



43rd ANNUAL REPORT
2013 - 14

**SOUTHERN PETROCHEMICAL INDUSTRIES
CORPORATION LIMITED**

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

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

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

Secretary

M B Ganesh

Auditors

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

Registered Office

SPIC House, 88 Mount Road
Guindy, Chennai 600 032

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Website : www.spic.in

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SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

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

NOTICE

NOTICE is hereby given that the FORTY THIRD ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Monday the 8 September, 2014 at 10.00 A.M. at Rajah Annamalai Hall, Chennai - 600 108, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31 March 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Thiru B Elangovan (DIN: 00133452) who retires by rotation and being eligible, offers himself for re-election.
3. To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013, M/s Deloitte Haskins & Sells (DHS), Chennai (Firm Registration No. 008072S), the retiring Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold Office from the conclusion of this Annual General Meeting until conclusion of the 45th Annual General Meeting of the Company on a remuneration as fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

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

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

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

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

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

REMUNERATION:

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

Minimum Remuneration:

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

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

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

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

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

REMUNERATION:

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

Minimum Remuneration:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Place: Chennai
Date : 30 July 2014

M B GANESH
Secretary

NOTES:

- (A) a. The Share Transfer Register of the Company will remain closed from 26 August 2014 to 8 September 2014 (both days inclusive).
- b. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of items 4 to 12 is annexed hereto.
- c. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Member holding more than 10% is entitled to appoint a single proxy, who cannot be proxy of any other Member.
- d. The Proxy form attached must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting, in default, the instrument of proxy shall not be treated as valid. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate board resolution/authority, as applicable.
- e. Members holding shares in physical form are advised to inform the Company of any change in address or demise of any Member.
- f. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) of Members holding shares in demat form and should submit self attested copy their PAN details to the Company while sending physical share certificates for transfer / transmission.
- g. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the Notice. Such Directors have furnished the requisite declarations for their appointment / re-appointment.
- h. Electronic copy of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of electronic-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy form are being sent in the permitted mode.
- i. Members may also note that the Notice of the 43rd Annual General Meeting and the Annual Report will be available on the Company's website www.spic.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Chennai for inspection during normal business hours on all working days. For any communication, relating to investor grievances, the shareholders may send their requests to email id: shares.dep@spic.co.in.
- j. A person who has participated in e-voting is not debarred from participating in the meeting physically though he shall not be able to vote in the meeting again and his earlier vote cast electronically shall be treated as final. In terms of the provisions of Section 107 read with Section 109, there will be no voting by show of hands at the meeting and hence the provisions relating to demand for poll by the Members would not be relevant. The Chairman of the meeting will regulate the meeting and voting on the resolutions in accordance with the provisions of the Act and the applicable Rules.

Inspection of Documents

All material documents relating to the aforesaid items of business of the Notice are available for inspection by the Members at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

(B) Voting through electronic means

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

INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

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

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

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

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

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

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

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

Annexure to Notice

EXPLANATORY STATEMENT

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

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

Item No: 4

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

Memorandum of Interest:

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

Item No: 5

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

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

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

A General Information

1. Nature of Industry:

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

2. Year of Commencement of commercial production:

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

3. Financial performance:

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

Rs. in Crore

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

B Information about the Appointee

a. Background details :

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

b. Past Remuneration

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