

21. <u>Segment Reporting</u>
Primary segment information (Business segments)

(Rupees in lac)

Particulars	Agro Inputs	Bulk drugs and Formulations	SMO	Petrochemicals	Others	Consolidated
Segment Revenue						
Sales to external customers	**153952.25**	**1226.02**	**24637.53**	**-**	**29545.64**	**209361.44**
	(64127.48)	(4839.92)	(8248.27)	-	(34221.40)	(111437.07)
Other Income	**1552.08**	**315.58**	**191.01**	**-**	**346.12**	**2404.79**
	(5665.25)	(149.03)	(188.87)	-	(484.76)	(6487.91)
Unallocated Income						**1333.77**
						(4527.77)
Inter segment revenue	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
Total Revenue	**155504.33**	**1541.60**	**24828.54**	**-**	**29891.76**	**213100.00**
	(69792.73)	(4988.95)	(8437.14)	-	(34706.16)	(122452.75)
Elimination of inter segment sales	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
Total Net Revenue	**155504.33**	**1541.60**	**24828.54**	-	**29891.76**	**213100.00**
	(69792.73)	(4988.95)	(8437.14)	-	(34706.16)	(122452.75)
Segment Results	**4325.09**	**(5277.47)**	**729.26**	-	**1068.34**	**845.22**
	(-17753.56)	(-4365.20)	(262.40)	-	(2810.35)	(-19046.01)
Unallocated expenses net of Unallocated income						**64193.70**
						(-24537.44)
Profit / (Loss) before interest and taxation						**(63348.48)**
						(5491.43)
Interest expenses (Net) not allocable to segments						**3102.51**
						(2346.04)
Profit / (Loss) before taxation						**(66450.99)**
						(3145.39)
Income taxes						**319.75**
						(1040.63)
Profit / (Loss) after taxation before share of results of associates						**(66770.74)**
						(2104.76)
Share of Profit of associates						**1084.72**
						(1259.35)
Profit / (Loss) after taxation before minority interest						**(65686.02)**
						(3364.11)
Less: Profit / (Loss) applicable to minority interest						**(3091.53)**
						(-6853.42)
Net Profit/(Loss) for the year						**(62594.49)**
						(10217.53)

(Rupees in lac)

Particulars	Agro Inputs	Bulk drugs and Formulations	SMO	Petrochemicals	Others	Consolidated
Other information						
Segment Assets	**104767.75**	**3500.96**	**14697.72**	**1883.46**	**31125.76**	**155975.65**
	(191589.75)	(9867.17)	(12265.54)	(411556.27)	(30604.39)	(655883.12)
Unallocated Corporate Assets						**25555.14**
						(56245.36)
Total Assets						**181530.79**
						(712128.48)
Segment Liabilities	**67568.19**	**835.92**	**7143.12**	**447.52**	**9999.98**	**85994.73**
	(111996.07)	(1472.71)	(4804.62)	(353803.48)	(11023.64)	(483100.52)
Unallocated Corporate Liabilities						**185104.90**
						(231186.53)
Total Liabilities						**271099.63**
						(714287.05)
Capital expenditure	**437.05**	**160.48**	**1296.09**	**43.23**	**2395.56**	
	(9839.18)	(626.82)	(494.17)	(114.35)	(1756.57)	
Depreciation	**7080.53**	**2453.06**	**88.24**	**-**	**1607.48**	
	(10428.95)	(2816.79)	(57.91)	-	(1683.16)	
Non-cash expenditure other than depreciation	**47.78**	**1231.06***	**1.85**	**-**	**14.41**	
	(377.04)	(1.71)	-	-	(29.55)	

Secondary segment information (Geographical Segments)

	Segment Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	**186946.90**	**153990.25**	**4331.85**
	(60684.93)	(543948.13)	(3037.83)
Outside India	**24819.33**	**1985.40**	**0.56**
	(57240.05)	(111934.99)	(9793.25)
Total	**211766.23**	**155975.65**	**4332.41**
	(117924.98)	(655883.12)	(12831.08)

* Includes Rs.920.02 lac of impairment relating to Pharma assets(Refer Note C-3(e) of Schedule 22)

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:

(i) Agro inputs - includes fertilisers
(ii) Bulk drugs and formulations - includes Penicillin G and Formulations.
(iii) SMO - includes Maintenance Contracts
(iv) Petrochemicals - includes Polyester Filament Yarn and Purified Terepthalic Acid.
(v) Others - includes Tissue Culture, Chemicals ,Power and Integrated Circuits.

Revenues 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”.

(b) Geographical segments

The geographical segments considered for disclosure are as follows:

Sales within India includes sales to customers located within India
Sales outside India includes sales to customers located outside India.

22. **Earnings per share:**

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Face value per share (in Rupees)	10	10
Profit / (Loss) for the year after Preference dividend (Rs. in lac)	(62770.85)	10041.14
Basic		
Weighted Average Number of shares outstanding	145715681	108057489
Earnings / (Loss) per share (in Rupees)	(43.08)	9.29
Diluted		
Weighted Average Number of shares outstanding	145715681	129276590
Earnings / (Loss) per share (in Rupees)	(43.08)	7.77

23. Figures pertaining to the subsidiary companies and joint ventures have been reclassified, wherever necessary, to bring them in line with the Company's financial statements.

24. (a) Previous year figures have been regrouped / recast, wherever necessary, to conform to the classification of the current year.
(b) Previous period's figures are given in brackets.

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

Particulars	Orchard Microsystems Limited #	SPEL Semiconductor Limited	SPEL America Inc., USA (Subsidiary of SPEL Semiconductor Ltd)		SPIC Fertilizers and Chemicals Limited(SFCL) Mauritius	
Financial year of the Subsidiary Company ended on	25 April 2011	31 March 2011	31 March 2011		31 March 2011	
	Rupees in lac	Rupees in lac	Amount in USD	Rupees in lac *	Amount in USD	Rupees in lac *
Capital	326.21	4613.25	100	0.04	39073390	17446.27
Reserves	-	4524.78	-	-	-	-
Total Assets	326.21	15543.96	7567	3.38		
Total Liabilities	326.21	15543.96	7567	3.38		
Investments	-	-	-	-		
Turnover	0.12	9306.75	267000	119.22		
Profit / (Loss) before tax	(155.57)	773.69	(304)	(0.14)	(39074040)	(17446.56)
Provision for taxation	-	320.71	1321	0.59		
Profit / (Loss) after tax	(155.57)	452.98	(1625)	(0.73)	(39074040)	(17446.56)
Proposed dividend	-	-	-	-		

* Translated at exchange rate prevailing as on the closing Balance Sheet date of the respective companies.
1 USD (US Dollar) = Rs.44.65;

Orchard Microsystems Limited had opted for voluntary liquidation under Easy Exit Scheme 2011(EES) issued by Ministry of Corporate Affairs, Government of India, dated 3 February 2011. The Financial Statements of the said company was drawn upto 25 April 2011

1. SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL) (a wholly owned subsibidiary of the Company) holds 1 equity share of One Million Arab Emirate Dinar each in SPIC Fertilizers and Chemicals FZE, Dubai (SFC FZE). Hence the combined share of the Company and its subsidiary in SFC FZE, Dubai is 83.54%. Due to inaccessibility to the records consequent to re-possession of certain assets of the company by Jebel Ali Free Zone Authorities (JAFZA), Dubai the details of SFC FZE, Dubai are not given in the above statement.

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SPIC

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