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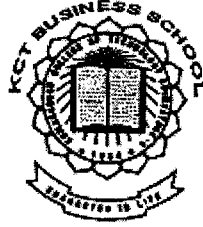
**FINANCIAL PERFORMANCE OF SPIC (TUTICORIN)
FOR THE YEARS 1999 TO 2005**

SUMMER PROJECT REPORT
Submitted to the
Faculty of Management Science, Anna University
in partial fulfillment of the requirement
for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION

by

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October 2006
DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE- 641006



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BONAFIDE CERTIFICATE

Certified that this project titled "Financial performance of SPIC (Tuticorin) for the years 1999 to 2005" is a bonafide work of C.THILAKER (71205631055) who carried out this research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

MISS.S.SANGEETHA,

Faculty guide

Prof. Dr. S. GANESAN

Director

Evaluated and viva- voce conducted on _____

Examiner 1

Examiner 2

DECLARATION

DECLARATION

I, hereby declare that this project report entitled as “Financial performance of SPIC (Tuticorin) for the years 1999 to 2005” has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the degree of Master of Business Administration. The project report is the record of original work done by me under the guidance of Miss. S. Sangeetha, Faculty, KCT Business School during the academic year October 2006.

I also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

Place: Coimbatore

Name: C.THILAKER.

C. Thilaker.
Signature:

ACKNOWLEDGEMENT

ACKNOWLEDGEMENT

I wish to express my earnest gratefulness to my correspondent **Prof. Dr.K.Arumugam**, B.E.(Hons), M.S, M.I.E for his encouragement extended to me to undertake this project.

I extend my hearty thanks to the Principal **Prof.Dr.Joseph v. Thanikal**, B.E.,M.E.,Ph.D.,PDF.,CEPIT who has been the tail twister behind me for attaining the goal.

I would like to thank **Prof.Dr.S.Ganesan**, Director, KCT Business School, for giving encouragement to complete the project work.

I am highly indebted to my internal guide **Miss.S.Sangeetha**, M.B.A, M.Phil, Faculty KCT Business School, who evinced keen interest, valuable suggestion, spending her valuable time and persistent help in the project work.

I wish to express my heartfelt thanks to **Mr. S. Soorianarayanan**, Asst Manager- finance, SPIC Ltd., for his invaluable guidance to complete the project work.

Finally, I thank my friends and parents for their continuous support and encouragement without which the project could not be a successful.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In the modern industrial economy, finance is one of the basic foundations of all kinds of economic activities. The financial function of the enterprise deals with raising the funds and their effective utilization, keeping in view the overall objective of the company. The management of the company makes use of various financial techniques, devices etc for administrating financial affairs of the company in the most effective and efficient way.

This project is undertaken to study the financial performance of SPIC Ltd. The researcher used four types of ratio analysis liquidity ratio, capital ratio, profitability ratio and activity ratio to interpret the financial performance. This is done with the help of annual reports of the company for last six years from 1999-00 to 2004-05. Suggestions and conclusion are given based on inference of the analysis.

The profitability ratio shows that the net profit of the organization has increased compared to the previous three years. The liquidity ratio shows the short term liquidity position of the organization is in satisfactory position. The activity ratio shows the organization has efficiently used the investment, asset and the working capital in the current year when compared to the previous years.

In general, the financial position of the organization has increased in all aspect for the past years. It shows the good sign to its shareholders to invest more in the organization, and has more prospects to grow high.

CERTIFICATE

PIC SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LTD.,
SPIC NAGAR, TUTICORIN - 628 005. INDIA

CERTIFICATE

This is to certify that MR.C.THILAKAR I MBA student of KUMARAGURU COLLEGE OF TECHNOLOGY, CHINNAVEDAMPATTI, COIMBATORE-641006 completed his project work on "FINANCIAL PERFORMANCE OF SPIC USING RATIO ANALYSIS" in **SPIC LTD** Tuticorin during the period from 03.07.2006 to 09.08.2006.

During the Training period, his performance and conduct were good.



ASST.MANAGER(TRAINING)

Place: Tuticorin.

Date : 09.08.2006.

NCIPAL OFFICE : SPIC HOUSE, 88, MOUNT ROAD, GUINDY, CHENNAI - 600 032
REGISTERED OFFICE : 73, ARMENIAN STREET, CHENNAI - 600 001



TABLE OF CONTENTS

CONTENTS

Chapter no	Title	Page No
1.	INTRODUCTION	
	1.1 Background	1
	1.2 Objective of the study	1
	1.3 Scope of the study	1
	1.4 Methodology	2
	1.5 Type of study	2
	1.6 Limitations	4
	1.7 Chapter scheme	5
2.	ORGANIZATIONAL PROFILE	
	2.1 History of SPIC	6
	2.2 Management	7
	2.3 Organization structure	8
	2.4 Product profile and marketing potential	9
	2.5 Competitive strength of SPIC	10
	2.6 Future plans	10
3.	DATA ANALYSIS AND INTERPRETAION	
4.	CONCLUSION	
	5.1 Findings	59
	5.2 Suggestions	60
	5.3 Conclusion	61
	BIBLIOGRAPHY	
	APPENDIX	

List of tables

TABLE NO.	TITLE	PAGE NO.
3.1.a	Table showing current ratio of SPIC	17
3.1.b	Table showing quick ratio of SPIC	19
3.1.c	Table showing inventory turnover ratio of SPIC	21
3.1.d	Table showing inventory turnover period of SPIC	23
3.1.e	Table showing debtors turnover ratio of SPIC	25
3.1.f	Table showing average collection period of SPIC	27
3.1.g	Table showing creditors turnover ratio of SPIC	29
3.2.a	Table showing debt equity ratio of SPIC	31
3.2.b	Table showing debt ratio of SPIC	33
3.2.c	Table showing debt to total asset ratio of SPIC	35
3.2.d	Table showing capital employed ratio of SPIC	37
3.2.e	Table showing proprietary ratio of SPIC	39
3.3.a	Table showing net profit margin ratio of SPIC	41
3.3.b	Table showing return on total asset of SPIC	43
3.3.c	Table showing return on shareholder fund of SPIC	45
3.3.d	Table showing return on investment of SPIC	47
3.4.a	Table showing current asset turnover ratio of SPIC	49
3.4.b	Table showing fixed asset turnover ratio of SPIC	51
3.4.c	Table showing total assets turnover of SPIC	53
3.4.d	Table showing working capital turnover ratio of SPIC	55
3.5.a	Table showing comparative balance sheet for year 1999 to 2005 of SPIC	57

List of charts

TABLE NO.	TITLE	PAGE NO.
3.1.a	Chart showing current ratio of SPIC	18
3.1.b	Chart showing quick ratio of SPIC	20
3.1.c	Chart showing inventory turnover ratio of SPIC	22
3.1.d	Chart showing inventory turnover period of SPIC	24
3.1.e	Chart showing debtors turnover ratio of SPIC	26
3.1.f	Chart showing average collection period of SPIC	28
3.1.g	Chart showing creditors turnover ratio of SPIC	30
3.2.a	Chart showing debt equity ratio of SPIC	32
3.2.b	Chart showing debt ratio of SPIC	34
3.2.c	Chart showing debt to total asset ratio of SPIC	36
3.2.d	Chart showing capital employed ratio of SPIC	38
3.2.e	Chart showing proprietary ratio of SPIC	40
3.3.a	Chart showing net profit margin ratio of SPIC	42
3.3.b	Chart showing return on total asset of SPIC	44
3.3.c	Chart showing return on shareholder fund of SPIC	46
3.3.d	Chart showing return on investment of SPIC	48
3.4.a	Chart showing current asset turnover ratio of SPIC	50
3.4.b	Chart showing fixed asset turnover ratio of SPIC	52
3.4.c	Chart showing total assets turnover of SPIC	54
3.4.d	chart showing working capital turnover ratio of SPIC	56

CHAPTER I

INTRODUCTION

CHAPTER 1

1.1 BACKGROUND OF STUDY

In our present day economy, finance is defined as the provision of money at the time when it is required for every enterprise, whether big, medium or small, needs finance to carry on its operations and to achieve its targets. In fact, finance is so indispensable, today it is rightly said to be the lifeblood of an enterprise. Without adequate finance, no enterprise can possibly accomplish its objective.

1.2 OBJECTIVES OF THE STUDY

Main objective:

- To study the financial performance of SPIC (Tuticorin) for the years 1999 to 2005

Secondary objective

- To study the liquidity position of SPIC Ltd.,
- To study about the long term solvency of SPIC Ltd.,
- To study about the profitability of SPIC Ltd.
- To study about the operating efficiency of SPIC Ltd.
- To study the increase or decrease in assets, liabilities, shareholders fund, and loan funds.

1.3 SCOPE OF STUDY

Ratio analysis is a widely used tool for financial analysis. Also comparative balance sheets are being used for analysis.

Conditions in any business operation change day by day and this dynamic situation the ratio inform management about the most important issues requiring there immediate attention. The ratio shows the connections that exist between different parts of the business. The business ratios are the guiding stars for the management and comparative balance sheet is showing the effective utilization of assets and its growth over the year.

This study helps the management to know about the real reason for profit (or) loss and suggestion given will be of useful for the management for the future growth of the organization.

1.4 RESEARCH METHODOLOGY

RESEARCH DESIGN:

The study aims at narration of existing facts and figures regarding financial position of the company. The research design adopted in this study has been descriptive in nature.

1.5 TYPE OF THE STUDY:

The research is descriptive in nature as the study was done to find out awareness level of the general customer and researcher has no control over the variables and is independent of the state of affairs.

DATA COLLECTION:

This study involves only secondary data. Secondary data were collected through annual reports, balance sheets and manual of the company.

TOOLS OF ANALYSIS:

In order to analyze the financial appraisal of the company, the following statistical are used.

- Ratio Analysis.
- Comparative balance sheet

RATIO ANALYSIS

MEANING:

Ratio analysis is powerful tool of financial analysis. It is defined as a systematic use of ratio to interpret the financial statements so that the strengths and weaknesses of firm as well as its historical performance and current financial condition can be determined. The term ratio refers to the numerical or quantities reality between two variables.

This relationship can be expressed as (i)percentages (ii)fraction (iii)proportion of numbers, these alternative methods of expressing items, which

are related to each other are, for purposes of financial analysis, referred to as ratio analysis.

Ratios help to summarize the large quantities of financial state and to make qualitative judgment about the firm's financial performance i.e., a ratio indicates a quantitative relationship, which can be in turn, used a qualitative judgment.

IMPORTANCE OF RATIO ANALYSIS

Ratio analysis as a tool of financial management is of crucial significance. The importance of ratio analysis is in fact that it presents facts on a comparative basis and enables the drawings of inferences regarding the performance of a firm in respect of the following aspects.

- ✓ Liquidity position.
- ✓ Long-term solvency.
- ✓ Operating efficiency.
- ✓ Trend analysis.

USES OF RATIO ANALYSIS

Users of the financial ratio analysis are many. They are concerned with the economic situation of firm and predicting its future course, basing on which decision is taken.

The major groups of users are;

(a) Management

1. Helps in decision-making.
2. Helps in financial forecasting and planning.
3. Helps in communicating.
4. Helps in co-ordination.
5. Helps in control.
6. Others uses.

Investors

(b) Creditors

(c) Labour

(d) Government

1.6 LIMITATIONS:

- The conclusion cannot be taken on their face value. The price level is changing over the period, which are based on historical data.
- Ratio is only postmortem of what has happened between two balance sheets they also give no due to the future.
- The result is derived from the balance sheet figure.

1.7 CHAPTER SCHEME

Chapter 1: Introduction

The first chapter deals with the background, objectives, scope of the study, methodology used in data collection, limitations of the study, and brief introduction to all the chapters.

Chapter 2: Organization Profile

Organization profile includes details on the history of the organization, management and organization structure, product profile and market potential, competitive strength of the company.

Chapter 3: Analysis and interpretation

The Chapter mainly deals with the ratio analysis made to know the financial performance of the organization. Interpretation and inference is made on each ratio.

Chapter 4: Conclusion

Conclusion includes the results and the discussions put forth regarding the financial performance of the company and the considered recommendations to improve the performance of the company.

CHAPTER 2

ORGANIZATION PROFILE

CHAPTER 2

2.1 HISTORY OF SPIC

Dr.M.A.Chidambaram's dream of contributing to the growth of nation's core sector-agriculture and improve the life of farmer's saw the creation of a vibrant organization southern petrochemical industries corporation limited (SPIC) in 1969. Spic is among the pioneering corporation that contribution to making Indian agriculture stronger. Over the year, spic has reinforced this vision and helped Indian farmers with a range of quality fertilizers and farm service in order to improve their farm productivity. Commissioned in 1975, spic's fertilizer complex at tuticorin has facilities to manufacture nitrogenous fertilizer (urea) and phosphatic fertilizer (Di-ammonium phosphate).In addition, intermediates like ammonia, sulphuric acid, phosphoric acid, and co-product like aluminium fluoride and by-product like gypsum are also produced.

The complex houses the following:

Urea plant, DAP plant, Ammonia plant Sulphuric acid plant, Effluent treatment plant, Captive power plant, Water treatment, Phosphoric acid plant, Aluminium fluoride plant.

Spic also has seed plant which produces 62 varieties of tomato, cabbage, okra, cotton, watermelon, radish, cluster bean, chilly, drumstick and carrot .

Spic also provides engineering service such as

Installation of extra high voltage transmission lines, Power system improvements for rural electrification, Railway electrification, Inspection maintenance and repairs (IMR) services, Quality assurance services, Shutdown maintenance, Turnaround maintenance, Procurement service, Project management, Construction management, Operation and maintenance service.

2.2 MANAGEMENT

BOARD OF DIRECTIORS

Chairman

- Dr.A.C.Muthiah

Vice-chairman

- Ashwin C Muthiah

Managing director

- Babu K Verghese

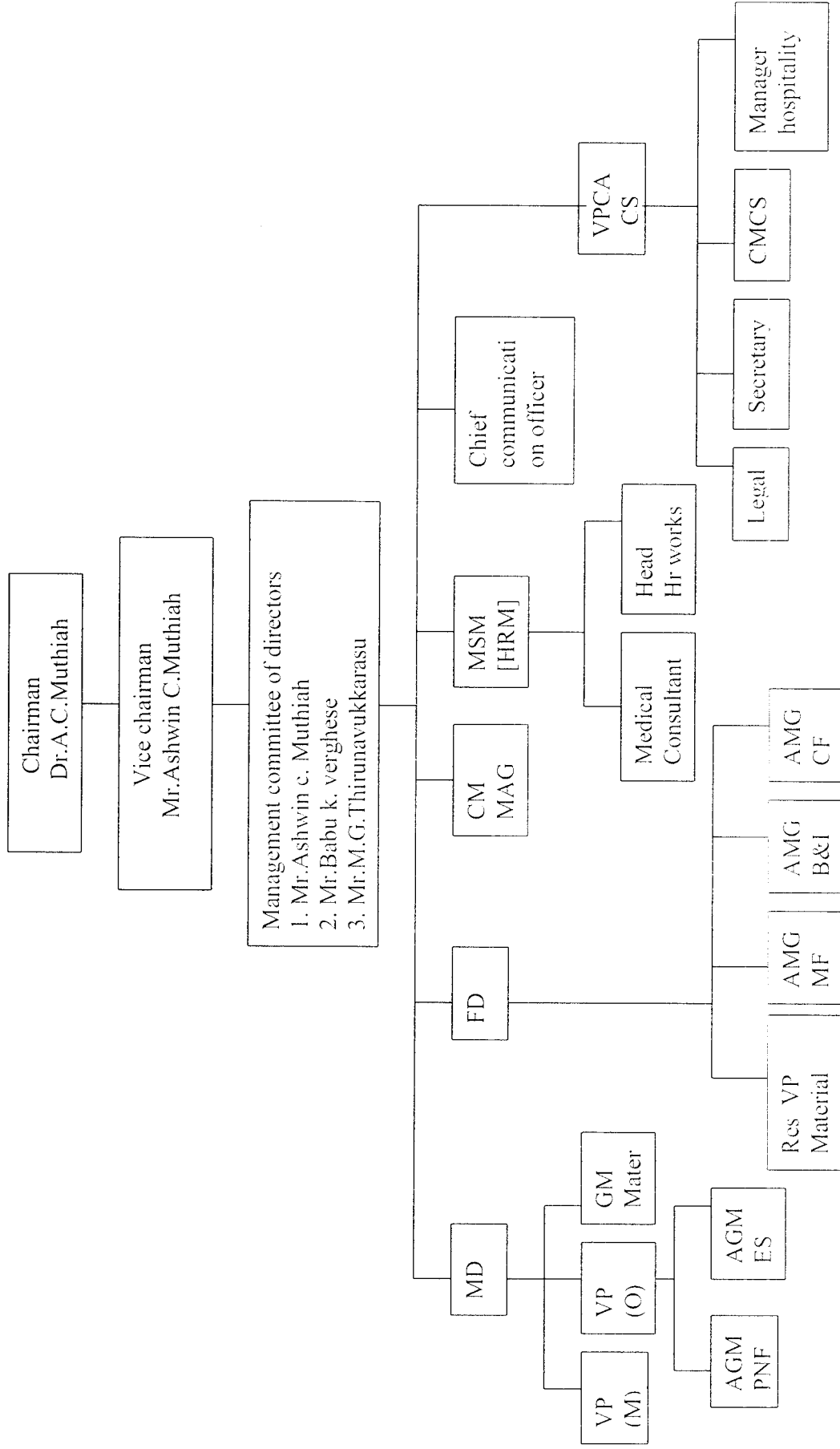
Finance director

- M G Thirunavukkarasu

Directors

- Rameshram Mishra,IAS
- K Gnanadesikan,IAS
- Leena Nair,IAS
- Dr K V Mada
- N R Krishinan
- S Venkitaraman
- S RajaGopal
- Jawahar Vadirvelu
- M R srinivasan
- V R Mehta
- P C Ghosh
- K B N Murth

2.3 ORGANIZATION CHART



2.4 PRODUCT PROFILE:

Agri products

- Urea
- Diammonium phosphate
- Muriate of potash
- Complex fertilizers
- Fertilizers – grade gypsum
- sulphuric acid, phosphoric acid and aluminium fluoride

Bio-product

- Bio fertilizers.
- Hybrid seeds.
- Bio-pesticides.
- Plant growth promoters.
- Products of tissue culture.
- Varieties of elite ornamental plants.

pharma- product

- Diammonium phosphate
- API
- Herbal drugs

RENOUNCED BRANDS

- SPIC urea.
- SPIC DAP.
- SPIC 20:20 complex ASP.
- SPIC phosphate (m.o.p).
- SPIC gypsum.
- SPIC seeds.
- Wanis.
- SPIC neam gold.
- SPIC bio gold.
- SPIC cytozyme.
- Lovanthin.
- BIO PEP.
- Ostes flavour plus.
- SPICOF

MARKETING ACHIEVEMENTS

Lowest energy consumption per MT of urea since the urea plant's Commissioning in 1975. High sale of UREA in 5 years at 6, 61,434MT. Higher sale of DAP in 4 years at 3, 69,717MT. Higher ever sale of GYPSUM at 5, 57,565 MT. Higher ever

sale of Aluminium fluoride at 5,905 MT & for the twenty-fifth years in a row, annual fertilizer sale crossed one million MT.

2.5 COMPETITIVE ADVANTAGE

- First to set up a joint venture fertilizer complex at Tuticorin in Tamil Nadu state, India.
- Largest naphtha-based single-stream aluminium plant in Asia, when commissioned.
- Largest urea plant of its kind in the world, when commissioned.
- First to introduce black DAP in India.
- First to introduce pipe reactor technology to manufacture black DAP.
- First to produce aluminium fluoride from waste hydrofluosilic acid.

2.6 FUTURE PLANE:

- To continuously improve the share holder value.
- To expand its agri-input business.
- To manufacture and distribute high quality product.
- To build and strengthen SPIC brands aggressively.
- Development of products and processes.
- Building new application for harnessing existing technologies.
- Contract R & D.

ACHIEVEMENTS:

Got national safety Award for best safety performance in 2003 by British Safety council, UK. Best technical innovations award 2003-04 fertilizer Association of India. Best environmental protection award 2003-04 fertilizer Association of India. Star Award 2003. National Safety Council, Tamil Nadu chapter. Certificate of merit for ISO 9001 and ISO 14001 certification Indian Chemical Manufacturer's Association. Commendation certificate for being among the top importers 2003-04 at Tuticorin Port. Tuticorin Customs Commissioner ate. Best importer award 2003-04 for fertilizer raw materials Tuticorin Port Trust.

CHAPTER 5

DATA ANALYSIS &
INTERPRETATION

CHAPTER 3

RATIO ANALYSIS:

Ratio analysis is defined as the systematic use of ratio to interpret the financial statements so that the strengths and weaknesses of a firm as well as its historical performance and current financial condition can be determined.

Types of ratios:

- Liquidity ratios
- Capital ratios
- Profitability ratios
- Activity ratios

1. Liquidity ratios:

The importance of adequate liquidity in the sense of the ability of a firm to meet current/short-term obligation when they become due for payment can hardly be overstressed.

Types of liquidity ratio:

- Current ratio
- Quick ratio
- Turnover ratio

Current ratio:

The current ratio is the ratio of total current assets to total liabilities. It is calculated by dividing current asset by current liabilities.

$$\text{Current ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

Quick ratio:

It is use to measure the firms ability to convert its current assets quickly into cash in order meet its current liabilities.

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$



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Turnover ratio:

Another way of examining the liquidity is to determine how quickly certain current assets are converted into cash. The ratio to measure these are referred to as turnover ratio.

Types of turnover ratio:

- Inventory turnover ratio
- Debtor's turnover ratio
- Creditor's turnover ratio

Inventory turnover ratio:

It is computed by dividing the cost of goods sold by the average inventory.

$$\text{Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

Inventory holding period:

It is computed by dividing the number of operating days by inventory turnover ratio.

$$\text{Holding period} = \frac{\text{No. of operating days}}{\text{Inventory turnover ratio}}$$

Debtor's turnover ratio:

It is determined by dividing the credit sales by average debtors outstanding during the year.

$$\text{Debtors turnover ratio} = \frac{\text{Net credit sales}}{\text{Average debtors}}$$

Average collection period:

It is determined by dividing the number of operating days by debtor's turnover ratio.

$$\text{Average collection period} = \frac{\text{No. of operating days}}{\text{Debtor's turnover ratio}}$$

Creditor's turnover ratio:

It is a ratio between net credit purchases and the average amount of creditors outstanding during the year.

$$\text{Creditors turnover ratio} = \frac{\text{Net credit purchases}}{\text{Average creditors}}$$

2. Capital ratio:

The capital structure ratio is defined as financial ratios which throw light on the long-term solvency of a firm as reflected in its ability to assure the long-term creditors.

Types of capital ratio:

- Debt equity ratio
- Debt ratio
- Debt to total asset ratio
- Capital employed ratio
- Proprietary ratio

Debt equity ratio:

The relationship between borrowed fund and owner's capital is a popular measure of the long-term financial solvency of a firm. This relationship is shown by the debt-equity ratio.

$$\text{Debt-equity ratio} = \frac{\text{Total long term-debt}}{\text{Shareholders fund}}$$

Debt ratio:

It is determined by dividing the total debt by capital employed. Under debt ratio the outside liabilities are related to the total capitalization of the firm and not merely to the shareholder's equity.

$$\text{Debt ratio} = \frac{\text{Total debt}}{\text{Capital employed}}$$

Debt to total assets:

The relationship between creditors funds and owners capital can also be expressed in terms of another leverage ratio. It is determined by dividing total debt by capital employed.

$$\text{Debt to total asset} = \frac{\text{Total debt}}{\text{Total asset}}$$

Capital employed ratio:

The capital employed ratio is determined by dividing capital employed by net worth.

$$\text{Capital employed ratio} = \frac{\text{Capital employed}}{\text{Net worth}}$$

Proprietary ratio:

Proprietary ratio relates the shareholders funds to total assets. It is a variant of the debt equity ratio. This shows the long term or future solvency of the business.

$$\text{Proprietary ratio} = \frac{\text{Shareholder's funds}}{\text{Total assets}}$$

3. Profitability ratio:

It describes the profitability of a firm

Types of profitability ratio

- Net profit margin ratio
- Return on assets
- Return on shareholders
- Return on investment

Net profit margin ratio:

It measures the relationship between net profits and sales of a firm. The net profit margin is indicative of Management's ability to operate to operate the business with sufficient success not only to recover of the period.

$$\text{Net profit ratio} = \frac{\text{PAT}}{\text{Sales}}$$

Return on assets:

Profitability can be measured in term of relationship between net profit and assets. It measures the profitability of investment.

$$\text{Return on assets} = \frac{\text{Net profit}}{\text{Total assets}} \times 100$$

Return on shareholders fund:

This ratio establishes the profitability from the shareholders point of view. It is determined by dividing net profit by shareholders fund.

$$\text{Return on shareholder fund} = \frac{\text{Net profit}}{\text{Shareholder fund}} \times 100$$

Return on investment:

The profitability ratios can also be computed by relating the profits of a firm to its investments.

$$\text{Return on investment} = \frac{\text{PAT}}{\text{Total assets}}$$

4. Activity ratios

Activity ratios are concerned with measuring the efficiency in asset management. These ratios are also called efficiency ratios or asset utilization ratio. The efficiency with which the assets are used would be reflected in the speed and rapidity with which assets are converted into sales.

Type of activity ratio:

- Current asset turnover ratio
- Fixed asset turnover ratio
- Total asset turnover ratio
- Working capital turnover ratio

Current asset turnover ratio:

It is determined by dividing cost of goods sold by average current asset.

$$\text{Current asset turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average current asset}}$$

Fixed asset turnover ratio:

It is determined by dividing cost of goods sold by average fixed asset.

$$\text{Fixed asset turnover} = \frac{\text{Cost of goods sold}}{\text{Average fixed assets}}$$

Total asset turnover ratio:

It measures the efficiency of a firm in managing and utilizing its assets. It is determined by dividing cost of goods sold by average total assets.

$$\text{Total asset turnover} = \frac{\text{Cost of goods sold}}{\text{Average total assets}}$$

Working capital turnover ratio:

This ratio is a measure of the efficiency of the employment of the working capital. This ratio finds out the relation between cost of sales and working capital.

$$\text{Working capital turnover} = \frac{\text{Cost of goods sold}}{\text{Net working capital}}$$

Table 3.1.a

Table showing current ratio of SPIC

(Rs in lakhs)

Years	Current assets	Current liabilities	Current ratio
1999-00	221263.10	70020.59	3.16
2000-01	214936.76	53911.09	3.99
2001-02	202762.39	60314.27	3.36
2002-03	189470.61	55474.86	3.42
2003-04	141832.80	58148.26	2.44
2004-05	134959.37	73548.43	1.83

Interpretation:

The above table shows the current ratio of SPIC Ltd., for the last 6 years. The current ratio varies from 1.83 to 3.99. As the current ratio of SPIC Ltd., is in a satisfactory position.

Interpretation:

The high current ratio is an assurance that the firm will have adequate funds to pay the short term obligation. In comparison with ideal ratio the firms maintain excess current assets in proportion to current liabilities which implies idle current asset existed during 1999 to 2003. But it managed to reduce it in forthcoming year.

Chart 3.1.a

Chart showing current ratio of SPIC

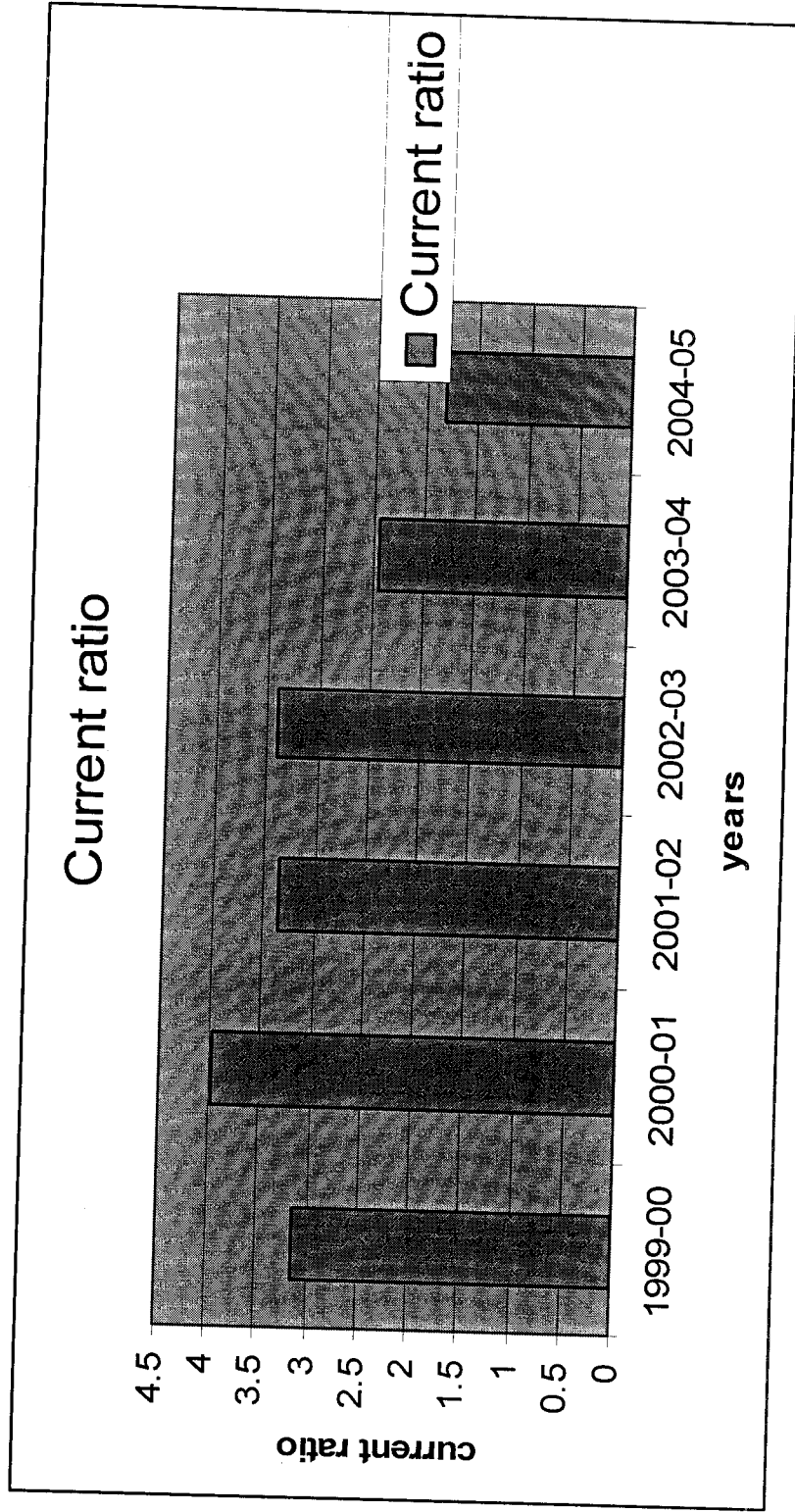


Table 3.1.b

Table showing quick ratio of SPIC

(Rs in lakhs)

Years	Quick assets	Current liability	Quick ratio
1999-00	194622.58	70020.59	2.78
2000-01	186818.64	53911.09	3.47
2001-02	179561.52	60314.27	2.98
2002-03	176287.74	55474.86	3.18
2003-04	126592.42	58148.26	2.18
2004-05	120417.89	73548.43	1.64

Interpretation:

Quick ratio of SPIC Ltd., varies from 2.78 to 1.64 which enable the firm not to meet the satisfactory level of its quick assets. The quick assets maintained by SPIC Ltd are improper in nature.

Inference:

Since the quick assets are more than current liabilities which implies the concern is financial sound to meet its short term obligation. But still, as they are very high when compared to ideal ratio, it implies idle quick assets maintained by the concern.

Chart 3.1.b

Chart showing quick ratio of SPIC

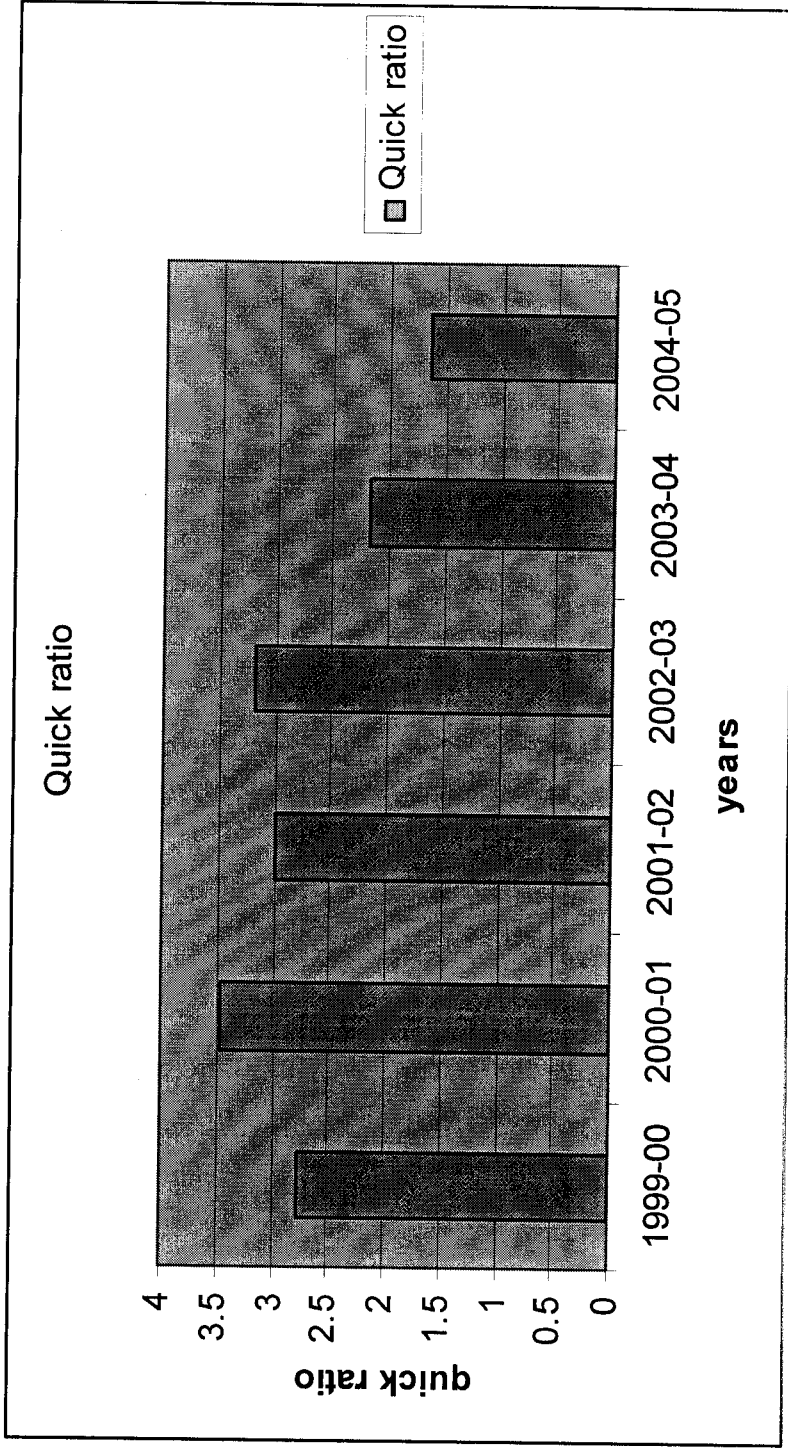


Table 3.1.c

Table showing inventory turnover ratio of SPIC

(Rs in lakhs)

Years	Sales	Average inventory	Inventory turnover ratio
1999-00	266776.00	33454.21	7.97
2000-01	219529.18	27379.32	8.02
2001-02	170064.14	25659.50	6.63
2002-03	163248.81	18191.87	8.97
2003-04	150281.34	14211.63	10.57
2004-05	191354.92	14890.93	12.85

Interpretation:

From the above table it is clear that the inventory turnover of SPIC Ltd., is high and the ratio is increasing year by year. For the year 2001-02 the ratio has decreased because of low productivity and for the next year 2002-03 and 2004-05 the steps were taken to increase the productivity and also to capture the market through marketing strategies etc.

Inference:

This ratio indicates the speed of inventory conversion into sales. A high ratio is good from the viewpoint of liquidity and vice versa. A low ratio would signify that inventory does not sell fast and stays on the shelf or in the warehouse for a long time.

Chart 3.1.c

Chart showing inventory turnover ratio of SPIC

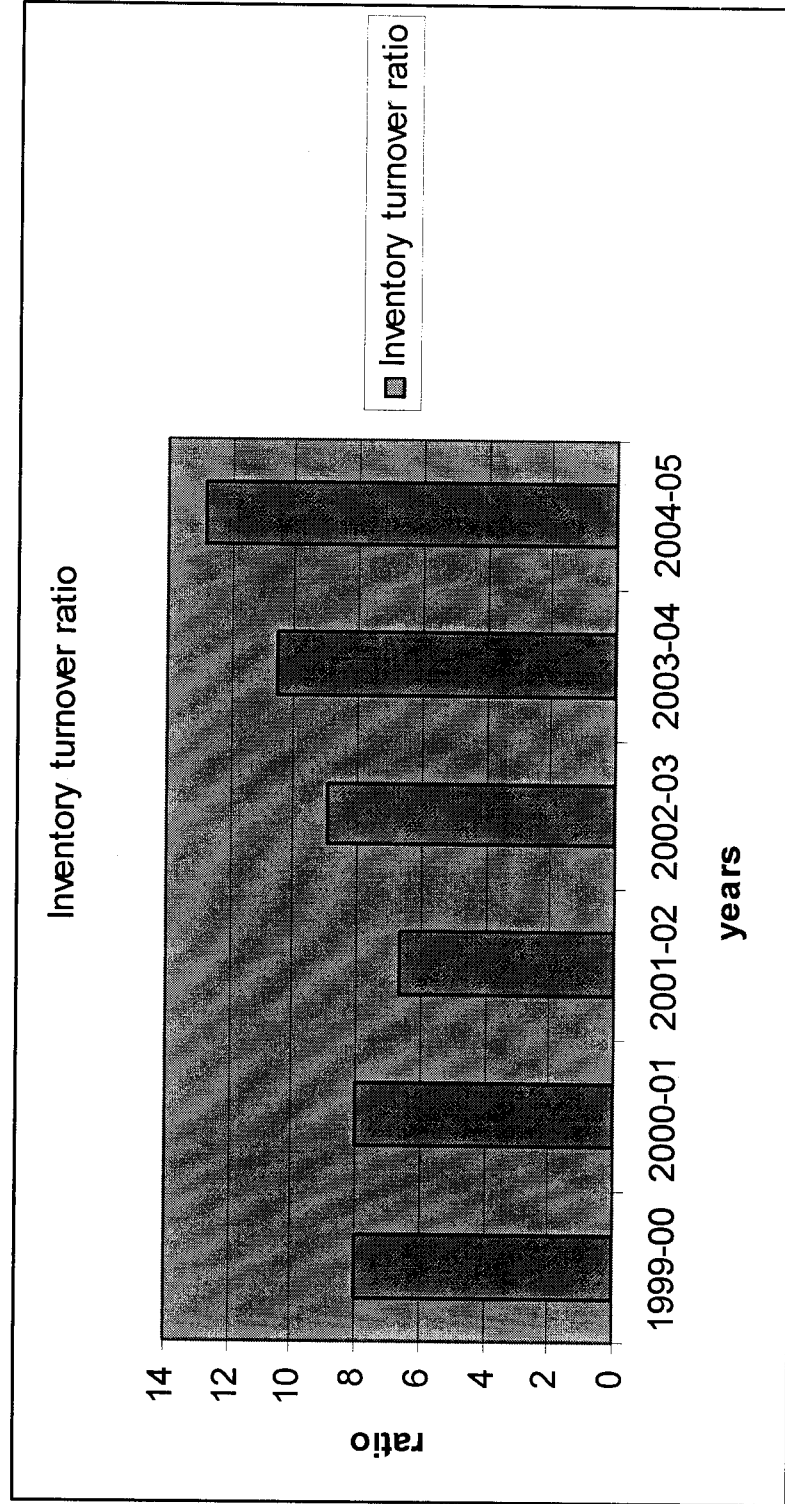


Table 3.1.d

Table showing inventory holding period of SPIC

Years	Inventory turnover ratio	No. of operating Days	Inventory holding period
1999-00	7.97	365 days	46 days
2000-01	8.02	365 days	46 days
2001-02	6.63	365 days	55 days
2002-03	8.97	365 days	41 days
2003-04	10.57	365 days	35 days
2004-05	12.85	365 days	28 days

Interpretation:

The above table shows that decrease in the number of days of holding inventories, which directly shows the fast movement of products in the market. But in the year 2001-02, holding period of the inventories was 55 days and this is because of existence of drought conditions.

Inference:

The inventory holding period keeps on decreasing after 2002 the inventories gets converted into sales within a month which shows a good signal.

Chart 3.1.d

Chart showing inventory holding period of SPIC

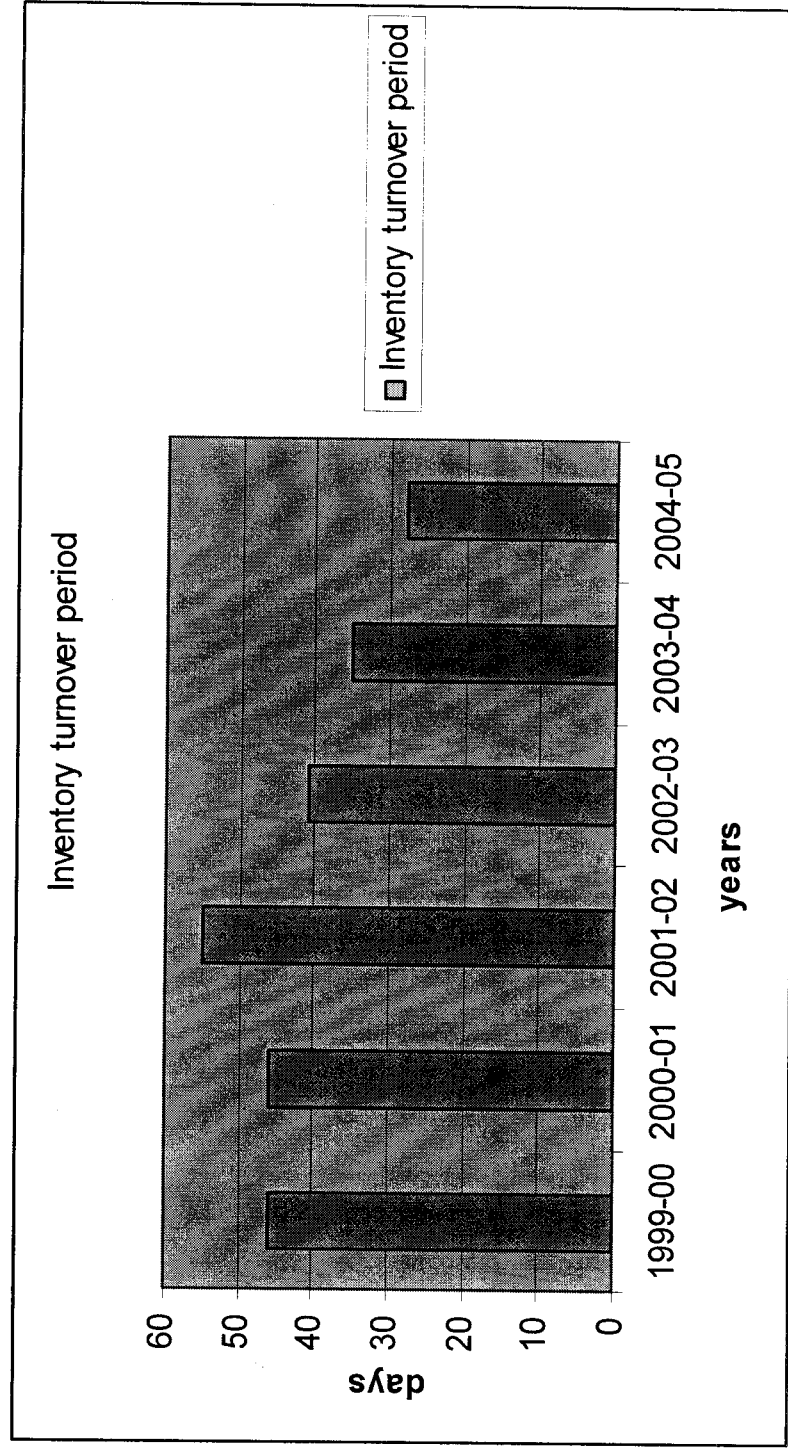


Table 3.1.e

Table showing debtors turnover ratio of SPIC

(Rs in lakhs)

Years	Credit sales	Average debtors	Debtors turnover ratio
1999-00	266766.00	40282.79	6.63
2000-01	219529.18	42225.60	5.20
2001-02	170064.14	28882.20	5.89
2002-03	163248.81	23071.37	7.08
2003-04	150281.34	20473.93	7.34
2004-05	191354.92	16974.74	11.27

Interpretation:

From the above table it is clear that the debtor's turnover ratio is being reduced slowly and which shows an increase in debts of the company. The collection of dues is to be improved in order to increase the debtor's turnover ratio.

Inference:

The high ratio is indicative of shorter time lag between credit sales and cash collection. A low ratio shows the concern is following a strict credit policy.

Chart 3.1.e

Chart showing debtor's turnover ratio of SPIC

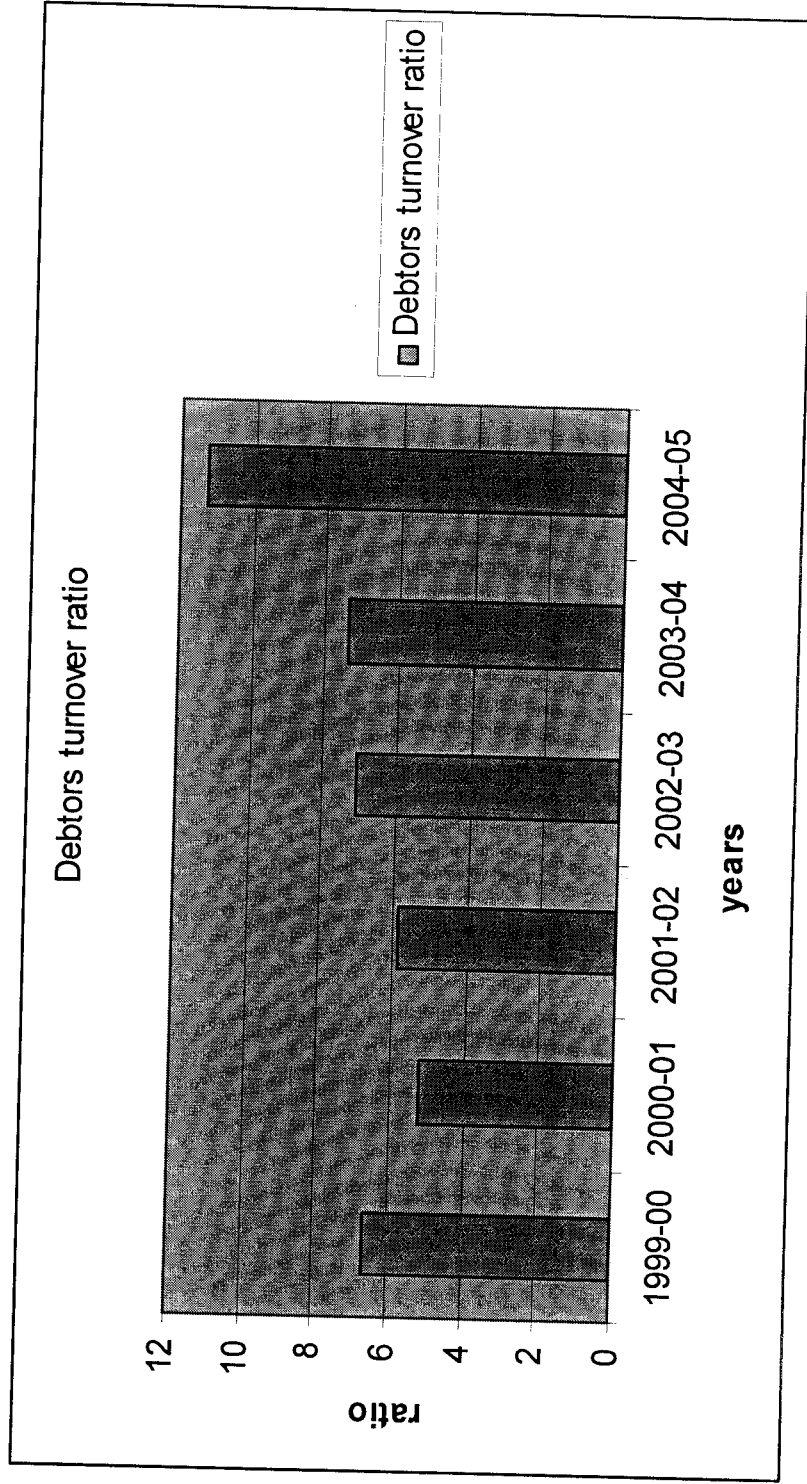


Table 3.1.f

Table showing average collection period of SPIC

Years	Debtors turnover ratio	No. of operating days	Average collection period
1999-00	6.63	365 days	55 days
2000-01	5.20	365 days	70 days
2001-02	5.89	365 days	62 days
2002-03	7.08	365 days	52 days
2003-04	7.34	365 days	50 days
2004-05	11.27	365 days	32 days

Interpretation:

From the above table, it is clear that the collection period of the company is being increased from 55 to 70 days and which is not suitable for the company. And later it has reduced to 32 days. Further the collection period of the company should be reduced in order to have an easy conversion of cash quickly.

Inference:

The shorter the average collection period, better the quality of debtors. The higher the turnover ratio and the shorter the average collection period, the better the trade credit management and the better the liquidity of debtors. The average collection remains to be 32 days which shows that the concern is very effective in due collection.

Chart 3.1.f

Chart showing average collection period of SPIC

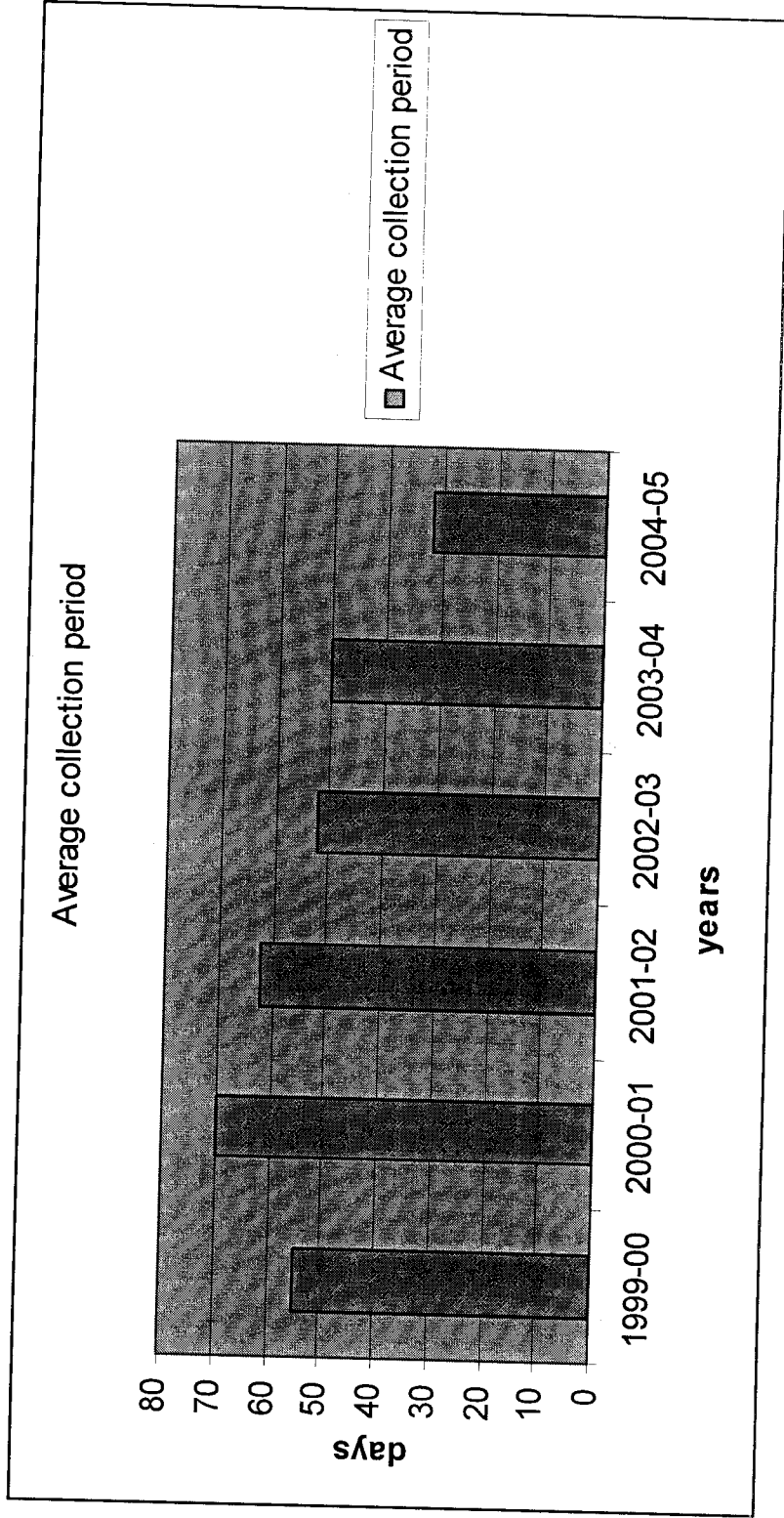


Table 3.1.g

Table showing creditors turnover ratio of SPIC

(Rs in lakhs)

Years	Net credit purchases	Average creditor	Creditors turnover ratio
1999-00	73704.52	67969.29	1.08
2000-01	32766.80	58224.19	0.56
2001-02	18656.41	53553.19	0.35
2002-03	815.22	55657.47	0.014
2003-04	826.21	54371.76	0.015
2004-05	857.63	61151.64	0.014

Interpretation:

The company has a low creditors turnover ratio which is good for the company and because of this the goodwill of the company is growing and the funds payable to suppliers will be useful for the other purposes to meet its other immediate demand.

Inference:

A high ratio shows that the creditors are not paid in time. A higher ratio shows that the business is not taking the full advantage of credit period allowed by the creditors. But lower the ratio, the payment is delayed which is not good for the concern.

Chart 3.1.g

Chart showing creditor's turnover ratio of SPIC

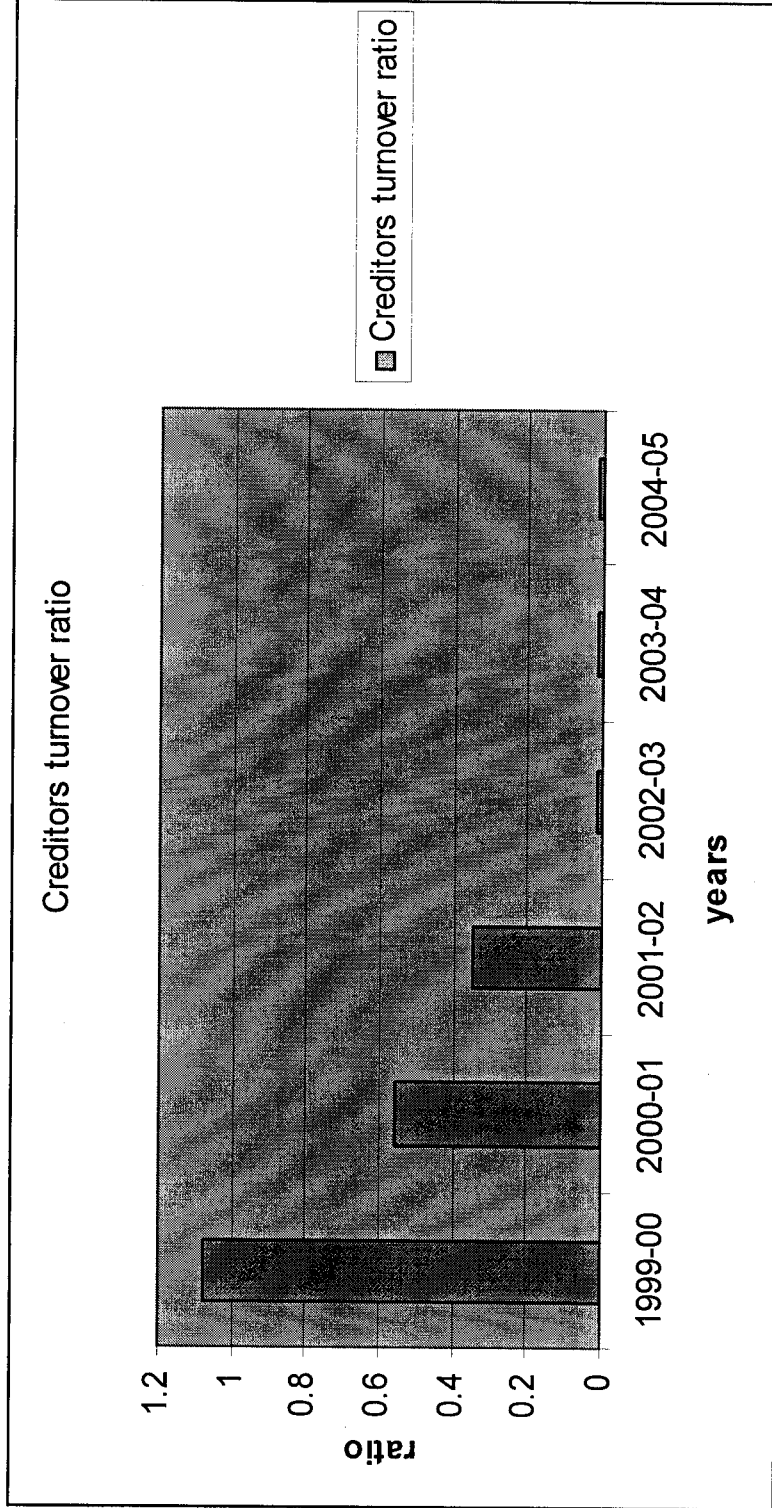


Table 3.2.a

Table showing debt equity ratio of SPIC

(Rs in lakhs)

Years	Total long term debt	Share holder fund	Debt equity ratio
1999-00	211753.93	127662.84	1.66
2000-01	221763.75	115862.00	1.91
2001-02	221018.62	86738.89	2.55
2002-03	231703.47	112570.47	2.06
2003-04	231081.72	117764.99	1.96
2004-05	213530.70	113501.25	1.88

Interpretation:

From the above table, it shows that the debt varies from 1.66 to 2.55 but decreases to 1.88 at the year 2004-05. A high ratio shows a large share of financing by the creditor of the firm, whereas a low ratio implies a smaller claim of creditors. So the debt ratio has a significant decrease from 2001 onwards.

Inference:

The company has a high ratio, to an extent of 2.55 which will be not good for the firm because it may increase the liability of the company to great extent and good will may be lost if credits are not paid in correct time.

Chart 3.2.a

Chart showing debt equity ratio of SPIC

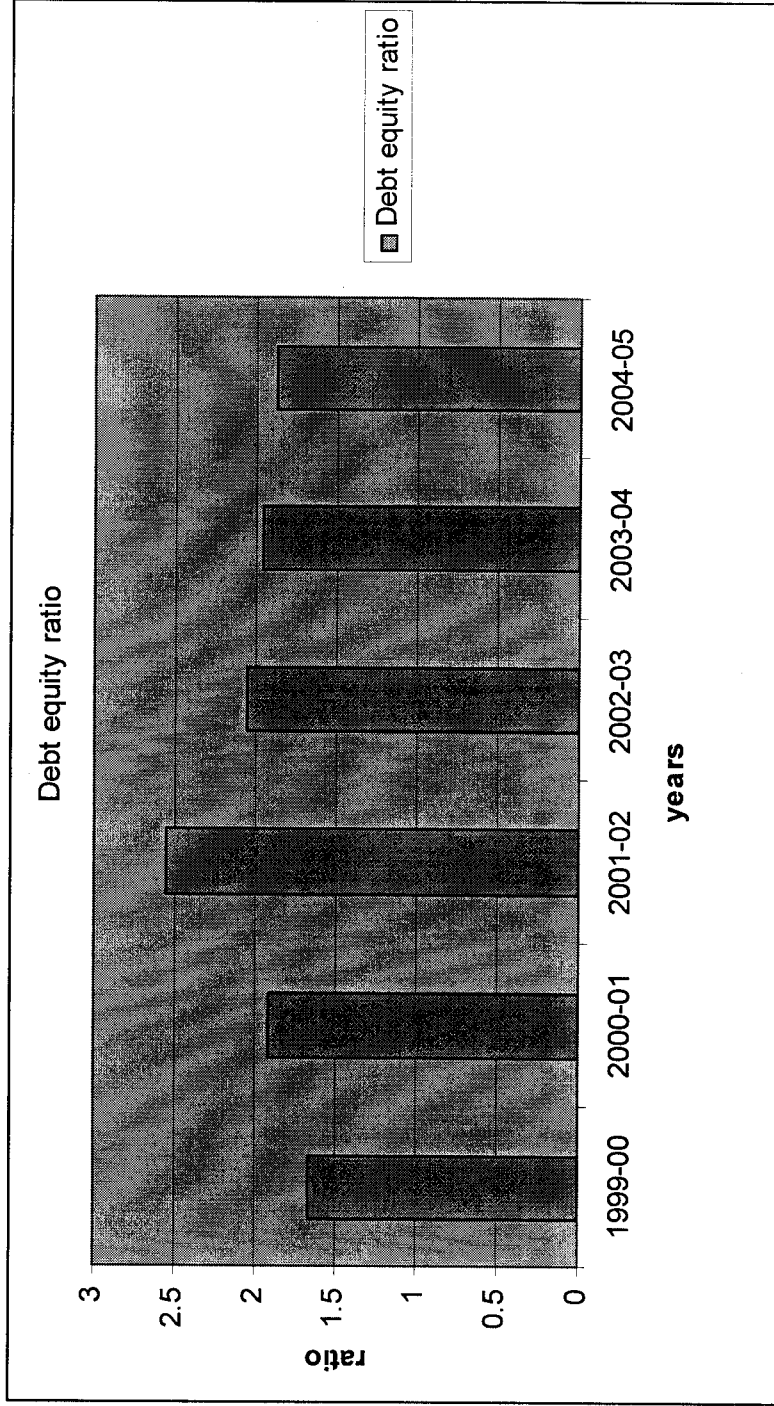


Table 3.2.b

Table showing debt ratio of SPIC

(Rs in lakhs)

Years	Total debt	Capital employed	Debt ratio
1999-00	211753.93	339416.77	0.62
2000-01	221763.75	337625.75	0.66
2001-02	221018.62	307757.28	0.72
2002-03	231703.47	344273.94	0.67
2003-04	231081.72	348846.71	0.66
2004-05	213530.70	327031.95	0.65

Interpretation:

From the above table shows that the debt ratio increases from 1999-00 to 2001-02 for 0.62 to 0.72 and next three year 2002-03 to 2004-2005 decreasing for 0.67 to 0.65.

Inference:

A conventional rule of a ratio 1:2 is considered to be satisfactory and hence the above ratio shows that it is good for the company and it is at a satisfactory level.

Chart 3.2.b

Chart showing debt ratio of SPIC

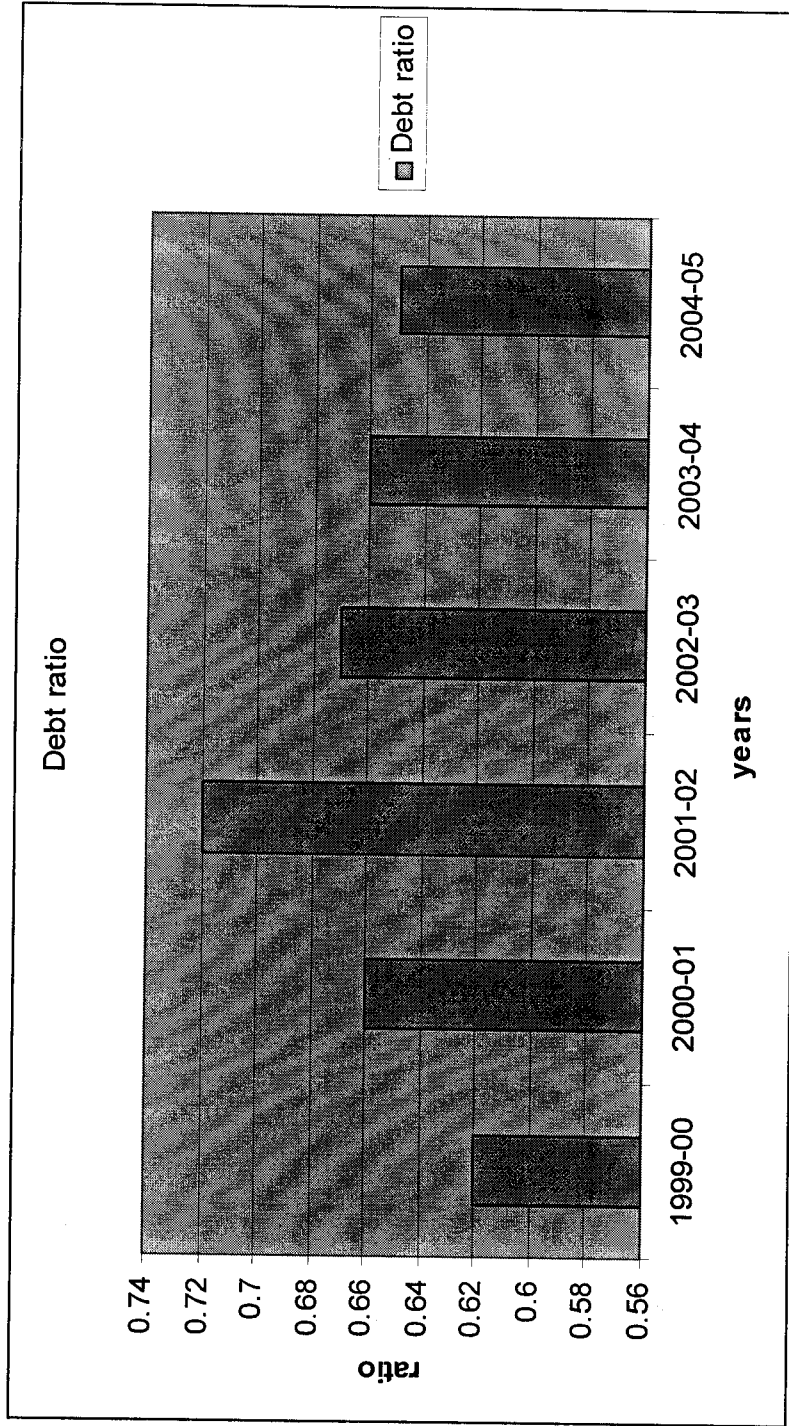


Table 3.2.c**Table showing debt to total assets of SPIC**

(Rs in lakhs)

Years	Total debt	Total assets	Debt to total assets
1999-00	211753.93	408744.47	0.52
2000-01	221763.75	390494.25	0.57
2001-02	221018.62	366223.69	0.60
2002-03	231703.47	366427.21	0.63
2003-04	231081.72	372959.46	0.62
2004-05	213530.70	367286.87	0.58

Interpretation:

From the above table, the debt to total assets is going on increasing, which may turn the company to earn a loss by way of paying more interest. The debt to total asset is low in the year 1999-00 and it is high in the year 2002-03. And it varies from 0.52 to 0.58 from the year 1999-00 to 2004-05.

Inference:

A low ratio of debt to total assets is at desirable stage for the creditor as there is sufficient margin of safety available to them. A high ratio would expose the creditors to higher risk.

Chart 3.2.c

Chart showing debt to total assets of SPIC

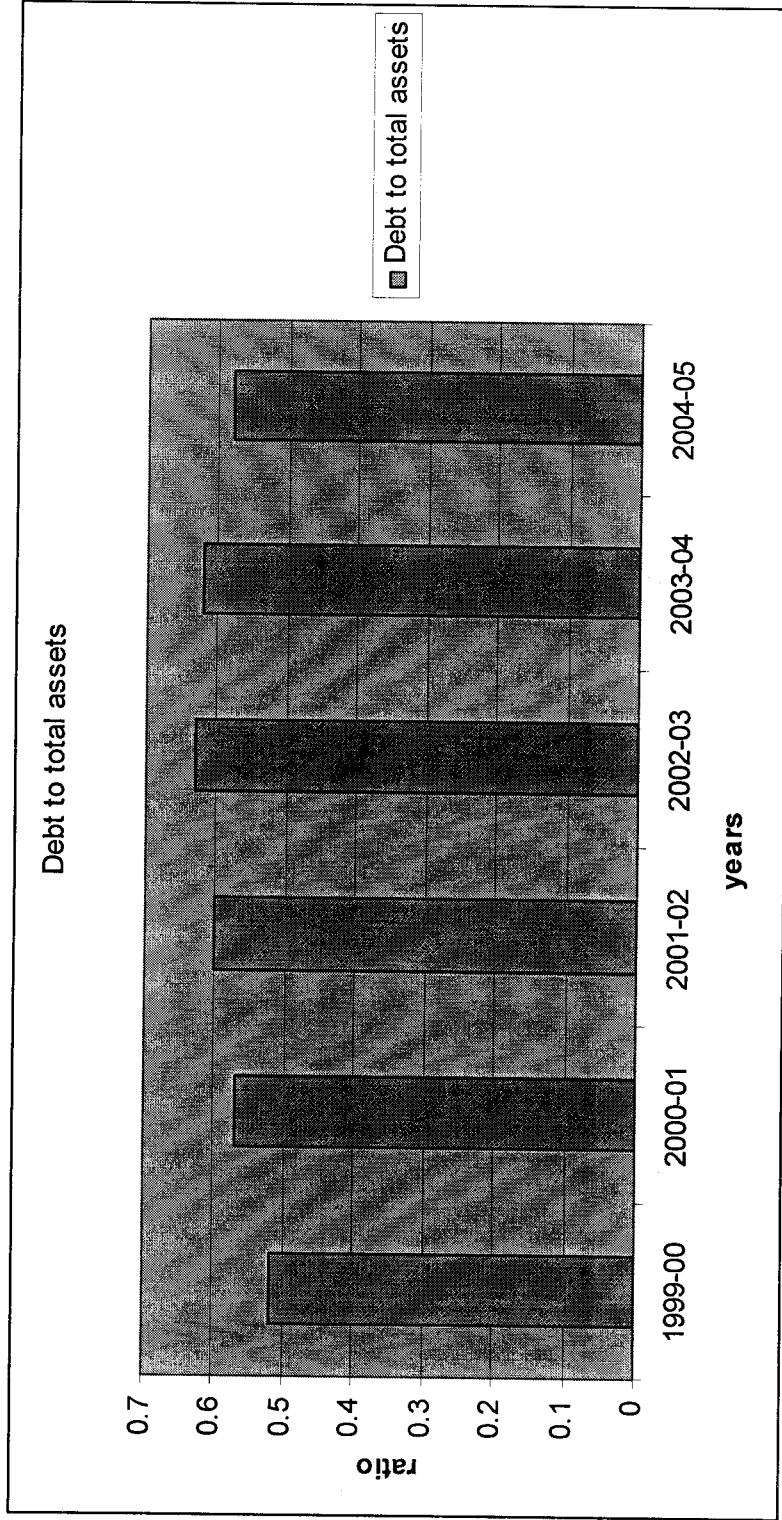


Table 3.2.d

Table showing capital employed ratio of SPIC

(Rs in lakhs)

Years	Capital employed	Net worth	Capital employed ratio
1999-00	339416.77	127662.84	2.66
2000-01	337625.75	115862.00	2.91
2001-02	307757.28	86738.66	3.55
2002-03	344273.94	112570.47	3.06
2003-04	348846.71	117764.99	2.96
2004-05	327031.95	113501.25	2.88

Interpretation:

From the above table, the ratio varies from 2.66 to 2.88. The capital employed ratio is high in the year 2001-02 at 3.55 and it is low in the year 1999-00 at 2.66.

Interpretation:

The capital employed to net worth is going on increasing slowly and it has ups and downs, and it should try to have a higher ratio in future.

Chart 3.2.d

Chart showing capital employed ratio of SPIC

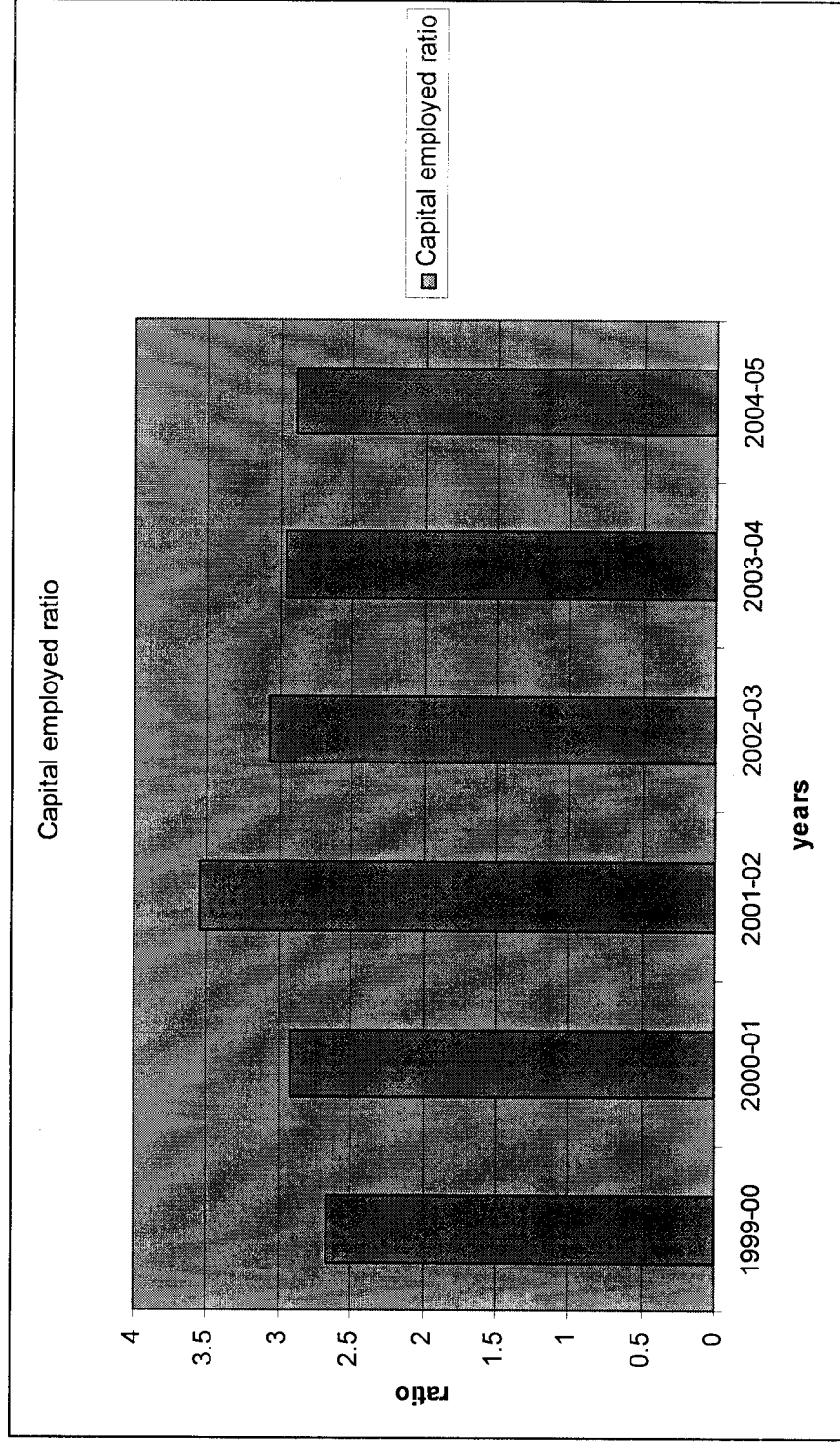


Table 3.2.e

Table showing proprietary ratio of SPIC

(Rs in lakhs)

Years	Share holder funds	Tangible assets	Proprietary ratio
1999-00	127662.84	408794.47	31.32
2000-01	115862.00	390494.25	29.67
2001-02	86738.66	366223.69	23.68
2002-03	112570.47	366427.21	30.72
2003-04	117764.99	372959.46	31.58
2004-05	113501.25	367286.87	30.90

Interpretation:

From the above table proprietary ratio varies from 31.32 to 30.90. The proprietary ratio is low in the year 2001-02 at 23.68 and it is high in the year 2003-04 at 31.58.

Inference:

The higher ratio indicates a secured position to creditors and a low ratio indicates greater risk to creditors. A ratio below 50% may be alarming for the creditors since they may have to lose heavily in the event of company's liquidation on account of heavy losses.

Chart 3.2.e

Chart showing proprietary ratio of SPIC

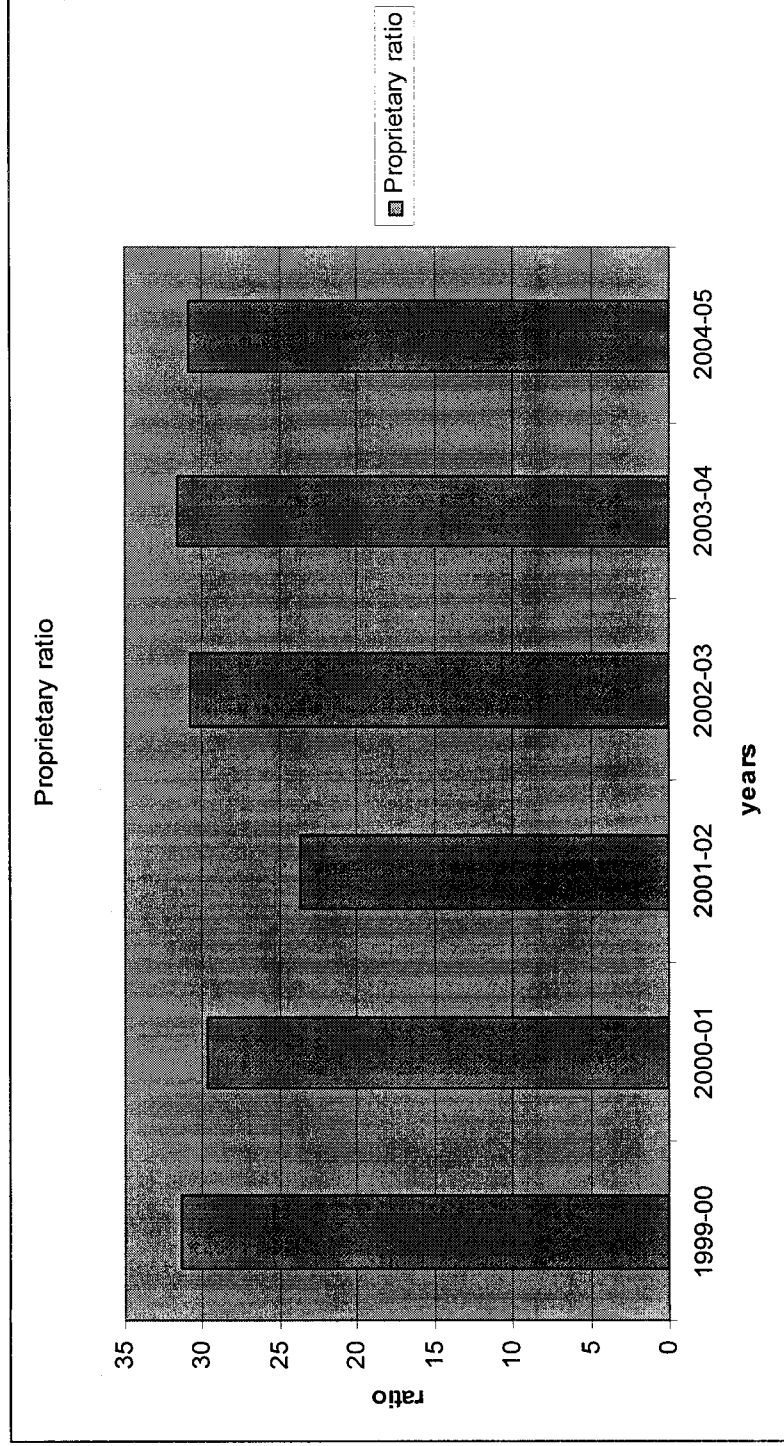


Table 3.3.a

Table showing net profit ratio of SPIC

(Rs in lakhs)

Years	PAT	Sales	Net profit ratio
1999-00	2837.26	266776.00	1.06
2000-01	1587.34	219559.18	0.723
2001-02	(21550.80)	170064.14	(13.00)
2002-03	(37568.97)	163248.81	(23.01)
2003-04	(941.38)	150281.34	(0.626)
2004-05	974.42	191354.92	0.509

Interpretation:

The net profit ratio varies from 1.06 to 0.509 from the year 1999-00 to 2004-05. The low ratio is at the year 2002-03 at 23.01. The high ratio is at the year 1999-00 at 1.06. In the year 2001-02 to 2003-04 the net profit ratio is in negative trend.

Inference:

A high net profit margin would ensure adequate return to the owners as well as enable a firm to withstand adverse economic condition conditions when selling price is declining, cost of production is rising and demand for the product is falling. A low net profit margin has the opposite implication.

Chart 3.3.a

Chart showing net profit ratio of SPIC

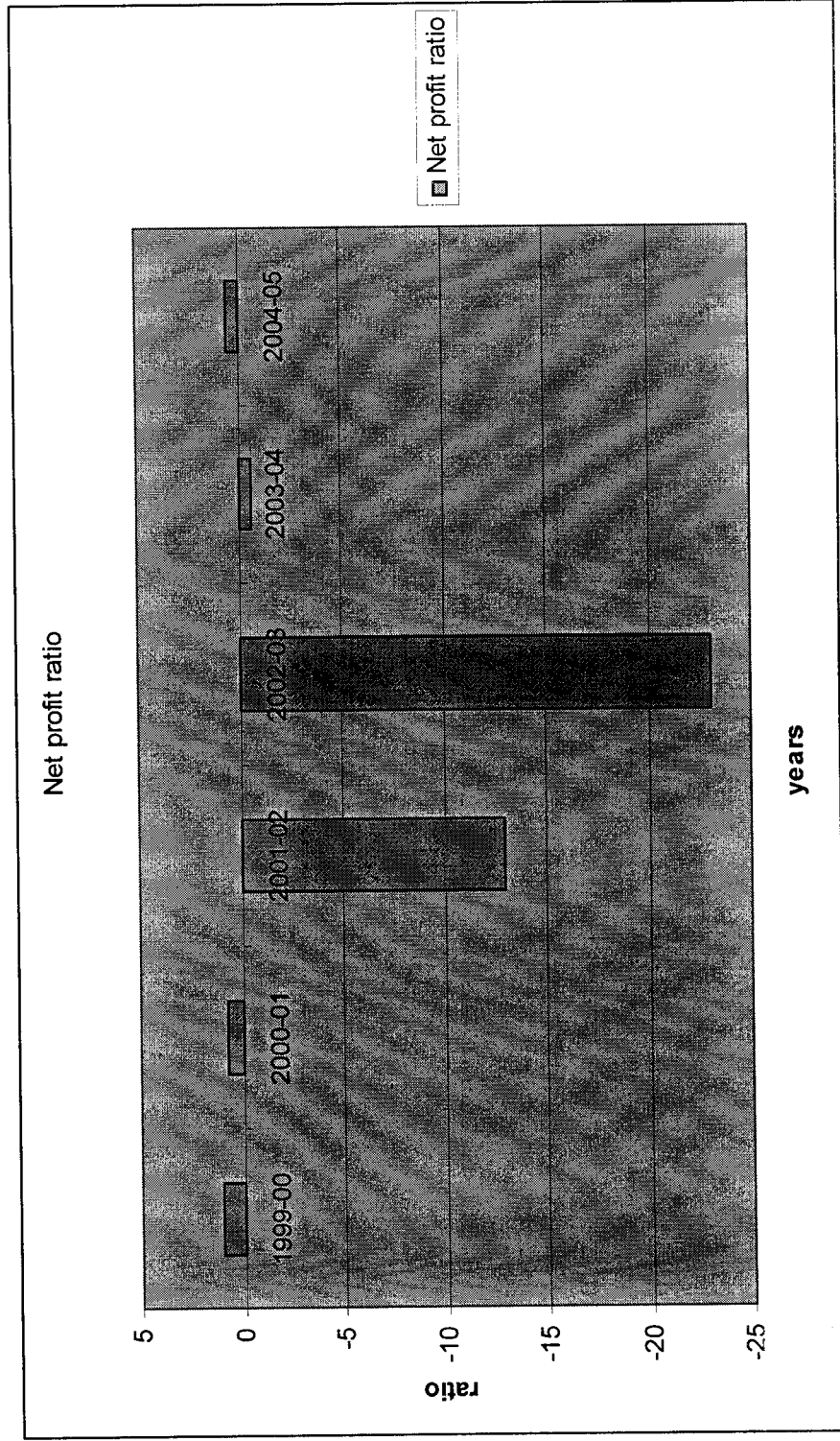


Table 3.3.b

Table showing return on total assets ratio of SPIC

(Rs in lakhs)

Years	PAT	Total assets	Return on total assets
1999-00	2837.26	408744.47	0.69
2000-01	1587.34	390494.25	0.41
2001-02	(21550.80)	366223.69	(5.88)
2002-03	(37568.97)	366427.21	(10.25)
2003-04	(941.38)	372959.46	(0.25)
2004-05	974.42	367286.87	0.27

Interpretation:

The return on total assets ratio varies from 0.69 to 0.27. It is high in the year 1999-00 at 0.69 and it is low in the year 2002-03 at 10.25. From the year 2002-03 to 2003-04 the ratio is towards the negative trend.

Inference:

If the ratio is high the firm has generated good profit out of total asset total asset in an effective manner. But when the ratio is low the firm is not using the assets effectively.

Chart 3.3.b

Chart showing return on total assets ratio of SPIC

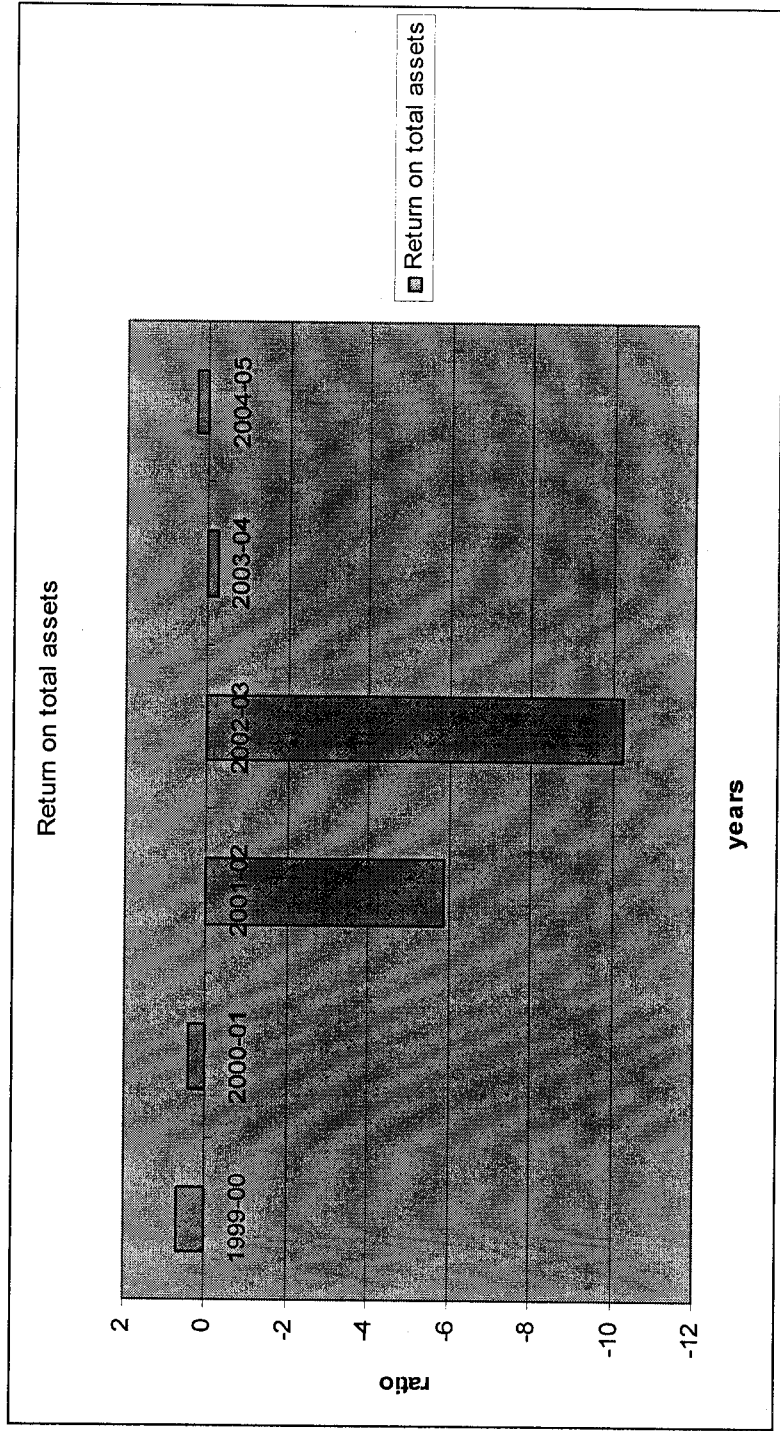


Table 3.3.c

Table showing return on shareholder fund ratio of SPIC

(Rs in lakhs)

Years	PAT	Share holder funds	Return on shareholder fund
1999-00	2837.26	127662.84	2.22
2000-01	1587.34	115862.00	1.37
2001-02	(21550.80)	86738.66	(24.8)
2002-03	(37568.97)	112570.47	(33.37)
2003-04	(941.38)	117764.99	(0.79)
2004-05	974.42	113501.25	0.86

Interpretation:

The return on shareholder fund ratio varies from 2.22 to 0.86. It is high in the year 1999-00 at 2.22 and it is low in the year 2002-03 at -33.37.

Inference:

From the year 2001-02 to 2004-05, the profitability of owners fund is not used properly by the firm. In the years 1999-00 to 2000-01 the owner's profitability fund is utilized properly by the firm.

Chart 3.3.c

Chart showing return on share holder fund ratio of SPIC

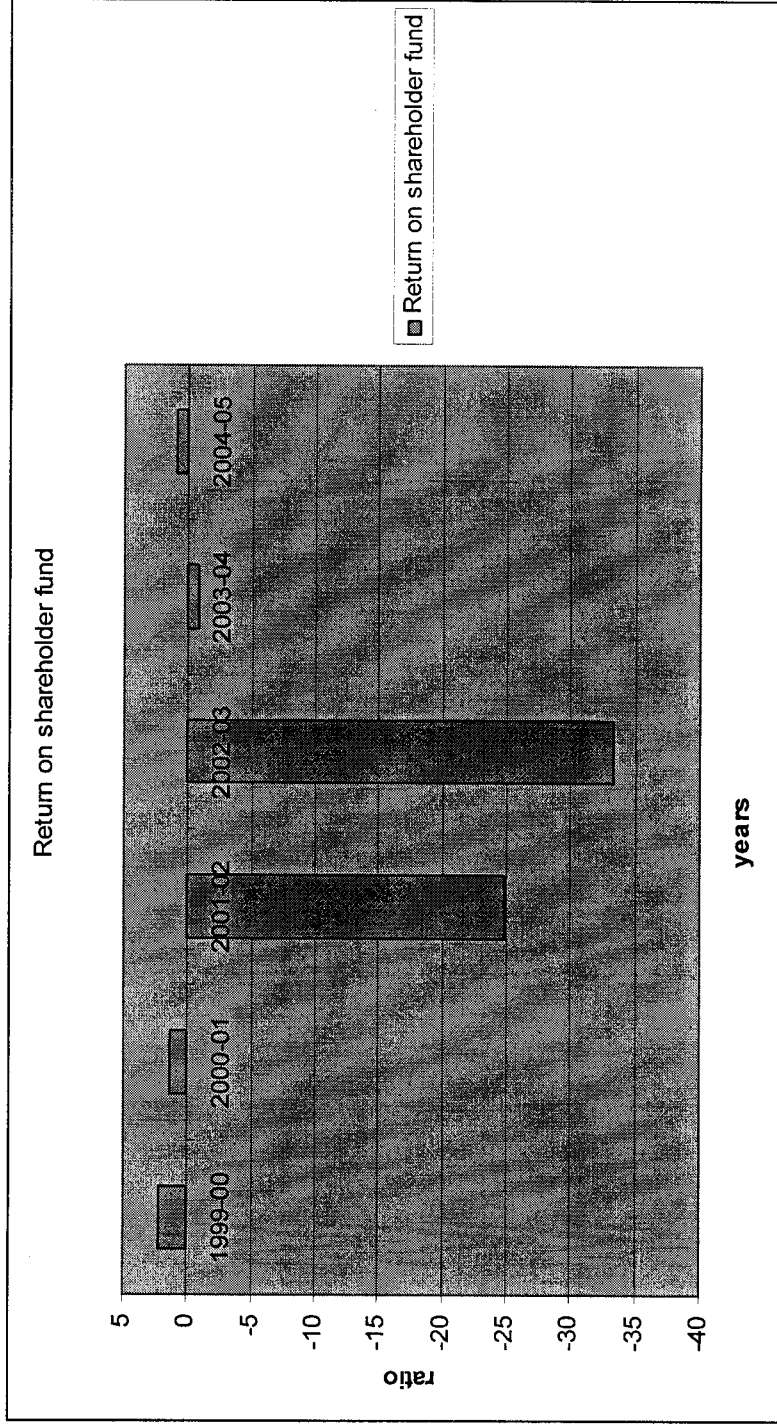


Table 3.3.d

Table showing return on investment ratio of SPIC

(Rs in lakhs)

Years	PAT	Total assets	Return on investment
1999-00	2837.26	408744.47	0.69
2000-01	1587.34	390494.25	0.41
2001-02	(21550.80)	366223.69	(5.88)
2002-03	(37568.97)	366427.21	(10.25)
2003-04	(941.38)	372959.46	(0.25)
2004-05	974.42	367286.87	0.26

Inference:

The return on investment ratio varies from 0.69 to 0.26. It is high in the year 1999-00 at 0.69 and it is low in the year 2003-04 at -10.25.

Interpretation:

If the ratio is high the firm get profitability by using the total asset in an effectively manner. But when the ratio is low the firm is not using the assets effectively.

Chart 3.3.d

Chart showing return on investment ratio of SPIC

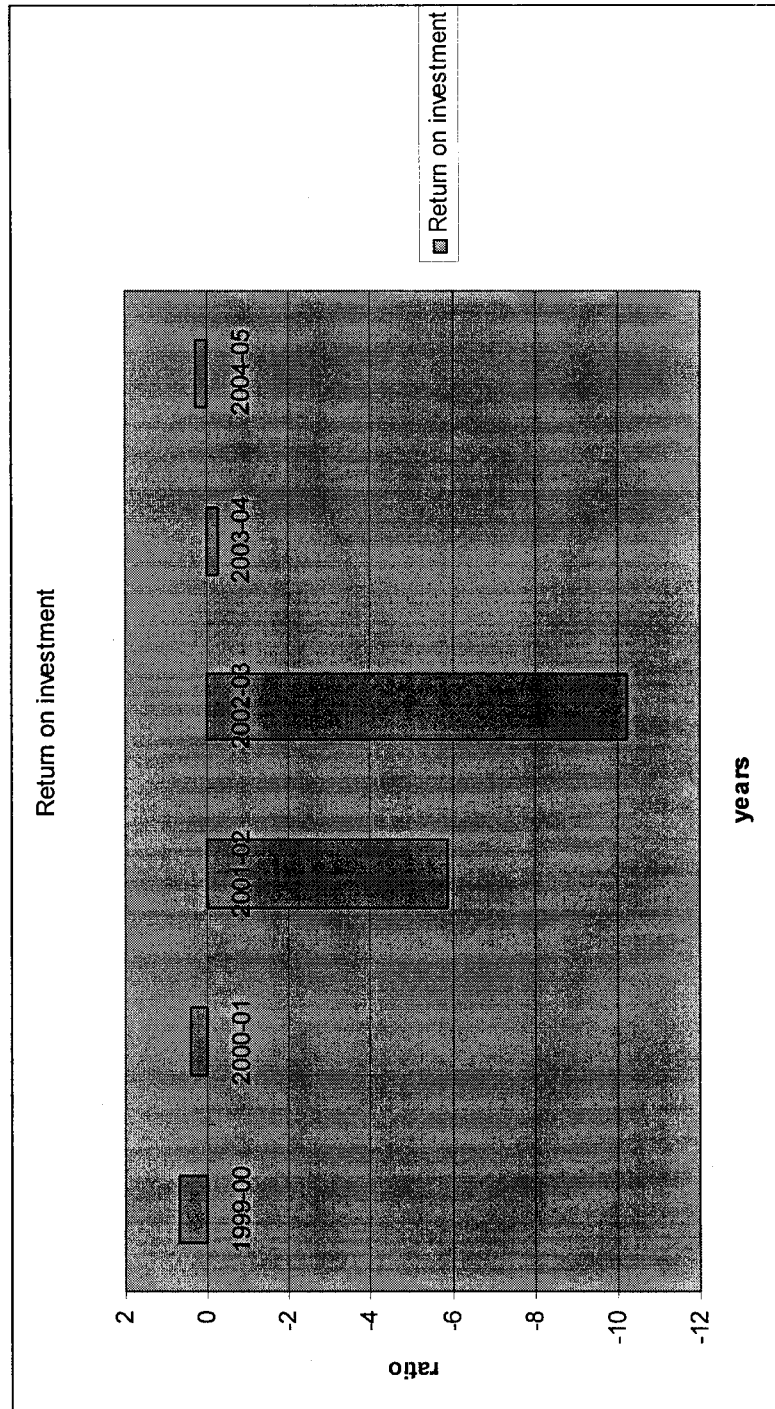


Table 3.4.a

Table showing current assets turnover ratio of SPIC

(Rs in lakhs)

Years	Sales	Current assets	Current assets turnover ratio
1999-00	266776.00	221263.10	1.21
2000-01	219559.18	214936.76	1.02
2001-02	170064.14	202762.39	0.84
2002-03	163248.81	189470.61	0.86
2003-04	150281.34	141832.80	1.06
2004-05	191354.92	134959.37	1.42

Interpretation:

The current asset turnover ratio varies from 1.21 to 1.42. It is high in the year 2004-05 at 1.42 and it is low in the year 2001-02 at 0.84.

Inference:

Higher is the turnover ratio, the more efficiency is the management and utilization of the assets, while low turnover ratios indicate inefficiency.

Chart 3.4.a

Chart showing current asset turnover ratio of SPIC

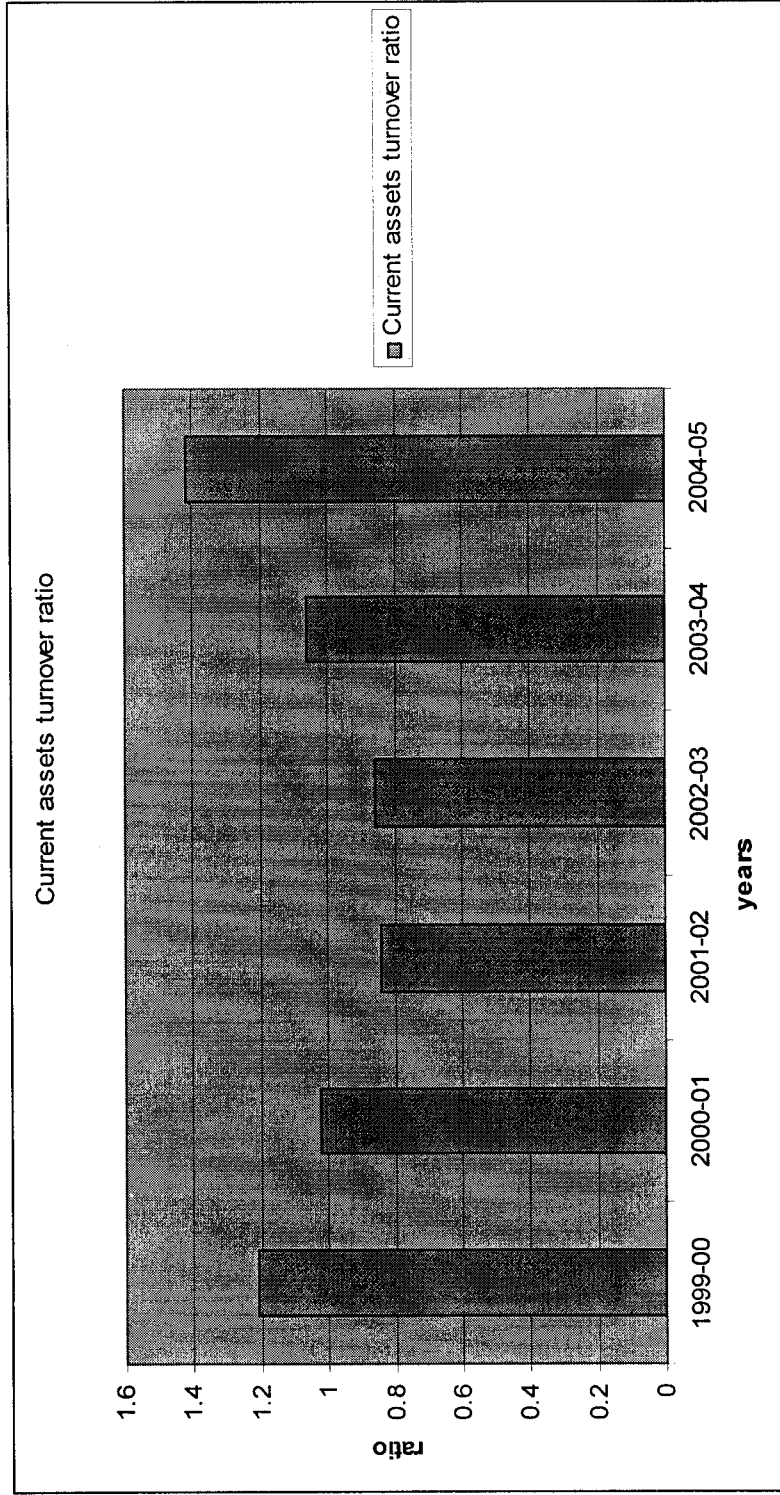


Table 3.4.b

Table showing fixed assets turnover ratio of SPIC

(Rs in lakhs)

Years	Sales	Fixed assets	Fixed assets turnover ratio
1999-00	266776.00	155332.34	1.72
2000-01	219559.18	131687.40	1.62
2001-02	170064.14	124059.55	1.37
2002-03	163248.81	137385.19	1.19
2003-04	150281.34	136216.11	1.10
2004-05	191354.92	128820.14	1.49

Interpretation:

The fixed asset turnover ratio varies from 1.10 to 1.72.

Inference:

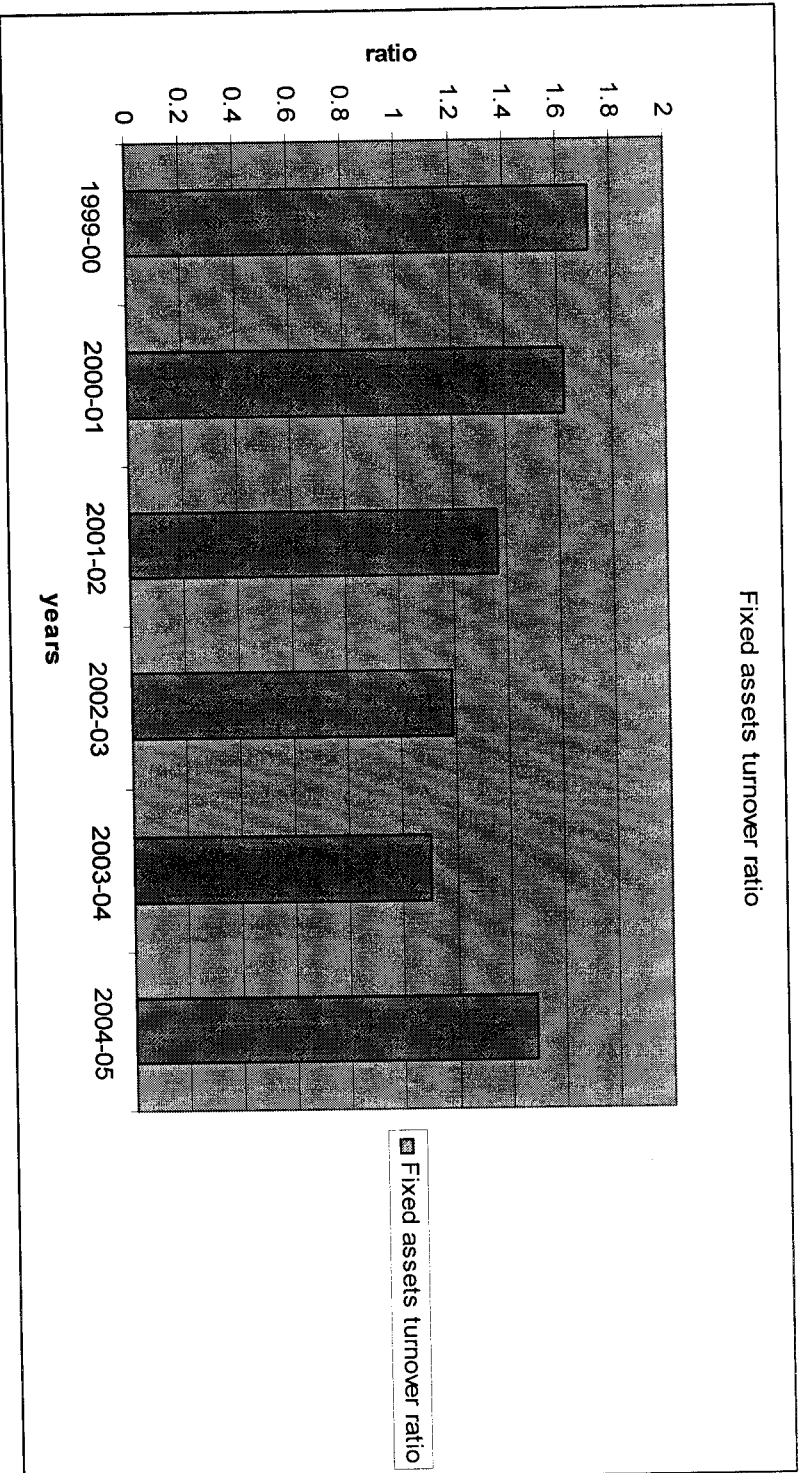
The high ratio shows the greater intensive utilization of fixed asset was in the year 99-00. Under utilization of fixed assets prevailed during 2002-04 and started improving thereafter.



P- 2053

Chart 3.4.b

Chart showing fixed assets turnover ratio of SPIC



Inference: The high ratio shows the greater intensive utilization of fixed asset. Lower ratio means under utilization of fixed assets.

Interpretation: The total asset turnover ratio varies from 0.4 to 0.65. It is high in the year 1999-00 at 0.65 and it is low in the year 2003-04 at 0.40.

Years	Sales	Total assets	turnover ratio Total asset
1999-00	266776.00	408744.47	0.65
2000-01	219559.18	390494.25	0.56
2001-02	170064.14	366223.69	0.46
2002-03	163248.81	366427.21	0.45
2003-04	150281.34	372959.46	0.40
2004-05	191354.92	367286.87	0.52

(Rs in lakhs)

Table showing total asset turnover ratio of SPIC

Table 3.4.c

Chart 3.4.c

Chart showing total assets turnover ratio of SPIC

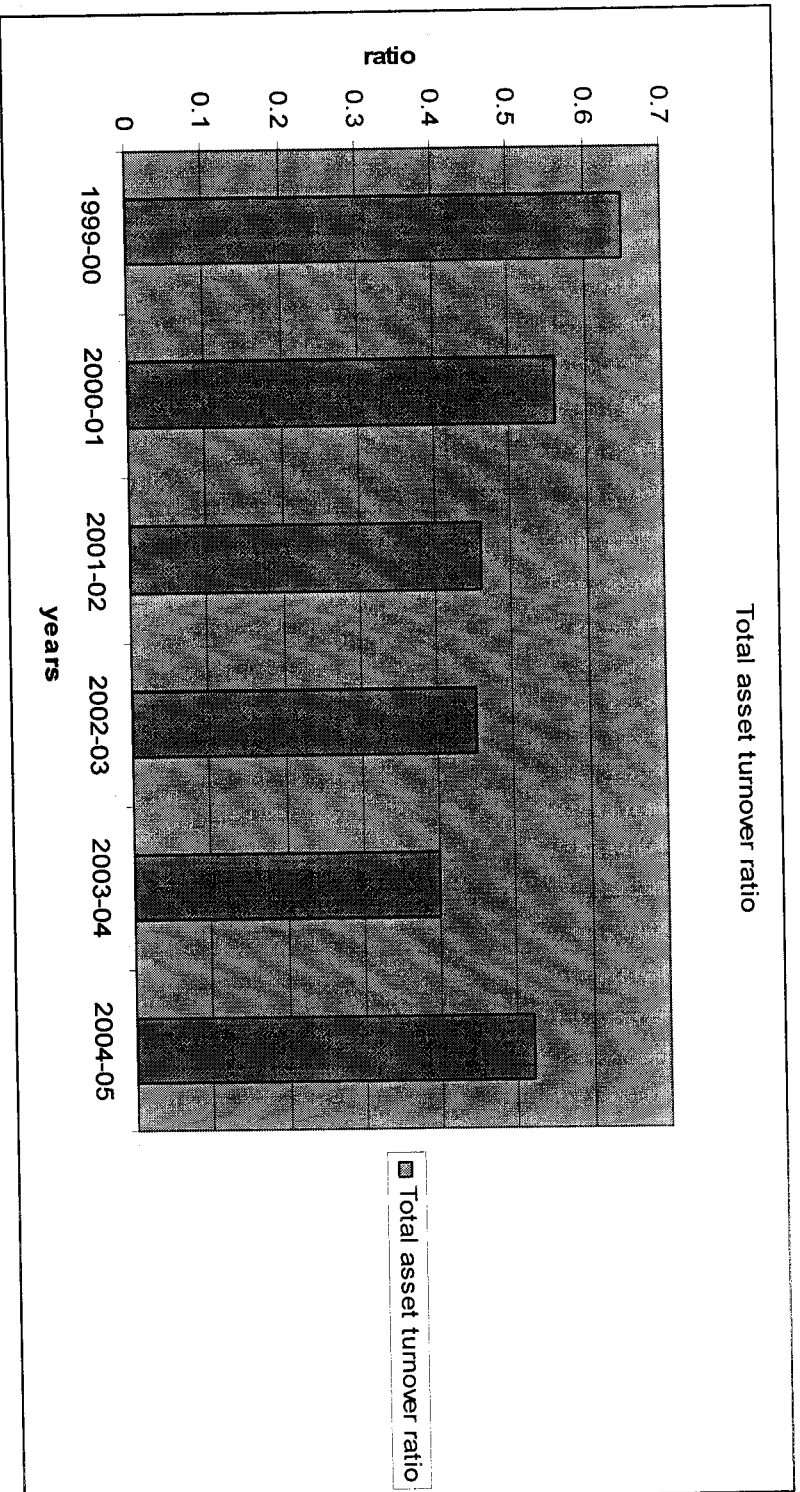
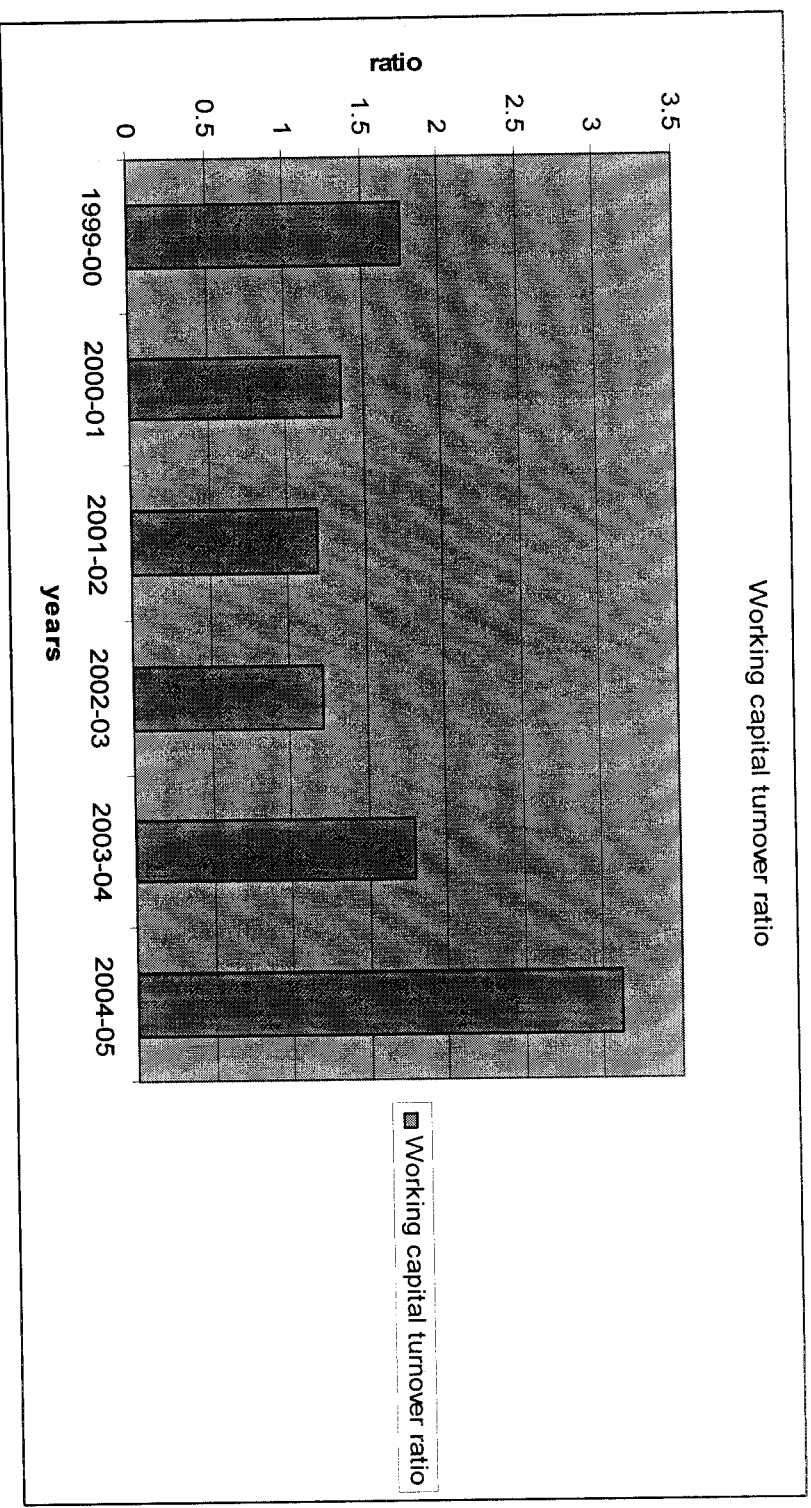


Chart 3.4.d

Chart showing working capital turnover ratio of SPIC



COMPARATIVE BALANCE SHEET FOR THE YEAR 2000-01 TO 2003-04

Table 3.5.a
Table showing comparative balance sheet for the year 2000-01 to 2003-04

Particulars	Percentage of increase or decrease			
	1999-00 & 2000-01	2000-01 & 2001-02	2001-02 & 2002-03	2002-03 & 2003-04
ASSETS				
Total current asset	(-) 2.86%	(-) 5.66%	(-) 6.65%	(-) 25.14%
Total fixed assets	(-) 15.22%	(-) 5.79%	10.74%	(-) 0.85%
Total assets	(-) 7.96%	(-) 5.71%	0.01%	(-) 14.93%
LIABILITIES & CAPITAL				
Total current liabilities	(-)22.94%	10.08%	(-) 8.04	4.82%
SHAREHOLDERS FUND				
Share capital	(-) 19.91%	(-) 19.91%	—	—
Reserves and surplus	(-) 25.77%	(-) 25.77%	33.69%	3.16%
Total share holders fund	(-) 25.14%	(-) 25.14%	29.78%	4.62%
LOAN FUNDS				
Secured loan	0.64%	0.64%	8.33%	1.60%
Unsecured loan	(-) 2.46%	(-) 2.46%	(-)3.17%	(-) 4.97%
Total loan funds	0.35%	0.35%	4.83%	(-) 0.27%
Total liabilities	(-) 6.20%	(-) 6.20%	8.60%	1.81%

Interpretation:

- The total current asset follows negative fluctuating trend and it keeps on decreasing through the years.
- The total fixed asset has a good trend only in the years 2000 to 2003 and it increases when compared to the previous years.
- The shareholders fund has a positive trend from the year 2001 but it declines in the last year.
- From the table it is inferred that the firm paid the due promptly.
- The total current liabilities has an up and down it has a good trend in the year 2001-02 and it decline in the year 2002-03 and increases in the year

CONCLUSIONS

CONCLUSIONS

CHAPTER 4

Findings:

- The high current ratio is an assurance that the firm will have adequate funds to pay the short term obligation
- Since the quick assets are more than current liabilities the financial position of the concern is deemed to be sound.
- This inventory turnover ratio indicates the speed of inventory conversion into sales. A high ratio is good from the viewpoint of liquidity and vice versa.
- A high debtor turnover ratio indicates the shorter time lag between credit sales and cash collection.
- The shorter the average collection period indicates a better quality of debtors.
- A lower creditor's turnover ratio shows that the business is not taking the full advantage of credit period allowed by the creditors.
- The company has a high debt equity ratio, to an extent of 2.55 which will be not good for the firm because it may increase the liability of the company to great extent.
- A low ratio of debt to total assets is desirable from the point of the creditor as there is sufficient margin of safety available to them
- The capital employed to net worth is going on increasing slowly and it has ups and downs.
- A low Proprietary ratio indicates greater risk to creditors.
- A high net profit margin would ensure adequate return to the owners as well as enable a firm to withstand adverse economic condition conditions
- The low return on total asset ratio shows the firm is not using the assets effectively.
- From the year 2001-02 to 2004-05, the profitability of owners fund is not used properly by the firm. In the years 1999-00 to 2000-01 the owner's profitability fund is utilized properly by the firm.

5.2 CONSIDERED RECCOMENDATIONS:

- The debtor's turnover was found to have a decreased trend, which was mainly due to the increase in the price of the product.
- The average collection period could be reduced by reducing the price of the product. This can be done by having sufficient stock of the scarce raw materials so as to avoid the discrepancies of lack of raw materials. Thus the loss of bad debts could be minimized.
- The sales that were declined is due to the rise in the price could be increased by decreasing the price of the product.
- The debt-equity ratio that was in a declining trend until 2003-04 had a rise in the next year. The debt-equity ratio must be maintained in an appropriate proportion so as to avoid the risk.
- Proprietary ratio below 50% may be alarming for the creditors since they may have to lose heavily in the event of company's liquidation on account of heavy losses.
- Low turnover ratio indicates inefficiency of the management, so management must look on to improve its efficiency.

5.3 CONCLUSION:

The financial performance of SPIC Ltd, is in a good and acceptable position. From the analysis done through the use of various ratios such as profitability, liquidity, capital and activity ratios, it is obvious that the company has an upward trend in the last year. The company is maintaining a good liquidity position to meet all its current obligations. The analysis also projects that the solvency position and the turnover position of the firm are in a good position.

The study reveals that the firm has increased sales, which results in the increased profitability in last year. Though there was slight deviation in the financial year 2001-02 to 2003-04, still the overall profitability was good, which shows that the company has a good growth trend. The high earnings per share and the increasing trend of the market price of the share are obvious that the company's performance is in a good position. Thus the company ensures the shareholders wealth maximization, which is the major objective of the company.

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BIBLIOGRAPHY

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APPENDIX

IEET AS AT 31ST MARCH, 2000

	Schedule	As at 31st March, 2000	(Rupees in lacs) As at 31st March, 1999
STATEMENT OF FUNDS			
Government funds:			
Capital	1	14054.77	11804.77
Reserves and surplus	2	<u>113608.07</u>	<u>90176.89</u>
		127662.84	101981.66
Private funds:			
Secured	3	137620.40	109313.34
Unsecured	4	<u>74133.53</u>	<u>77530.71</u>
		211753.93	186844.05
		<u>339416.77</u>	<u>288825.71</u>
STATEMENT OF FUNDS			
Fixed assets:			
Land block	5		
Depreciation		258374.93	226976.55
Plant and machinery block		121765.57	101295.85
Capital work-in-progress and advance against capital expenditure		<u>136609.36</u>	<u>125680.70</u>
		18722.98	15955.37
		155332.34	141636.07
Current assets:			
Receivables	6		
Assets, loans and advances:		32149.03	30329.97
Stores	7	26640.52	40267.90
Dry debtors	8	50730.06	29835.48
Cash and bank balances	9	399.56	517.94
Loans and advances	10	<u>143492.96</u>	<u>119533.56</u>
		221263.10	190154.88
Current liabilities and provisions:			
Liabilities	11		
Provisions		70020.59	72654.72
		1104.08	2246.89
		<u>71124.67</u>	<u>74901.61</u>
Intangible assets			
Goodwill (Note 7)		150138.43	115253.27
Intangible assets not written off or adjusted		1796.97	1606.40
		<u>339416.77</u>	<u>288825.71</u>
Liabilities:			
Accounts payable	15		

Report attached
FERGUSON & CO.,
Accountants,

HINDRA

2000.

Dr. A.C. MUTHIAH
Chairman

R. GOPALAN, IAS
Dr. K.U. MADA
ASHWIN C. MUTHIAH
JITENDER BALAKRISHNAN
R.V. GUPTA
V. JAGANNATHAN
Dr. K. GOVINDARAJAN
S. VENKITARAMANAN
BABU K. VERGHESE
S. STALIN
Directors

Dr. P.R. SUNDARAVADIVELU
Managing Director

A. SANTHANAKRISHNAN
Whole-time Director & Secretary

M.G. THIRUNAVUKKARASU
Finance Director

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STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2000

	For the year ended 31st March, 2000	(Rupees in lacs) For the year ended 31st March, 1999
FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	2837.26	5183.56
Adjustments for:		
Depreciation	5616.51	5143.00
Profit/loss on sale of assets	226.13	(3280.50)
Profit/loss on sale of investments	30.25	0.44
Exchange difference	518.80	2070.90
Interest paid (net)	18067.72	15981.22
Income from investments	<u>(1890.74)</u>	<u>(1848.28)</u>
	22568.67	18066.78
Operating profit before working capital changes	25405.93	23250.34
Adjustments for:		
(Increase)/decrease in sundry debtors	(20894.58)	(11089.39)
(Increase)/decrease in inventories	13627.38	6775.08
(Increase)/decrease in loans and advances	(16684.46)	2659.67
(Increase)/decrease in miscellaneous expenditure	(190.57)	628.89
Increase/(decrease) in current liabilities and provisions (note 2 below)	<u>32978.85</u>	<u>21553.65</u>
	8836.62	20527.90
Profit generated from operations	34242.55	43778.24
Interest paid (net) (note 1 below)	(18067.72)	(15981.22)
Direct taxes	(197.12)	(569.92)
Cash from operating activities	<u>15977.71</u>	<u>27227.10</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments to fixed assets (including capital work-in-progress/advances and adjustments for exchange fluctuation)	(6348.92)	(25102.60)
Proceeds from sale of fixed assets	9275.24	5803.18
Payments on account of investments and advances to be adjusted against equity	(7382.73)	(17069.94)
Income from investments	1890.74	1848.28
Proceeds from sale of investments	<u>19.75</u>	<u>4.16</u>
	(2545.92)	(34516.92)
Net cash from investing activities	<u>(2545.92)</u>	<u>(34516.92)</u>

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	For the year ended 31st March, 2000	(Rupees in lac) For the year ended 31st March, 1999
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of preference share capital	2350.00	1000.00
Redemption of preference share capital	(100.00)	(1300.00)
Bond issue expenses /premium	—	(77.07)
Proceeds from new borrowings (net)	(10701.29)	13463.01
Exchange difference	(518.80)	(2070.90)
Dividend paid	(2725.78)	(3048.73)
Loans/advances to other companies	(1854.30)	(856.31)
	<u>(13550.17)</u>	<u>7110.00</u>
Net cash from financing activities	<u>(13550.17)</u>	<u>7110.00</u>
Net cash flows during the year (A+B+C)	(118.38)	(179.80)
Cash and cash equivalents (opening balance)	517.94	697.00
Cash and cash equivalents (closing balance)	399.56	517.20

NOTES TO CASH FLOW STATEMENT

- Interest paid/received relates to the charge/income for the year and is considered as part of operating activities.
- Short term loans from banks have been grouped as part of operating activities (along with current liabilities).

For and on behalf of the Board

Dr. P.R. SUNDARAVADIVELU
Managing Director

M.G. THIRUNAVUKKARAS
Finance Director

Chennai,
14th June, 2000.

AUDITORS' REPORT

We have examined the attached Cash Flow Statement of Southern Petrochemical Industries Corporation Limited for the year ended 31st March, 2000. The statement has been prepared by the Company in accordance with the requirements of the listing agreements with the Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended 31st March, 2000.

For A.F. FERGUSON & CO
Chartered Accountants

Chennai,
14th June, 2000.

A.K. MAHINDRAN
Partner

ICE SHEET AS AT 31ST MARCH, 2001

(Rupees in lacs)

	Schedule	As at 31st March, 2001	As at 31st March, 2000
SOURCES OF FUNDS			
Contributors' funds:			
Share capital	1	12554.77	14054.77
Reserves and surplus	2	<u>103307.23</u>	<u>113608.07</u>
		115862.00	127662.84
Non-contributors' funds:			
Secured	3	152131.75	137620.40
Unsecured	4	<u>69632.00</u>	<u>74133.53</u>
		221763.75	211753.93
TOTAL		<u>337625.75</u>	<u>339416.77</u>
APPLICATION OF FUNDS			
Fixed assets:			
Gross block	5	<u>227842.60</u>	258374.93
Less: Depreciation		<u>111805.47</u>	<u>121765.57</u>
Net block		116037.13	136609.36
Capital work-in-progress and advance against capital expenditure		<u>15650.27</u>	<u>18722.98</u>
		131687.40	155332.34
Investments	6	<u>43870.09</u>	<u>32149.03</u>
Current assets, loans and advances:			
Inventories	7	28118.12	26640.52
Sundry debtors	8	33721.15	50730.06
Cash and bank balances	9	364.46	399.56
Loans and advances	10	<u>152733.03</u>	<u>143492.96</u>
		214936.76	221263.10
Less: Current liabilities and provisions	11		
Liabilities		53911.09	70020.59
Provisions		<u>896.64</u>	<u>1104.08</u>
		54807.73	71124.67
Current assets		160129.03	150138.43
Contingent liabilities (Note 7) to the extent not written off or adjusted)		<u>1939.23</u>	<u>1796.97</u>
TOTAL		<u>337625.75</u>	<u>339416.77</u>
Liabilities on accounts	15		

Report prepared and
audited by
M.F. FERGUSON & CO.
Chartered Accountants

MAHINDRA
Partner

Dated
June, 2001

Dr. A.C. MUTHIAH
Chairman

M. MADHAVAN NAMBIAR, IAS
M.B. PRANESH, IAS
Dr. K.U. MADA
N.R. KRISHNAN
S. VENKITARAMANAN
ASHWIN C. MUTHIAH
Dr. K. GOVINDARAJAN
R.V. GUPTA
S. STALIN
Directors

Dr. P.R. SUNDARAVADIVELU
Managing Director

A. SANTHANAKRISHNAN
Whole-time Director & Secretary

M.G. THIRUNAVUKKARASU
Finance Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule	(Rupees in lacs)	
		Year ended 31st March, 2001	Year ended 31st March, 2000
I INCOME			
Sales and services		219529.18	266776.00
Other income	12	<u>9820.22</u>	<u>4401.93</u>
TOTAL INCOME		<u><u>229349.40</u></u>	<u><u>271177.93</u></u>
II EXPENDITURE			
Purchase of finished goods (net)		32766.80	73704.52
Manufacturing and other expenses	13	168807.80	170951.92
Interest and financial charges (net)	14	21446.83	18067.72
Depreciation for the year		10132.01	9434.32
Less: Credit for amount withdrawn from revaluation reserve [Note 4(d)]		<u>5391.38</u>	<u>3817.81</u>
		<u>4740.63</u>	<u>5616.51</u>
TOTAL EXPENDITURE		<u><u>227762.06</u></u>	<u><u>268340.67</u></u>
PROFIT BEFORE TAXATION		<u>1587.34</u>	<u>2837.26</u>
Less: Provision for taxation		-	-
PROFIT AFTER TAXATION		<u>1587.34</u>	<u>2837.26</u>
Investment allowance written back		-	468.96
Debenture redemption reserve written back		-	208.33
Research and Development reserve written back		-	700.00
Profit brought forward		<u>2536.76</u>	<u>2951.85</u>
Amount available for appropriation		<u>4124.10</u>	<u>7166.40</u>
APPROPRIATIONS:			
Transfer to:			
- Debenture redemption reserve		-	(1458.33)
- Capital redemption reserve		(1600.00)	(100.00)
- Contingency reserve		-	(700.00)
- General reserve		-	(500.00)
DIVIDENDS:			
Paid - Preference		(523.71)	(524.59)
Proposed - Equity		<u>(880.48)</u>	<u>(1056.57)</u>
		<u>(1404.19)</u>	<u>(1581.16)</u>
Tax on dividends		<u>(208.17)</u>	<u>(290.15)</u>
		<u>(1612.36)</u>	<u>(1871.31)</u>
BALANCE CARRIED TO BALANCE SHEET		<u><u>911.74</u></u>	<u><u>2536.76</u></u>

Notes on accounts

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Per our report attached to the
Balance Sheet
For **A.F. FERGUSON & CO.**
Chartered Accountants

A.K. MAHINDRA
Partner

Chennai
29th June, 2001

Dr. A.C. MUTHIAH
Chairman

M. MADHAVAN NAMBIAR, IAS
M.B. PRANESH, IAS
Dr. K.U. MADA
N.R. KRISHNAN
S. VENKITARAMANAN
ASHWIN C. MUTHIAH
Dr. K. GOVINDARAJAN
R.V. GUPTA
S. STALIN
Directors

Dr. P.R. SUNDARAVADIVELU
Managing Director

A. SANTHANAKRISHNAN
Whole-time Director & Secretary

M.G. THIRUNAVUKKARASU
Finance Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2001

	For the Year ended 31st March, 2001	(Rupees in lac) For the Year ended 31st March, 2000
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	1587.34	2837.12
Adjustment for :		
Depreciation	4740.63	5616.51
(Profit)/loss on sale of assets	(94.56)	226.13
(Profit)/loss on sale of investments	(7302.31)	30.25
Exchange difference	3959.10	518.80
Interest paid (net)	21446.83	18067.72
Income from investments	(80.31)	(1890.74)
	<u>22669.38</u>	<u>22568.62</u>
Operating profit before working capital changes	24256.72	25405.92
Adjustments for :		
(Increase)/Decrease in sundry debtors	17008.91	(20894.58)
(Increase)/Decrease in inventories	(1477.60)	13627.38
(Increase)/Decrease in loans and advances	(10251.82)	(16684.46)
(Increase)/Decrease in miscellaneous expenditure	(142.26)	(190.57)
Increase/(Decrease) in current liabilities and provisions (See note 2 below)	(2859.56)	32978.85
	<u>2277.67</u>	<u>8836.62</u>
Cash generated from operations	26534.39	34242.55
Interest paid (net) (See note 1 below)	(21446.83)	(18067.72)
Direct taxes	(680.85)	(197.12)
Net Cash From Operating Activities	<u><u>4406.71</u></u>	<u><u>15977.71</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Additions to fixed assets (including capital work-in-progress/ advances and adjustments for exchange fluctuation)	(3086.90)	(6348.92)
Proceeds from sale of fixed assets	12886.20	9275.24
Payments on account of investments and advances to be adjusted against equity	(10324.75)	(7382.73)
Income from investments	80.31	1890.74
Proceeds from sale of investments	7994.12	19.75
	<u>7548.98</u>	<u>(2545.92)</u>
Net Cash From Investing Activities	<u><u>7548.98</u></u>	<u><u>(2545.92)</u></u>

	For the Year ended 31st March, 2001	(Rupees in lacs) For the Year ended 31st March, 2000
FLOW FROM FINANCING ACTIVITIES :		
Rs from issue of preference share capital	100.00	2350.00
Redemption of preference share capital	(1600.00)	(100.00)
Interest on preference share/bond issue expenses	(1076.25)	--
Rs from new borrowings (net)	(3271.47)	(10701.29)
Exchange rate difference	(3959.10)	(518.80)
Dividend received	(1580.28)	(2725.78)
Repayment of advances to other companies	(603.69)	(1854.30)
	<u>(11990.79)</u>	<u>(13550.17)</u>
Cash From Financing Activities	<u>(11990.79)</u>	<u>(13550.17)</u>
Cash flows during the year (A+B+C)	(35.10)	(118.38)
Balance of cash and cash equivalents (opening balance)	399.56	517.94
Balance of cash and cash equivalents (closing balance)	364.46	399.56

STATEMENT OF CASH FLOW STATEMENT

Interest paid/received relates to the charge/income for the year and is considered as part of operating activities.
 Long term loans from banks have been grouped as part of operating activities (along with current liabilities).

For and on behalf of the Board
Dr. P.R. SUNDARAVADIVELU
Managing Director

M.G. THIRUNAVUKKARASU
Finance Director

Madurai
 June, 2001

AUDITORS' REPORT

We have examined the attached Cash Flow Statement of Southern Petrochemical Industries Corporation Limited for the year ended 31st March, 2001. The statement has been prepared by the Company in accordance with the requirements of the listing regulations with the Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended 31st March, 2001.

For **A.F. FERGUSON & CO.**
Chartered Accountants

A.K. MAHINDRA
Partner

Madurai
 June, 2001

BALANCE SHEET AS AT 31 MARCH 2002

	Schedule	As at 31 March 2002	As at 31 March 2001	(Rupees in lacs)
SOURCES OF FUNDS				
Shareholders' funds:				
Share capital	1	10054.77	12554.77	
Reserves and Surplus	2	<u>76683.89</u>	<u>103307.23</u>	
		86738.66	115862.00	
Secured funds:				
Secured	3	153097.04	152131.75	
Insecured	4	<u>67921.58</u>	<u>69632.00</u>	
		221018.62	221763.75	
TOTAL		<u>307757.28</u>	<u>337625.75</u>	
APPLICATION OF FUNDS				
Fixed assets:				
Fixed block	5	228148.12	227842.60	
Less: Depreciation		<u>119978.38</u>	<u>111805.47</u>	
Net block		108169.74	116037.13	
Capital work-in-progress and advance against capital expenditure		<u>15889.81</u>	<u>15650.27</u>	
		124059.55	131687.40	
Current assets:				
Inventory	6	39401.75	43870.09	
Inventory	7	23200.87	28118.12	
Trade debtors	8	24043.26	33721.15	
Cash and bank balances	9	2045.36	364.46	
Loans and advances	10	<u>153472.90</u>	<u>152733.03</u>	
		202762.39	214936.76	
Current liabilities and provisions				
Current liabilities	11	60314.27	53911.09	
Provisions		<u>19.61</u>	<u>896.64</u>	
		60333.88	54807.73	
Current assets		142428.51	160129.03	
Contingent liabilities (Note 7)				
Contingent liabilities not written off or adjusted		<u>1867.47</u>	<u>1939.23</u>	
TOTAL		<u>307757.28</u>	<u>337625.75</u>	
Contingent liabilities on accounts	15			

Our report attached

F FERGUSON & CO.
Chartered Accountants

Dr A C MUTHIAH
Chairman

T S SRIDHAR, IAS
S VENKITARAMANAN
S RAJAGOPAL
N R KRISHNAN
ASHWIN C MUTHIAH
R V GUPTA
Dr P L SANJEEV REDDY
S GURUMURTHY
Directors

BABU K VERGHESE
Managing Director

A SANTHANAKRISHNAN
Whole-time Director & Secretary

M G THIRUNAVUKKARASU
Finance Director

MAHINDRA
Chartered Accountants

Chennai
28 June 2002

SPIC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Schedule	Year ended 31 March 2002	(Rupees in lacs) Year ended 31 March 2001
INCOME			
Sales and services		170064.14	219529.18
Other income	12	<u>2134.26</u>	<u>9820.22</u>
TOTAL INCOME		<u>172198.40</u>	<u>229349.40</u>
EXPENDITURE			
Purchase of finished goods (net)		18656.41	32766.80
Manufacturing and other expenses	13	150418.45	168807.80
Interest and financial charges (net)	14	20235.96	21446.83
Depreciation for the year		9297.63	10132.01
Less : Credit for amount withdrawn from revaluation reserve [Note 4(d)]		<u>4859.25</u>	<u>5391.38</u>
		<u>4438.38</u>	<u>4740.63</u>
TOTAL EXPENDITURE		<u>193749.20</u>	<u>227762.06</u>
PROFIT / (LOSS) BEFORE TAXATION		(21550.80)	1587.34
Less : Provision for taxation		--	--
PROFIT / (LOSS) AFTER TAXATION		(21550.80)	1587.34
Profit brought forward		911.74	2536.76
Amount available for appropriation		<u>(20639.06)</u>	<u>4124.10</u>
APPROPRIATIONS:			
Transfer to:			
- Capital redemption reserve		--	(1600.00)
DIVIDENDS:			
Paid - Preference		--	(523.71)
Proposed - Equity		--	(880.48)
		--	(1404.19)
Tax on dividends		--	(208.17)
		--	<u>(1612.36)</u>
BALANCE CARRIED TO BALANCE SHEET		<u>(20639.06)</u>	<u>911.74</u>
Basic and diluted earnings per share (Rs.)		(24.98)	1.07
Notes on accounts	15		

Per our report attached to the Balance Sheet

For A F FERGUSON & CO.
Chartered Accountants

Dr A C MUTHIAH
Chairman

T S SRIDHAR, IAS
S VENKITARAMANAN
S RAJAGOPAL

BABU K VERGHESE
Managing Director

A K MAHINDRA
Partner

N R KRISHNAN
ASHWIN C MUTHIAH
R V GUPTA

A SANTHANAKRISHNAN
Whole-time Director & Secretary

Place : Chennai
Date : 28 June 2002

Dr P L SANJEEV REDDY
S GURUMURTHY
Directors

M G THIRUNAVUKKARASU
Finance Director

FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

(Rupees in lacs)
Year ended
31 March 2001

Year ended
31 March 2002

CASH FLOW FROM OPERATING ACTIVITIES:

Net Profit / (Loss) before tax	(21550.80)	1587.34
Adjustment for :		
Depreciation	4438.38	4740.63
Profit/loss on sale of assets	0.29	(94.56)
Profit/loss on sale of investments	2976.90	(7302.31)
Exchange difference	3088.81	3959.10
Interest paid (net)	20235.96	21446.83
Income from investments	(427.83)	(80.31)
	<u>30312.51</u>	<u>22669.38</u>
Operating profit before working capital changes	8761.71	24256.72
Adjustments for :		
Increase/Decrease in sundry debtors	9677.89	17008.91
Increase/Decrease in inventories	4917.25	(1477.60)
Increase/Decrease in loans and advances	5064.07	(10251.82)
Increase/Decrease in miscellaneous expenditure	71.76	(142.26)
Increase/(Decrease) in current liabilities and provisions (See note 2 below)	6930.68	(2859.56)
	<u>26661.65</u>	<u>2277.67</u>
Cash generated from operations	35423.36	26534.39
Interest paid (net) (See note 1 below)	(20235.96)	(21446.83)
Direct taxes	(476.45)	(680.85)
NET CASH FROM OPERATING ACTIVITIES	<u>14710.95</u>	<u>4406.71</u>

CASH FLOW FROM INVESTING ACTIVITIES :

Expenditures to fixed assets (including capital work-in-progress/ advances and adjustments for exchange fluctuation)	(2028.54)	(3086.90)
Proceeds from sale of fixed assets	145.18	12886.20
Payments on account of investments and advances to be adjusted against equity	(4995.20)	(10324.75)
Income from investments	427.83	80.31
Proceeds from sale of investments	1587.77	7994.12
	<u>(4862.96)</u>	<u>7548.98</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(4862.96)</u>	<u>7548.98</u>

SPIC

CASH FLOW STATEMENT (Contd.)

	Year ended 31 March 2002	(Rupees in lacs) Year ended 31 March 2001
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of preference share capital	--	100.00
Redemption of preference share capital	(2500.00)	(1600.00)
Debenture/bond issue expenses	--	(1076.25)
Proceeds from new borrowings (net)	(1269.18)	(3271.47)
Exchange difference	(3088.81)	(3959.10)
Dividend paid	(880.48)	(1580.28)
Loans / advances to other companies	(428.62)	(603.69)
	(8167.09)	(11990.79)
NET CASH FROM FINANCING ACTIVITIES	(8167.09)	(11990.79)
NET CASH FLOWS DURING THE YEAR (A+B+C)	1680.90	(35.10)
Cash and cash equivalents (opening balance)	364.46	399.56
Cash and cash equivalents (closing balance)	2045.36	364.46

NOTES TO CASH FLOW STATEMENT

1. Interest paid/received relates to the charge/income for the year and is considered as part of operating activities.
2. Short term loans from banks have been grouped as part of operating activities (along with current liabilities).

For and on behalf of the Board

BABU K VERGHESE
Managing Director

M G THIRUNAVUKKARASU
Finance Director

Place : Chennai
Date : 28 June 2002

AUDITORS' REPORT

We have examined the attached Cash Flow Statement of Southern Petrochemical Industries Corporation Limited for the year ended 31 March 2002. The statement has been prepared by the Company in accordance with the requirements of the listing agreements with the Stock Exchange and is based on and derived from the audited accounts of the Company for the year ended 31 March 2002.

For **A F FERGUSON & Co.**
Chartered Accountants

Place : Chennai
Date : 28 June 2002

A K MAHINDRA
Partner

ANNUAL STATEMENT AS AT 31 MARCH 2003

(Rupees in lacs)
As at
31 March 2002

Particulars	Schedule	As at 31 March 2003	As at 31 March 2002
ASSETS			
Fixed Assets:			
Land	1	10054.77	10054.77
Reserve for Depreciation	2	102515.70	76683.89
		<u>112570.47</u>	<u>86738.66</u>
Current Assets:			
Securities	3	165931.63	153097.04
Investments	4	65771.84	67921.58
		<u>231703.47</u>	<u>221018.62</u>
		<u>344273.94</u>	<u>307757.28</u>
LIABILITIES			
Capital:			
Share Capital	5	243280.83	228148.12
Reserves:			
Depreciation		108940.64	119978.38
Working-in-progress / advances		134340.19	108169.74
		3045.00	15889.81
		<u>137385.19</u>	<u>124059.55</u>
Current Liabilities:			
Loans and advances:			
Loans	7	13182.87	23200.87
Due to creditors	8	22099.46	24043.26
Due to bank balances	9	2416.74	2045.36
Loans advanced	10	151771.54	153472.90
		<u>189470.61</u>	<u>202762.39</u>
Other liabilities and provisions	11	55474.86	60314.27
Provisions		8.54	19.61
		<u>55483.40</u>	<u>60333.88</u>
Current Assets:			
Loans		133987.21	142428.51
Capital expenditure (Note 6)		746.52	1867.47
Loans not written off or adjusted		32583.61	--
Loans account		<u>344273.94</u>	<u>307757.28</u>
TOTAL			
Loans	15		

Our report attached

A F FERGUSON & CO.,
Chartered Accountants

Dr A C MUTHIAH
Chairman

BABU K VERGHESE
Managing Director

K MAHINDRA
Partner

M G THIRUNAVUKKARASU
Finance Director

Place: Chennai
Date: 26 June 2003

N RAMAKRISHNAN
Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Schedule	Year ended 31 March 2003	(Rupees in lacs) Year ended 31 March 2002
INCOME			
Sales and services		163248.81	170064.14
Other income	12	2208.02	2134.26
TOTAL INCOME		165456.83	172198.40
EXPENDITURE			
Purchase of finished goods		815.22	18656.41
Manufacturing and other expenses	13	157872.61	150418.45
Interest and financial charges (net)	14	17802.68	20235.96
Interest and exchange fluctuation on FRN (Note 16)		11627.84	--
Interest on advance against equity to SPIC Petro (Note 17)		10573.31	--
Depreciation for the year		6990.36	9297.63
Less : Credit for amount withdrawn from revaluation reserve [Note 4(e)]		2656.22	4859.25
TOTAL EXPENDITURE		4334.14	4438.38
(Loss) for the year		203025.80	193749.20
Profit brought forward		(37568.97)	(21550.80)
Transferred from general reserve		--	911.74
Balance loss carried to balance sheet		4985.36	20639.06
Basic and diluted earnings per share (Rs.)		(32583.61)	--
Notes on accounts	15	(42.93)	(24.98)

Per our report attached to the Balance Sheet

For A F FERGUSON & CO.,
Chartered Accountants

A K MAHINDRA
Partner

Place : Chennai
Date : 26 June 2003

Dr A C MUTHIAH
Chairman

BABU K VERGHESE
Managing Director

M G THIRUNAVUKKARASU
Finance Director

N RAMAKRISHNAN
Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	Year ended 31 March 2003	(Rupees in lacs) Year ended 31 March 2002
A. CASH FLOW FROM OPERATING ACTIVITIES:		
(Loss) for the year	(37568.97)	(21550.80)
Adjustment for :		
Depreciation	4334.14	4438.38
Loss on sale of assets	262.42	0.29
Loss on sale of investments	--	2976.90
Exchange difference	387.47	3088.81
Interest and financial charges	17942.64	27414.85
Interest and exchange fluctuation on FRN	11627.84	--
Income from investments	(456.09)	(427.83)
Interest income	(139.96)	(1001.15)
	<u>33958.46</u>	<u>36490.25</u>
Operating profit before working capital changes	(3610.51)	14939.45
Adjustments for :		
(Increase)/Decrease in sundry debtors	1943.80	9677.89
(Increase)/Decrease in inventories	10018.00	4917.25
(Increase)/Decrease in loans and advances	3484.18	250.59
(Increase)/Decrease in miscellaneous expenditure	1120.95	71.76
Increase/(Decrease) in current liabilities and provisions	(2856.06)	7057.71
	<u>13710.87</u>	<u>21975.20</u>
Cash generated from operations	10100.36	36914.65
Direct taxes	(265.91)	(476.45)
NET CASH FROM OPERATING ACTIVITIES	<u>9834.45</u>	<u>36438.20</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Deletions/(Additions) to fixed assets, including capital work-in-progress/ advances and adjustments for exchange fluctuation	454.93	(2028.54)
Proceeds from sale of fixed assets	812.20	145.18
Payments on account of investments and advances to be adjusted against equity	(212.40)	(181.72)
Loans/Advances to other companies	(1504.25)	(428.62)
Income from investments	456.09	427.83
Proceeds from sale of investments	30.08	1587.77
Interest income	139.96	1001.15
	<u>176.61</u>	<u>523.05</u>
NET CASH FROM INVESTING ACTIVITIES	<u>176.61</u>	<u>523.05</u>

FLOW STATEMENT (Contd.)

	Year ended 31 March 2003	(Rupees in lacs) Year ended 31 March 2002
CASH FLOW FROM FINANCING ACTIVITIES :		
Redemption of preference shares	--	(2500.00)
Proceeds from borrowings	11003.57	3024.05
Repayment of borrowings	(6254.24)	(6483.32)
Exchange difference	(387.47)	(3088.81)
Dividend paid	--	(880.48)
Interest and financial charges paid	(14001.54)	(25351.79)
	<u>(9639.68)</u>	<u>(35280.35)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(9639.68)</u>	<u>(35280.35)</u>
NET CASH FLOWS DURING THE YEAR (A+B+C)	371.38	1680.90
Cash and cash equivalents (opening balance)	2045.36	364.46
Cash and cash equivalents (closing balance)	2416.74	2045.36

For and on behalf of the Board

BABU K VERGHESE
Managing Director

M G THIRUNAVUKKARASU
Finance Director

Place : Chennai
Date : 26 June 2003

Per our report attached to the Balance Sheet

For A F FERGUSON & CO.,
Chartered Accountants

Place : Chennai
Date : 26 June 2003

A K MAHINDRA
Partner

Accounts Section

STATEMENT AS AT 31 MARCH 2005

	Schedule	As at 31 March 2005	(Rupees in lac) As at 31 March 2004
SOURCES OF FUNDS			
Members' funds:			
Share capital	1	10054.77	10054.77
Share capital advance		2000.00	1960.49
Reserves and surplus	2	<u>101446.48</u>	<u>105749.73</u>
		113501.25	117764.99
Funds:			
Secured	3	172985.92	168581.43
Unsecured	4	<u>40544.78</u>	<u>62500.29</u>
		213530.70	231081.72
TOTAL		<u>327031.95</u>	<u>348846.71</u>
APPLICATION OF FUNDS			
Fixed assets:	5		
Gross block		252033.55	252731.38
Less : Depreciation		<u>125415.90</u>	<u>118865.80</u>
Net block		<u>126617.65</u>	<u>133865.58</u>
Capital work-in-progress / advances		<u>2202.49</u>	<u>2350.53</u>
		128820.14	136216.11
Investments	6	103507.36	101556.77
Current assets, loans and advances:			
Inventories	7	14541.48	15240.38
Sundry debtors	8	15101.08	18848.39
Cash and bank balances	9	416.91	2862.87
Loans and advances	10	<u>104899.90</u>	<u>98234.94</u>
		<u>134959.37</u>	<u>135186.58</u>
Current liabilities and provisions	11		
Liabilities		73548.43	58148.26
Provisions		<u>5.52</u>	<u>7.54</u>
		73553.95	58155.80
Current assets		61405.42	77030.78
Contingent liabilities (Note B-12)			
Contingent liability (Note B-12)		748.46	518.06
Contingent liability (Note B-12)		32550.57	33524.99
TOTAL		<u>327031.95</u>	<u>348846.71</u>
Contingent liability on accounts	15		

Your report attached

RASER & ROSS
Chartered Accountants

Dr A C MUTHIAH
Chairman

BABU K VERGHESE
Managing Director

ANANTHANARAYANAN
Partner

M G THIRUNAVUKKARASU
Finance Director

Chennai
27 June 2005

N RAMAKRISHNAN
Secretary

C - Nourishing growth

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

(Rupees in lac)

	Schedule	Year ended 31 March 2005	Year ended 31 March 2004
INCOME			
Sales and services		191354.92	150281.34
Less : Excise duty		<u>1302.30</u>	<u>1392.14</u>
		190052.62	148889.20
Other income	12	1633.45	1947.33
Net gain on restructuring of Floating Rate Notes (Note B-13)		<u>21254.27</u>	<u>-</u>
TOTAL INCOME		<u>212940.34</u>	<u>150836.53</u>
EXPENDITURE			
Purchase of finished goods		857.63	826.21
Manufacturing and other expenses	13	188817.17	141932.21
Interest and financial charges (net)	14	18063.35	4894.91
Depreciation for the year		7908.78	7829.93
Less : Credit for amount withdrawn from revaluation reserve [Note B-3(f)]		<u>3681.01</u>	<u>3705.35</u>
		4227.77	4124.58
TOTAL EXPENDITURE		<u>211965.92</u>	<u>151777.91</u>
Profit / (Loss) for the year		974.42	(941.38)
Loss brought forward from the previous year		<u>(33524.99)</u>	<u>(32583.61)</u>
Balance loss carried to balance sheet		<u>(32550.57)</u>	<u>(33524.99)</u>
Basic earnings per share of Rs.10 each		0.9	(1.26)
Diluted earnings per share of Rs.10 each		0.74	(1.26)
Notes on accounts	15		

Per our report attached

For **FRASER & ROSS**
Chartered Accountants

M K ANANTHANARAYANAN
Partner

Place : Chennai
Date : 27 June 2005

Dr A C MUTHIAH
Chairman

BABU K VERGHESE
Managing Director

M G THIRUNAVUKKARASU
Finance Director

N RAMAKRISHNAN
Secretary

FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

(Rupees in lac)
Year ended
31 March 2004

CASH FLOW FROM OPERATING ACTIVITIES:

	Year ended 31 March 2005	Year ended 31 March 2004
Profit / (Loss) for the year	974.42	(941.38)
Adjustment for :		
Depreciation	4227.77	4124.58
Loss on sale/retirement of assets	221.25	162.75
Loss on sale of investments	13.69	-
Miscellaneous expenditure Written off	427.54	412.15
Provision for doubtful debts and advances	2384.72	1693.09
Exchange difference	(1088.35)	(4507.76)
Interest and financial charges	18227.86	15663.03
Net gain on restructuring of floating rate notes	(21254.27)	-
Income from investments	(251.35)	(218.70)
Interest income	(164.51)	(1077.12)
	<u>2744.35</u>	<u>6558.02</u>
Operating profit before working capital changes	<u>3718.77</u>	<u>5616.64</u>
Adjustments for :		
(Increase)/Decrease in sundry debtors	3236.78	3100.53
(Increase)/Decrease in inventories	698.90	(2057.51)
(Increase)/Decrease in loans and advances	(10340.06)	1376.33
Increase/(Decrease) in current liabilities and provisions	<u>15582.21</u>	<u>972.93</u>
	<u>9177.83</u>	<u>3392.28</u>
Cash generated from operations	<u>12896.60</u>	<u>9003.92</u>
Direct taxes	(199.09)	(272.82)
Payments under Voluntary retirement scheme	(657.94)	(183.69)
NET CASH FROM OPERATING ACTIVITIES	<u><u>12039.57</u></u>	<u><u>8552.41</u></u>

CASH FLOW FROM INVESTING ACTIVITIES :

Deletions/(Additions) to fixed assets, including capital work-in-progress / advances	(904.98)	(1757.66)
adjustments for exchange fluctuation	305.53	113.10
Proceeds from sale of fixed assets	251.35	218.70
Income from investments	35.72	70.49
Proceeds from sale of investments	164.51	197.81
Interest income	<u>(147.87)</u>	<u>(1157.56)</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>(147.87)</u></u>	<u><u>(1157.56)</u></u>

IPIC - Nourishing growth

CASH FLOW STATEMENT (Contd.)

Year ended
31 March 2005

(Rupees in lac)
Year ended
31 March 2004

C. CASH FLOW FROM FINANCING ACTIVITIES :

Repayment of borrowings	(1057.70)	(1631.64)
Proceeds from borrowings	4981.44	6185.76
Share capital advance	39.51	1960.49
Dividend paid	(21.06)	(20.96)
Interest and financial charges paid	<u>(18279.85)</u>	<u>(13484.93)</u>
	<u>(14337.66)</u>	<u>(6991.28)</u>
NET CASH USED IN FINANCING ACTIVITIES	(14337.66)	(6991.28)
NET CASH FLOWS DURING THE YEAR (A+B+C)	(2445.96)	403.57
Cash and cash equivalents (opening balance)	2862.87	2459.30
Cash and cash equivalents (closing balance)	416.91	2862.87
Disclosure of non cash transactions		
Investments made during the year consist of		
Advances made	2000.00	24800.00
Interest accrued in earlier years	-	30609.63
Total investments made	2000.00	55409.63
Reduction in liability on restructuring Floating Rate Notes	21254.27	-
Exchange (loss) / gain on restatement of liability debited / credited to fixed assets	(756.85)	1760.35

Per our report attached

For FRASER & ROSS
Chartered Accountants

M K ANANTHANARAYANAN
Partner

Place: Chennai
Date : 27 June 2005

For and on behalf of the Board

Dr A C MUTHIAH
Chairman

BABU K VERGHESE
Managing Director

M G THIRUNAVUKKARASU
Finance Director

N RAMAKRISHNAN
Secretary