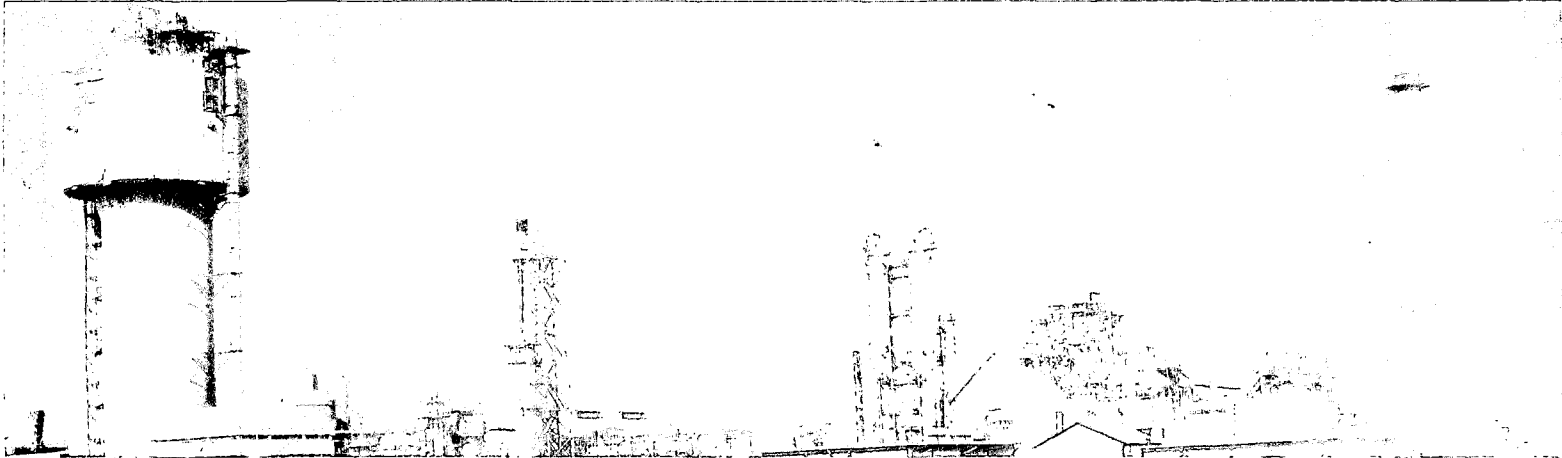
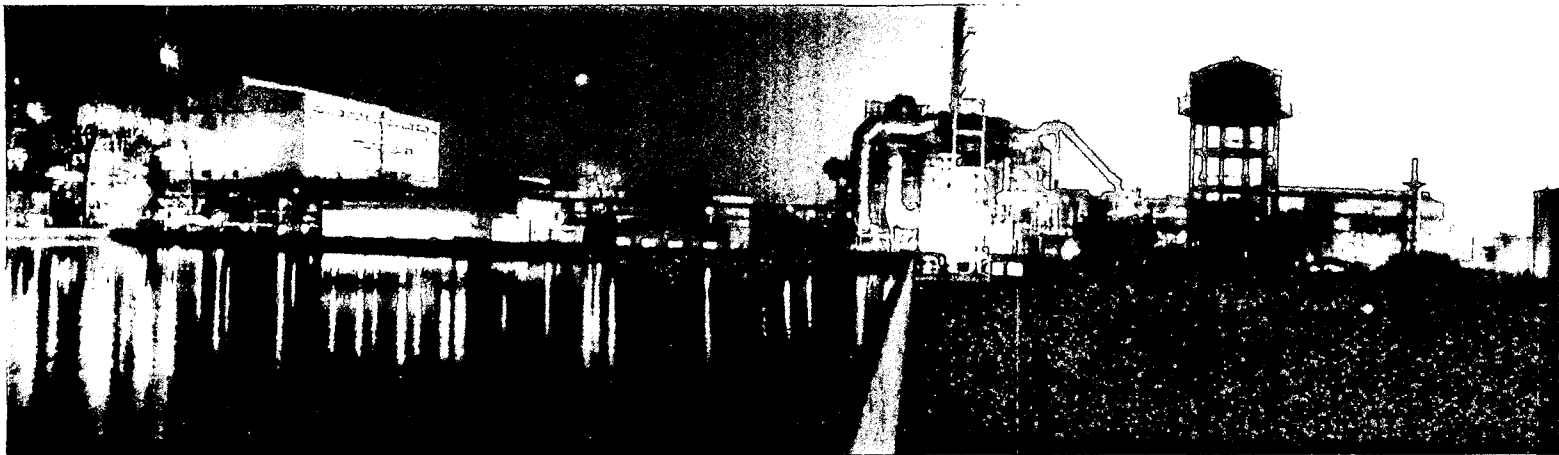


TWENTY SEVENTH ANNUAL REPORT 1996-97



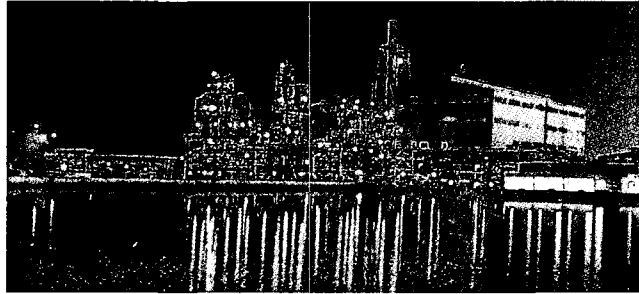
Report  Junction.com

*Growth
in tune with the
progressing nation*



SPIC

Southern Petrochemical Industries Corporation Limited



1996-97 has been a year of consolidation for Southern Petrochemical Industries Corporation Limited, with one major achievement the country would be proud of. In India's 50th year of Independence, it has commissioned a US \$ 170 million joint venture, Indo Jordan Chemicals Company Limited at Eshidiya in Jordan to produce Sulphuric and Phosphoric acids, vital inputs for fertiliser manufacture, in keeping with its sustained policy of operation through synergy and integration.

The Jordan Complex comprises a 700 TPD Phosphoric Acid Plant and a 2000 TPD Sulphuric Acid Plant, along with associated offsites and utilities, including storage terminal at the Red Sea Port of Aqaba.

SPIC renews its pledge to serve the Indian industry and economy by keeping the national interest in focus.



SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: 39 Armenian Street, Chennai 600 001.

Principal Office: "SPIC Centre", 97 Mount Road, Guindy, Chennai 600 032.

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Southern Petrochemical Industries Corporation Limited will be held on Wednesday, the 27th August 1997 at 3.30 P.M. at Kamaraj Arangam, 574-A Anna Salai, Teynampet, Chennai 600 006, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 1997 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors.
2. To declare Dividend.
3. To elect a Director in the place of Dr. P.R. Sundaravivelu, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Thiru F.J. Heredia, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in the place of Dr. K.U. Mada, who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors and fix their remuneration. M/s. A.F. Ferguson & Co., the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Thiru. P.V. Rajaraman, IAS, be and is hereby appointed a Director of the Company, whose period of Office shall be liable to determination by retirement by rotation."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Dr. K. Govindarajan, be and is hereby appointed a Director of the Company whose

period of Office shall be liable to determination by retirement by rotation."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other authorities as may be necessary, sanction of the Company be and is hereby accorded to the Board of Directors of the Company, for investment of a sum of Rs.86.25 lakhs (Rupees Eighty six lakhs and twenty five thousands only) for the purchase of 28,75,000 equity shares of Rs.10/- each in the equity share capital of M/s. SPIC Organics Limited, at a price of Rs.3/- per share, notwithstanding that such investments together with the Company's existing investments in all other bodies corporate shall exceed any or all the percentages prescribed under Section 372 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle all or any matter arising out of or incidental to the proposed investment and to do all such acts, deeds, matters and things as, or otherwise, in their absolute discretion they may consider necessary, expedient or desirable to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other authorities as may be necessary, sanction of the Company be and is hereby accorded to the Board of Directors of the Company, for investment of a sum of Rs.119.46 lakhs (Rupees One hundred nineteen lakhs and forty six thousands

only) for the purchase of 50,754 equity shares of Rs.100/- each in the equity share capital of M/s. Ind-Ital Chemicals Limited, at a price of Rs. 235.36 per share, notwithstanding that such investments together with the Company's existing investments in all other bodies corporate shall exceed any or all the percentages prescribed under Section 372 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle all or any matter arising out of or incidental to the proposed investment and to do all such acts, deeds, matters and things as, or otherwise, in their absolute discretion they may consider necessary, expedient or desirable to give effect to this resolution."

11. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in partial modification to the Resolution No.1 passed by the Members of the Company at the Extraordinary General Meeting held on 24th February 1997, the words viz., "SPIC FERTILIZERS AND CHEMICALS FZE" be substituted for the words "SPIC Fertilisers and Chemicals Limited (FZE)."

12. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.230 Crores divided into 19,10,00,000 Equity Shares of Rs.10/- each and 39,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each, to Rs.300 Crores by creation of additional 70,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each."

"RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be amended to read as follows:

The Share Capital of the Company is Rs.300 Crores divided into 19,10,00,000 Equity Shares of Rs.10/- each and 1,09,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the

time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being in accordance with the provisions of the Act and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

13. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT the first para of Article 4 of the Articles of Association of the Company be amended to read as follows:

The Share Capital of the Company is Rs.300 Crores divided into 19,10,00,000 Equity Shares of Rs.10/- each and 1,09,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each."

14. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions, as may be necessary, from the appropriate authorities or bodies, if any, and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as the "Board"), may in its absolute discretion think fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of the face value of Rs.100/- each of the aggregate nominal value of upto Rs.70 Crores (Rupees Seventy Crores only), with such premium, if any, as may be determined by the Board, in one or more private offerings including private placement, to the investors [whether individuals/institutions/banks and/or incorporated bodies (including companies) and/or any other bodies

corporate and/or trusts and/or mutual funds and/or local bodies and/or any combination thereof] and whether or not such investors are the holders of the equity shares of the Company, on such terms and conditions and in such tranche(s) as may be decided by the Board in its absolute discretion.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued/reissued, the type or types of the Preference Shares to be issued/reissued, the types and classes of investors to whom the Preference Shares are to be offered, the number and value of the Preference Shares to be issued/reissued in each tranche, the terms or combination of terms subject to which the Preference Shares are to be issued (including combination of terms for Preference Shares issued/reissued at various points of time), including but not limited to terms relating to dividend, premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation of dividends and all such terms as are provided in the offerings of like nature.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay fees and commission and incur expenses in relation thereto.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue/reissue, offer or allotment of the Preference Shares and utilisation of the issue proceeds, as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise, to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Whole-time Director or Directors or any other

Officer or Officers of the Company to give effect to the aforesaid resolution.”

15. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging, by the Board of Directors of the Company, of the land and building on the 3.12 acres of land and hypothecation of equipments of the Floriculture Project on *pari passu* basis to or in favour of (a) Bank of India (BOI); and (b) Canara Bank (CNB), to secure the Term Loans aggregating to Rs.385 lakhs (Rupees Three hundred and eighty five lakhs only) availed/to be availed by the Company to meet part of the cost of the Floriculture Project at Coimbatore, in the manner and to the extent mentioned below:

- i) Term Loan not exceeding Rs.212 lakhs (Rupees Two hundred and twelve lakhs only) lent and advanced/agreed to be lent and advanced by BOI to the Company; and
- ii) Term Loan not exceeding Rs.173 lakhs (Rupees One hundred and seventy three lakhs only) lent and advanced/agreed to be lent and advanced by CNB to the Company,

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, guarantee commission, costs, charges, expenses and other moneys payable by the Company to BOI and CNB under the loan agreements executed/to be executed by the Company in respect of the said term loans.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with BOI and CNB the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.”

16. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:**



“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956:

- i) for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties (except book debts) of the Company, wheresoever situate, both present and future and the whole of the undertaking of the Company subject to prior charge in favour of Company's bankers to or in favour of Industrial Development Bank of India (IDBI), Agents and Trustees for the holders of Series VII 18% 50,00,000 Secured Redeemable Non-convertible Debentures of Rs.100/- each, of the aggregate nominal value of Rs.5000 lakhs, to be issued by the Company under private placement basis to:

	Rs. in lakhs
1. Life Insurance Corporation of India (LIC)	2000
2. General Insurance Corporation of India & its Subsidiaries viz.	
a) General Insurance Corporation of India (GIC)	300
b) National Insurance Company Ltd. (NIC)	180
c) The New India Assurance Company Ltd. (NIA)	300
d) Oriental Insurance Company Ltd. (OIC)	180
e) United India Insurance Company Ltd. (UII)	240
	1200
3. Army Group Insurance Fund (AGIF)	300
4. Unit Trust of India (UTI)	1500
	5000

together with interest thereon at the agreed rate, premia on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IDBI, as Agents and Trustees, in terms of Trustee Agreement entered into/to be entered into by the Company in respect of the said Debentures; and

- ii) to the Board of Directors of the Company agreeing with IDBI, as Agents and Trustees, in terms of a Trustee Agreement/Letter of Sanction/Memorandum of terms and conditions, to reserve the right to take over the Management of the business and concern of the Company in certain events.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, as Agents and Trustees, the documents for creating the aforesaid mortgage and/or charge for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution.”

17. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows:

- a) After Sub-clause (w) of Article 2, the following Sub-clauses be inserted:
- (x) “beneficial owner” shall mean the beneficial owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
- (y) “Depositories Act, 1996” shall include any statutory modifications or re-enactment thereof.
- (z) “Depository” shall mean a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

- b) Existing Article 13 be replaced with the following:

“Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and

SPIC joins DEPOSITORY SYSTEM

To keep pace with the changing times / environment and to enable the shareholders to reap the advantages of holding and transacting their shares in electronic form, through the Depository System, SPIC is making suitable arrangements with the National Securities Depository Ltd.

Shareholders may contact any Depository Participant, of their choice, to utilise the Depository mode option.

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: 39 Armenian Street, Chennai 600 001.

Principal Office: "SPIC Centre", 97 Mount Road, Guindy, Chennai 600 032.

To provide effective and convenient service to all our shareholders/investors, investor relation centres at 11 places in different parts of the country have been established through FORESIGHT INVESTOR RELATION CENTRE (FORCE).

The Shareholders/Debtentureholders/Fixed Deposit holders can approach the following offices of FORCE for non-receipt of Share Certificates, Debtenture Certificates, Annual Reports, Dividend Warrants, Interest Warrants, Fixed Deposit receipts and Interest repayment.

AHMEDABAD	403, 4th Floor, Himadri Complex-1, Near Toran Dinning Hall, Ashram Road, AHMEDABAD 380 009	© 656 33 48	
BANGALORE	"SPIC House", 67, Ulsoor, BANGALORE 560 042	© 559 82 50	
CALCUTTA	C/o. SPIC Ltd., 94, Stephen House, 5th Floor, Dalhousie Square, CALCUTTA 700 001	© 248 17 58	
CHENNAI	"Temple Tower", Third Floor, 476/2, Anna Salai, Nandanam, CHENNAI 600 035		
	© 434 61 87, 434 33 37, 434 45 89	Fax: 434 15 42	
COIMBATORE	"Century Plaza", No.88/15, D.B. Road, R.S. Puram, COIMBATORE 641 002	© 45 28 39	
COCHIN	C/o. MCC Finance Ltd., XL/719, Hospital Road, Ernakulam, COCHIN 682 011	© 37 40 35	
HYDERABAD	207, Happy Trade Centre, Sarojini Devi Road, HYDERABAD 500 003	© 780 08 64, 780 73 19	
JAIPUR	C/o. Sahayog Investments, Navratna Apartments, Near Amar Jain Hospital 1077, Chaura Rasta, JAIPUR 302 003	© 31 14 15, 31 79 56	Fax: 31 14 15
MUMBAI	"B" Wing, 64 B, Mittal Court, Nariman Point, MUMBAI 400 021	© 285 68 18, 204 89 75	Fax: 282 52 49
NEW DELHI	205, EMCA House, 23/23B, Ansari Road, Daryaganj, NEW DELHI 110 002	© 328 89 47	Fax: 328 00 28
RAJKOT	215-216, Heera Panna Complex, Dr. Yagnik Road, RAJKOT 360 001	© 44 80 28, 45 97 25	Fax: 48 36 03



accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

- c) To insert the following words at the end of Article 16(1)(b):

"provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996."

- d) To insert the following Article after the existing Article 20(a) and to be numbered as 20(b):

"20(b) Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further

be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media."

- e) To insert the following Article after the existing Article 45(f) and to be numbered as 45(g):

"45(g) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply."

(By Order of the Board)

For SOUTHERN PETROCHEMICAL
INDUSTRIES CORPORATION LTD

Place: Chennai

A. SANTHANAKRISHNAN

Date : 6.6.1997

Whole-time Director & Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE 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. 7 to 17 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 29th July 1997 to Wednesday, the 27th August 1997 (both days inclusive).
4. Members are requested to immediately intimate any change in their addresses registered with the Company quoting their respective Folio Number(s).
5. Members are requested to immediately intimate details of their Bank Account No./change in Bank Account No., if any, to enable the Company to issue the Dividend Warrants incorporating those details.
6. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
7. The amount standing to the credit of Unpaid Dividend Account of 1992-93 was transferred to the General Revenue Account of the Central Government in October 1996.
8. For the benefit of the Members, Investor Relation Centres have been opened in different cities and Members may avail the services provided by Foresight Investor Relation Centre (FORCE) by contacting the office nearest to their place.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT**

Pursuant to Article 76 of the Articles of Association of the Company read with Section 173(2) of the Companies Act, 1956.

The following Explanatory Statement sets out the material facts referred to in Item Nos. 7 to 17 of the Notice convening the 27th Annual General Meeting.

ITEM NO.7

Thiru P.V. Rajaraman, IAS, Secretary, Finance Department, Government of Tamil Nadu was nominated by Tamilnadu Industrial Development Corporation Limited (TIDCO) as its Nominee Director in the place of Dr. S. Gurusurthi, IAS. Thiru P.V. Rajaraman was appointed as Director by the Board of Directors of the Company at its Meeting held on 20th December 1996. As per Section 260 of the Companies Act, 1956, read with Article 106 of the Articles of Association of the Company, Thiru P.V. Rajaraman, IAS, will hold Office as Director of the Company only upto the date of this Annual General Meeting.

The Company has received Notice in writing from a Member under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- as required under that Section, proposing the candidature of Thiru P.V. Rajaraman, IAS, for appointment as a Director of the Company, liable to retire by rotation. The Board commends this resolution for approval of Members at this Meeting.

Memorandum of Interest

Except Thiruvalargal P.V. Rajaraman, IAS, P.C. Cyriac, IAS, M.S. Srinivasan, IAS, and N. Athimoolam, IAS, the Nominee Directors of TIDCO, no other Director of the Company is interested in this resolution.

ITEM NO.8

Dr. K. Govindarajan was co-opted as an Additional Director of the Company by the Board of Directors at its Meeting held on 20th December 1996. As per Section 260 of the Companies Act, 1956, read with Article 106 of the Articles of Association of the Company, Dr. K. Govindarajan will hold Office as a Director of the Company only upto the date of this Annual General Meeting. He, being eligible, has offered himself for appointment as a Director of the Company, liable to retire by rotation, by a written notice under Section 257 of the Companies Act, 1956, and has also deposited Rs.500/- as required under that Section.

Dr. K. Govindarajan is a chemical engineer, holding a Doctorate (Ph.D) from Birla Institute of Technology & Science, Pilani. He joined SPIC in 1974 as Superintendent and served in various capacities and is presently on deputation to SPIC Petrochemicals Limited. He is the Managing Director of SPIC Petrochemicals Limited. He is an active member of many professional bodies and is on the Academic Council of Annamalai University.

The Board commends the election of Dr. K. Govindarajan for the approval of the Members.

Memorandum of Interest

Except Dr. K. Govindarajan, none of the Directors of the Company is interested in this resolution.

ITEM NO.9

The Company is presently holding 86,82,520 equity shares of Rs.10/- each constituting 25.83% of the equity share capital of M/s. SPIC Organics Limited (SORL) (formerly, M/s. UB Petroproducts Limited). M/s. Enichem s.p.a, Italy, the collaborators of SORL, holding 28,75,000 equity shares of Rs.10/- each, constituting 8.55% of the equity share capital of SORL, have indicated their willingness to sell their entire shareholding in SORL to SPIC at a negotiated price of Rs.3/- per share. Accordingly, it is now proposed to invest a sum of Rs.86.25 lakhs for the acquisition of 28,75,000 equity shares of Rs.10/- each at the negotiated price of Rs.3/- per share in SORL. The proposed investment is considered to be in the interest of the Company and hence the Board of Directors commend the same for the Members' approval.

As this proposed investment would exceed the limits laid down under Section 372 of the Companies Act, 1956, the Board of Directors of the Company seek the Members' approval for the aforesaid investment. This is also subject to the approval of the Central Government and approval/exemption by SEBI as may be required.

Memorandum of Interest

Except Thiru A. Santhanakrishnan, Director & Secretary, none of the Directors of the Company is interested in this resolution.