

8/12



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**82- SUBMISSIONS FACING SHEET**

Follow-Up  
Materials

MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

Southern Petrochemical Industries

\*CURRENT ADDRESS

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

PROCESSED

AUG 18 2005

\*\*FORMER NAME

\_\_\_\_\_



\*\*NEW ADDRESS

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

FILE NO. 82- 2581

FISCAL YEAR 3-31-05

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8/17/05

**SPIC**

82-3381

**Southern Petrochemical Industries Corporation Limited**

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

Phone : 2235 0245 Fax : 2235 2163 Grams : SOUTHPETRO Email : spiccorp@spic.co.in Website : www.spicltd.com

ARLS  
3-31-05

[ BY COURIER ]

Secy/

27<sup>th</sup> June 2005

**Securities and Exchange Commission**

Judiciary Plaza  
450, Fifth Street  
WASHINGTON D.C. 20549

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SECURITIES AND EXCHANGE COMMISSION

Dear Sirs,

**Annual Accounts for the year ended 31<sup>st</sup> March 2005.**

We write to inform that the Board of Directors of the Company at the Meeting held on 27<sup>th</sup> June 2005 has approved the audited annual accounts for the financial year 1<sup>st</sup> April 2004 to 31<sup>st</sup> March 2005.

The aforesaid audited annual accounts with comparative figures relating to the previous financial year are enclosed for information.

Thanking you,

Yours faithfully  
For SOUTHERN PETROCHEMICAL  
INDUSTRIES CORPORATION LTD.



N RAMAKRISHNAN  
SECRETARY

Encl: as above



## Notes

1. The Ammonia / Urea plants were stopped for turnaround maintenance from 25th March 2004 to 24th April 2004.
2. The promoters have brought in a sum of Rs.2000.00 lacs, as equity contribution, pursuant to the condition stipulated in the Corporate Debt Restructuring package.
3. Floating Rate Notes (FRNs) amounting to USD 120 Million, issued during the year 1996 and restructured in the year 2001 were further restructured and re-issued at a discount, converting one portion into rupee notes, during the year. The net benefit (reduction in liability) on account of the above restructuring amounting to Rs. 21254.27 lacs, (net of exchange fluctuation), had been accounted in the quarter ended 30th September 2004.
4. No provision has been made in these accounts for the accumulated net deferred tax liability upto 31<sup>st</sup> March, 2001 amounting to Rs.11389.00 lacs as an interim stay of clause 33 of Accounting Standard 22 - 'Accounting for taxes on income' - has been obtained from the Madras High court. Clause 33 of the above standard provides that the net deferred tax liability accumulated up to 31<sup>st</sup> March, 2001 should be provided for, with a corresponding charge to revenue reserves. On a transfer petition filed by the Institute of Chartered Accountants of India before the Supreme Court of India, the Honourable Court directed that all similar petitions filed in different High Courts be transferred to the Calcutta High Court. The petition is yet to be disposed by the Calcutta High Court.
5. The disclaimers included by the Auditors' in their audit report on the accounts of the Company for the year ended 31<sup>st</sup> March, 2005, and the explanation of the Board thereon are as under:
  - a) Auditor's disclaimer: "The company has invested in equity shares of SPIC Petrochemicals Limited amounting to Rs. 24,800.00 lacs and Zero Interest Non-Transferable Bonds of Rs.30,609.63 lacs, which are repayable in ten equal half yearly installments after 12 years from the commencement of commercial production or total repayment of the term loans to the lenders whichever is earlier. Apart from the above, contracts in progress (net of progress payments received) and other receivable include Rs. 214.13 lacs receivable from that company. In view of the delay in the implementation of the project we are unable to express an opinion on the provision that may be required for the diminution in value of investments if any, and the ultimate

shortfall in realisation of contracts in progress and other receivable”.

Explanation: The Company is in the process of identifying a strategic partner to invest in the project and on execution of the Memorandum of Settlement, settle the compensation payable to Chennai Petroleum Corporation Limited and have the stay vacated by the Madras High Court. The Company is hopeful that the project will be implemented on resolving all the issues.

- b) Auditor's disclaimer: "In respect of investments in equity share capital of Rs. 20,389.29 lacs and preference share capital of Rs. 2,000.00 lacs, loans of Rs.211.00 lacs, interest and other receivables of Rs. 11,447.81 lacs due from certain promoted companies, no provision has been made in the accounts. In view of the poor operating performance / delay in implementation of the project, in our opinion, the possibility of full recovery is remote. The estimate of the loss has not been made by the Company. We are unable to express an opinion on the amount of provision that may be required for the ultimate shortfall in realisation of loans, interest and other receivables aggregating to Rs. 11,658.81 lacs and diminution in value of investments the cost of which aggregates to Rs. 22,389.29 lacs.”.

Explanation: In view of the improved performance, early prospect of raw material tie up and debt restructuring in the companies concerned and the long-term involvement of the Company with these companies, the Company is of the view that no provision is required to be made for the above investments, loans, interest and other recoverables.

- c) Auditor's disclaimer: "Consequent to the change in the policy parameters for the 7<sup>th</sup> and 8<sup>th</sup> pricing periods there was a revision in the retention price of urea. The Company has taken a view that some of the policy parameters cannot be amended retrospectively and has reworked the subsidy despite these amendments to the policy parameters as well as other disallowances made by the Government in its computation of retention price. As per these reworkings the Company has retained the subsidy of Rs. 36,954.74 lacs accrued in the books upto 31<sup>st</sup> March 2002 over and above the subsidy already granted by the Government. Pending making the claim and the uncertainty involved in its acceptance by the Government, we are unable to express an

opinion on the recoverability of the above referred subsidy of Rs. 36,954.74 lacs".

Explanation: The Company is endeavouring to receive the said amount from the Government of India in a phased manner by impressing the Government of the various issues involved.

- d) Auditor's disclaimer: "The Company has preferred claims with the Government towards inventory carrying costs etc., amounting to Rs.3586.97 lacs which are outstanding for a considerable period of time. We are unable to express an opinion on the recoverability of the above amounts".

Explanation: The total claim of Rs 3586.97 lacs is being followed up with Agri India and the Company expects to realise the amounts in due course.

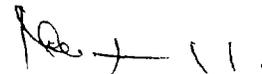
- e) Auditor's disclaimer: "Interest relief of Rs.2845.49 lacs (including Rs. 1017.61 lacs for the year) were availed from two lenders who are yet to confirm their consent for the reduction in interest rate. Pending consent from the said lenders we are unable to express an opinion on this matter".

Explanation: With majority of the lenders giving consent, the restructuring of the Debt Portfolio under the Corporate Debt Restructuring Mechanism (CDR) has been implemented in the previous year. The company is of the view that the remaining two lenders would give consent for the reduction in interest rate.

6. During the year ended 31st March 2005, five investor complaints were received and resolved. No investor complaint was pending at the beginning and end of the said year.

The above results were approved by the Board at its meeting held on 27th June 2005.

**For and on behalf of the Board**



**M.G. Thirunavukkarasu**

**Finance Director**

27th June, 2005

Chennai



**SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE PERIOD ENDED 31st MARCH, 2005**

Rs. Lacs

| S.No.        | Particulars  | Nine months ended 31.12.2004 | Quarter ended 31.3.2005 | Quarter ended 31.3.2004 | Year ended 31.3.2005 | Year ended 31.3.2004 |
|--------------|--|------------------------------|-------------------------|-------------------------|----------------------|----------------------|
| A            | <b>SEGMENT REVENUE</b>   |                              |                         |                         |                      |                      |
|              | a) AGRO INPUTS   | 133191.03                    | 36325.78                | 33098.00                | 169516.81            | 128100.14            |
|              | b) BULK DRUGS & FORMULATIONS                                       | 6101.53                      | 814.16                  | 1185.80                 | 6915.69              | 8951.33              |
|              | c) OTHERS  | 9231.30                      | 5192.75                 | 4080.22                 | 14424.05             | 12987.57             |
|              | <b>TOTAL</b>   | <b>148523.86</b>             | <b>42332.69</b>         | <b>38364.02</b>         | <b>190856.55</b>     | <b>150039.04</b>     |
|              | <b>LESS : INTER SEGMENT SALES</b>                                  |                              |                         |                         |                      |                      |
|              | <b>NET SALES/INCOME FROM OPERATIONS</b>                            | <b>148523.86</b>             | <b>42332.69</b>         | <b>38364.02</b>         | <b>190856.55</b>     | <b>150039.04</b>     |
| B            | <b>SEGMENT RESULTS</b>   |                              |                         |                         |                      |                      |
|              | <b>PROFIT / (LOSS) (BEFORE TAX AND INTEREST) FROM EACH SEGMENT</b> |                              |                         |                         |                      |                      |
|              | a) AGRO INPUTS   | 5442.17                      | 40.83                   | 3820.87                 | 5483.00              | 5507.73              |
|              | b) BULK DRUGS & FORMULATIONS                                       | (1358.22)                    | (623.72)                | (406.70)                | (1981.94)            | (373.92)             |
|              | c) OTHERS  | 245.11                       | 147.14                  | 534.07                  | 392.25               | 669.90               |
|              | <b>TOTAL</b>   | <b>4329.06</b>               | <b>(435.75)</b>         | <b>3948.24</b>          | <b>3893.31</b>       | <b>5803.71</b>       |
|              | <b>LESS:</b>   |                              |                         |                         |                      |                      |
|              | i) INTEREST  | 13279.47                     | 4783.88                 | (8243.27)               | 18063.35             | 4894.91              |
|              | ii) OTHER UNALLOCABLE EXPENDITURE NET OF UNALLOCABLE INCOME        | (18700.79)                   | 3556.33                 | 694.65                  | (15144.46)           | 1850.18              |
|              | <b>TOTAL PROFIT / (LOSS) BEFORE TAX</b>                            | <b>9750.38</b>               | <b>(8775.96)</b>        | <b>11496.86</b>         | <b>974.42</b>        | <b>(941.38)</b>      |
| C            | <b>CAPITAL EMPLOYED</b>  |                              |                         |                         |                      |                      |
|              | <b>(SEGMENT ASSETS - SEGMENT LIABILITIES)</b>                      |                              |                         |                         |                      |                      |
|              | a) AGRO INPUTS   | 62838.08                     | 70563.97                | 78331.91                | 70563.97             | 78331.91             |
|              | b) BULK DRUGS & FORMULATIONS                                       | 15926.64                     | 15735.02                | 17400.70                | 15735.02             | 17400.70             |
|              | c) OTHERS  | 7207.97                      | 5189.88                 | 7241.40                 | 5189.88              | 7241.40              |
| <b>TOTAL</b> | <b>85972.69</b>  | <b>91488.87</b>              | <b>102974.01</b>        | <b>91488.87</b>         | <b>102974.01</b>     |                      |

Note: Segment Capital Employed does not include unallocated Corporate net assets (including investments of Rs.103507.36 lacs)