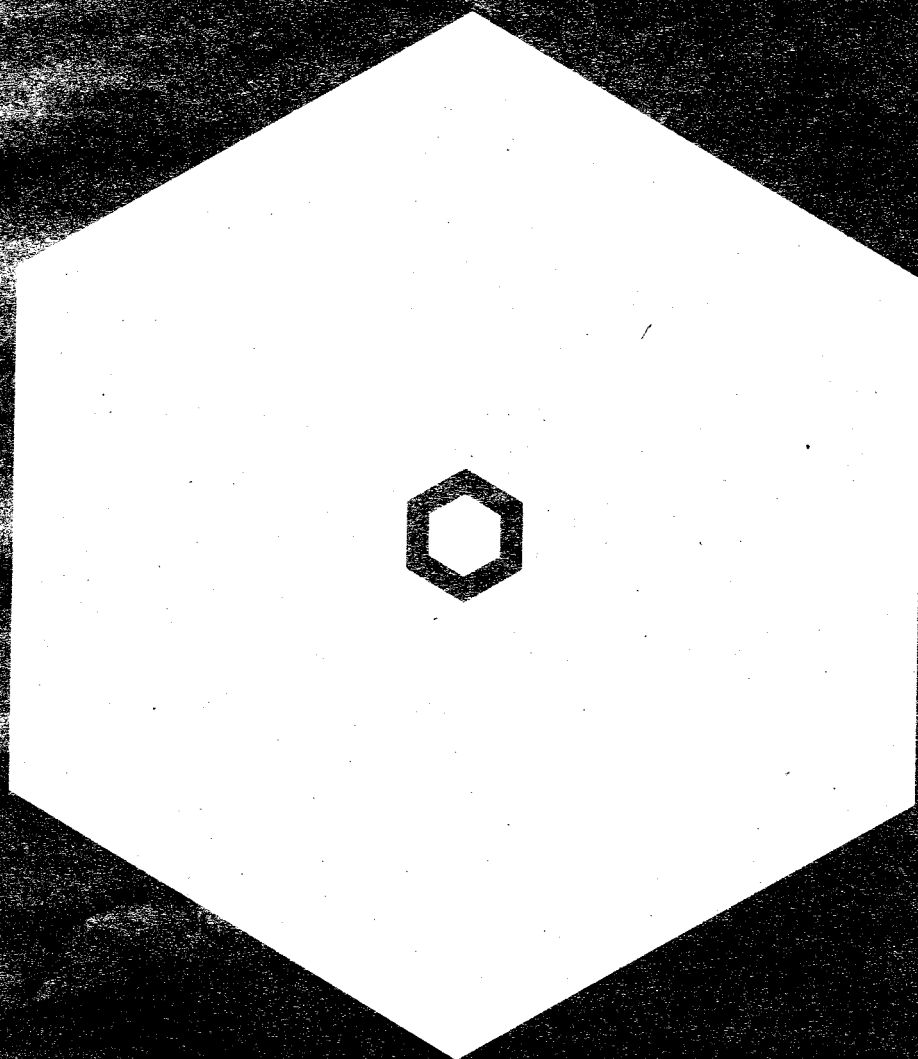


# **MYSORE PETRO CHEMICALS LIMITED**

**39TH ANNUAL REPORT**



**2009**

# MYSORE PETRO CHEMICALS LIMITED

## BOARD OF DIRECTORS

(As on 22nd May 2009)

Shri M M Dhanuka – Chairman & Managing Director

Shri Nikunj Dhanuka

Shri M M Jayakar

Shri Anil Kochar

Shri S N Maheshwari

Shri Shrikant Somani

## COMPANY SECRETARY

Shri Anand Kadkol

## AUDITORS

M/s. Hariharan & Co.  
Chartered Accountants  
No. 133, 26th Cross  
6th Block, Jayanagar  
Bangalore – 560 082

## INTERNAL AUDITORS

M/s. Malpani & Associates  
Chartered Accountants  
307, Chartered House,  
297/299, Dr. Cawasji Hormasji Street,  
Near Marine Lines Church  
Mumbai – 400 002

## BANKERS

ICICI Bank Ltd.  
HDFC Bank Ltd.  
State Bank of India

## REGISTERED OFFICE

D - 4, Jyothi Complex  
134/1, Infantry Road  
Bangalore – 560 001  
Tel : 080 - 22868372  
Fax : 080 - 22868778  
E-mail : mysore\_petro@vsnl.net

## CORPORATE OFFICE

401, Raheja Centre  
214, Nariman Point  
Mumbai – 400 021  
Tel : 30286100 / 30286133  
Fax : 22040747/22836392  
Email : igpetro@vsnl.com

## FACTORY LOCATIONS

### PHTHALIC ANHYDRIDE PLANT

Near Chicksugur Railway Station  
Dist. Raichur, Karnataka  
Tel : 08532 - 246425/246269  
Fax : 08532 - 246271  
Email : myspectro@sancharnet.in

### MALEIC ANHYDRIDE PLANT

T-1, MIDC Industrial Area  
Taloja - 410 208  
Maharashtra  
Tel : 39289100  
Fax : 39289148/149  
Email : igpetro.talojapa@gems.vsnl.net.in

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai – 400 072.  
Tel.: 40430200  
Fax : 28475207  
E-mail : bigshare@bom7.vsnl.net.in

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## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty Nineth Annual General Meeting of the members of MYSORE PETRO CHEMICALS LIMITED will be held at Rohini Hall, HOTEL AJANTHA, 22-A, Mahatma Gandhi Road, Bangalore - 560 001 on Saturday the 20th June 2009 at 12.30 p.m. to transact the following business:

### As Ordinary Business:

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31 March 2009.
2. To appoint a Director in place of Shri M M Jayakar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Hariharan & Co., Chartered Accountants, Bangalore, the retiring Auditors be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors.

### As Special Business

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

RESOLVED THAT Shri Shrikant Somani who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, 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(s), the following resolution, as a Special Resolution :

RESOLVED THAT pursuant to Section 81(1A) and other relevant provisions, if any of the Companies Act, 1956, SEBI Guidelines for Preferential Issues, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreements with Stock Exchanges, Guidelines as specified by the Reserve Bank of India and other applicable laws or guidelines and in accordance with the provisions of Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), at its sole discretion, the consent of the Company be and is hereby accorded to offer, issue and allot Warrants aggregating to 10,00,000 to M/s. Pentafour Commercial Pvt. Ltd. - 7,00,000 Warrants and M/s. Vindhyachal Mercantile Pvt. Ltd. - 3,00,000 Warrants, that are convertible into fully paid-up equity shares of the face value of Rs.10/- each, on one equity share for every Warrant held, within a period of 18 months from the date of allotment, at a price of Rs. 26/- per Warrant at the option of the warrant holder, on such terms and conditions as given hereunder :

## **MYSORE PETRO CHEMICALS LIMITED**

- The exercise or conversion of the abovementioned Warrants would give rise to the issue/allotment of 10,00,000 equity shares of Rs. 10/- each at a premium of Rs. 16/- per equity share, ranking pari passu with the existing equity shares in all respects from the date of conversion of such Warrants.
- The new equity shares issued pursuant to the conversion of Warrants shall be subject to Memorandum and Articles of Association of the Company.
- The new equity shares issued pursuant to the conversion of Warrants shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things including matters relating to listing of shares issued on conversion of warrants, as it may deem fit and proper in this regard.

RESOLVED FURTHER THAT the "Relevant Date" under SEBI Guidelines on Preferential Issue in relation to the warrants for the purpose of determining the issue price shall be 21st May 2009 being the date 30 days prior to the proposed date of passing of this resolution.

By Order of the Board

Anand Kadkol  
Company Secretary

Mumbai  
22nd May, 2009

**Registered Office :**  
D - 4, Jyothi Complex  
134/1, Infantry Road  
Bangalore - 560 001.

# MYSORE PETRO CHEMICALS LIMITED

## Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. FORM OF PROXY IS ENCLOSED.**
2. Explanatory Statement in respect of item Nos. 4 and 5 of the Notice is annexed hereto.
3. The register of members and share transfer books of the Company will remain closed from 16th June 2009 to 20th June, 2009 (both days inclusive) in connection with the Annual General Meeting.
4. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report.
5. Members are requested to intimate the Registrar & Transfer Agent (RTA) of the Company immediately about any change in their addresses. Where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company/RTA.
6. A member desirous of getting any information in respect of the contents of the Annual Report is required to forward the queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
7. The Company has already transferred unclaimed dividend upto the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those members who have so far not claimed or collected their dividend upto the financial year 1994-95 may claim their dividend from the Registrar of Companies, Bangalore in the prescribed form which will be furnished on receipt of request by the Registrar & Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd.
8. As per the provisions of Section 205A (5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the years 1995-96 and 1996-97 to the Investor Education and Protection Fund. Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.
9. Please encash your dividend declared for the previous year 2007-2008 immediately in case you have not yet encashed, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Once transferred, members will be unable to claim any unpaid dividend either from the said fund or from the Company.
10. Corporate members are requested to forward a certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
11. Particulars of Directors re-appointed/appointed :  
  
The information pertaining to Shri M M Jayakar and Shri Srikant Somani to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement on Corporate Governance published in this Annual Report.

## **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

### **Item No. 4**

Shri Shrikant Somani was co-opted on the Board as an Additional Director on 22nd May 2009. In accordance with the provisions of Section 260 of the Companies Act, 1956, his term of office expires on the date of the Annual General Meeting. Notice under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500 has been received from a member proposing his candidature.

None of the Directors is interested in the resolution except Shri Srikant Somani as a Director.

# MYSORE PETRO CHEMICALS LIMITED

## Item No. 5

Your Company proposes to issue Warrants aggregating to 10,00,000 to M/s. Pentafour Commercial Pvt. Ltd. - 7,00,000 Warrants and M/s. Vindhyachal Mercantile Pvt. Ltd. - 3,00,000 Warrants (hereinafter referred to as "the Investors") at a price of Rs. 26/- each. The conversion of the said Warrants issued will lead to enhancement of the paid-up capital of the Company.

The details of proposed issue of Warrants are as follows –

### Object of the issue through preferential offer

Mysore Petro Chemicals Ltd. proposes to raise resources to augment the long term working capital requirements and expand its business activities. The Investors have shown interest in participating in the process and accordingly, the Company proposes to issue further warrants on Preferential allotment as per existing guidelines of SEBI to raise the required money.

### Intention of the prospective investors to subscribe to the offer

The Investors have expressed their willingness to invest in securities of the Company. The management puts forward their details for the consent and approval of shareholders so as to enable the Company to issue Warrants to the interested investors. The Company proposes to make a preferential allotment of Warrants aggregating to 10,00,000 at a price of Rs. 26/- each for cash to the Investors.

Some of the specific terms of the Warrants proposed to be issued are as under –

- The Warrants under this resolution shall entrust to the warrant holder to seek conversion of the said Warrants at his option into equity share in the ratio of one equity share of Rs. 10/- each for every Warrant held at a price of Rs. 26/- each as fixed under SEBI (DIP) Guidelines.
- Warrants so issued will be convertible into fully paid-up equity shares of Rs. 10/- each (1 warrant 1 equity share basis) at any time within the time frame prescribed by law and the Board of Directors of the Company be authorised to allot fully paid-up equity shares upon such conversion.
- Warrant holder shall be at liberty to exercise such Warrants any time within a period of 18 months from the date of issue of such Warrants.
- A sum equivalent to 25% of the price fixed for the Warrants as per the SEBI pricing norm is payable at the time of issue of Warrants, which would be adjusted against the price payable on acquisition of shares by exercising the option in this behalf.
- The balance amount is payable as and when the Warrants are converted into equity shares.
- In case option to acquire shares under Warrants is not exercised, within the time specified under the regulations and this resolution, the 25% amount paid on allotment of Warrants will be forfeited by the Company.

Proposed Shareholding Pattern after proposed allotment of equity shares as per resolution of this notice before and after the conversion of Warrants into equity shares to the fullest extent –

Category	Before		After	
	No. of shares	% of holding	No. of shares	% of holding
Promoters Holding	4500964	68.37	4500964	59.35
Non-Promoter Holding	2082524	31.63	3082524	40.65
Total	6583488	100.00	7583488	100.00

Shareholding Pattern is assuming that the entire Warrants are converted into equity shares.

There will not be any change in the management control or constitution of the Board of Directors subsequent to the conversion of Warrants into equity shares.

# MYSORE PETRO CHEMICALS LIMITED

## Proposed time for issue of Warrants

The instruments of Warrants are proposed to be issued within 15 days from the passing of the resolution by the shareholders at the AGM.

## Lock-in period

The equity shares on conversion to be allotted to the Investors shall be subject to 1 year lock-in period from the date of allotment as per SEBI Guidelines. Further the lock-in on equity shares acquired by conversion of warrants, shall be reduced to the extent the warrants have already been locked-in.

## Identity and percentage of post Preferential Issued Capital held by proposed allottees

The Warrants to be issued on preferential allotment basis are being issued to the Investors. The details of the proposed allottees are as given herein under –

Particulars	
a) Registered Office	a) Pentafour Commercial Pvt. Ltd. 13, Pollock Street, 2nd Floor Kolkata - 700 001, West Bengal. b) Vindhyachal Mercantile Pvt. Ltd. 6 B, Bentinck Street, Aloka House, Room No. 687 Kolkata - 700 001, West Bengal.
b) Number of shares and percentage held by the proposed allottee post allotment of warrants as per the resolution and prior to conversion of warrants.	a) NIL b) NIL
c) No. of shares and percentage of post conversion equity capital that may be held by the proposed allottee.	a) 7,00,000 - 9.23 % b) 3,00,000 - 3.95 %

## Auditors Certificate

Certificate confirming that the proposed issue of shares on preferential basis is as per the SEBI Guidelines for preferential issue is obtained from M/s. Hariharan & Co., Chartered Accountants, Bangalore, Statutory Auditors of the Company.

## General

The post preferential allotment holding of the Investors will be 10,00,000 equity shares forming 13.18 % of the proposed post preferential issue equity share capital of the Company. The aforesaid proposed allotment does not result into any change in the management control of the Company and the allotment does not require making public offer as it is below the prescribed threshold limit for making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Section 81 of the Companies Act, 1956 provides, inter alia that whenever it is proposed to issue further shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section, unless shareholders decide otherwise in the general meeting by way of a Special Resolution. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Chapter XIII on Preferential Issue in SEBI (Disclosure and Investor Protection) Guidelines for Capital Issues, 2000 as amended and in terms of the provisions of the Listing Agreement to issue and allot equity shares and Warrants as stated in the Special Resolution.

The Directors recommend the passing of the special resolution as set out in the resolution and seek the approval of the shareholders.

None of the Directors of the Company are deemed to be concerned or interested in the resolution.

Mumbai  
22 May, 2009

By Order of the Board  
Anand Kadkol  
Company Secretary

**Registered Office :**  
D - 4, Jyothi Complex,  
134/1, Infantry Road,  
Bangalore – 560 001.

**DIRECTORS' REPORT**

Your Directors hereby present the Thirty Ninth Annual Report alongwith audited Accounts of the Company for the financial year ended 31 March 2009.

**1. Financial Results**

	2008-2009	2007-2008
	<b>Rupees in thousands</b>	
Gross Sales	783525	997366
Less : Excise Duty	85640	132450
Net Sales	697885	864916
Other Income	14591	6813
	712476	871729
Gross Profit	70875	107391
Less :		
Interest & Finance Charges	18355	11543
Depreciation/Amortisation	46948	43223
Profit before Extraordinary Item	5572	52625
Extra Ordinary item	-	532492
Profit before Taxation	5572	585117
Provision for Taxation		
- Current Tax (MAT)	577	-
- Fringe Benefit Tax	492	575
- Excess provision of Fringe Benefit Tax written back	(10)	(188)
Profit after Taxation	4513	584730
Debenture Redemption Reserve no longer required written back	-	80739
Balance Brought Forward	157577	(500190)
Amount available for Appropriations	162090	165279
<b>Appropriations</b>		
Proposed Dividend	-	6583
Tax on Dividend	-	1119
Surplus carried to Balance Sheet	162090	157577

**2. Financial Performance**

The Gross Sales Turnover of the Company was at Rs. 783525 thousand as against Rs. 997366 thousand during the previous year. Profit before Interest, Depreciation and tax was at Rs. 70875 thousand as against Rs. 107391 thousand during the previous year. After taking into account the Interest, Depreciation and provision for tax there was a Net Profit of Rs. 4513 thousand as against Rs. 584730 thousand (including extraordinary income of Rs. 532492 thousand) in the previous year. The performance during the year was affected due to sharp downturn of business and global economic slump which affected every industry worldwide including India. The prices of raw materials and the finished products tumbled due to fall in international crude prices and the customers postponed their procurements. In view of this the PA Plant at Raichur, Karnataka was closed for about two months during the period December 2008 and January 2009. There was a production loss of more than 2500 mt. during this period.

**3. Dividend**

Your Directors do not recommend any dividend for the year under review.



**4. Management's Discussion and Analysis :****Performance Review**

The Company's Phthalic Anhydride (PA) production at Raichur, Karnataka was lower at 9604 MT. at 80.03% as against 12267 MT. at 102.23 % due to shut down of Plant for almost two months during December 2008 and January 2009. The Maleic Anhydride (MA) plants at Taloja, Maharashtra operated satisfactorily for most part of the year, the production being 2309 MT. as against 2539 MT. during the previous year. The production of MA was slightly lower due to less extraction of Maleic acid from wash water.

**Taxes and Duties**

The Company has contributed Rs. 109181 thousand to the Central and State Exchequer by way of Central Excise, Customs Duty, Sales Tax (including Surcharge), Entry Tax and Direct Taxes.

**Opportunities, Concerns and Threats**

The economic situation was buoyant during the first half of the year due to exponential rise in international crude oil prices and high inflation rate. However due to a sudden global economic recession witnessed after September 2008 there was a fall in price of crude oil which resulted in downfall of all the downstream petro products worldwide including Orthoxylene (raw material) and PA our finished product.

The recession in US and the global economic meltdown though had its repercussions in India, there would not be a significant impact on the growth prospects in Indian industries due to Government's continued thrust on infrastructure and huge investments in related industries. The country's GDP which was 8 % during the last fiscal would grow at a slower rate in the current fiscal and is expected to be around 5-5.5% which is considered to be better among the developing countries. The international crude price has come down, significantly as well as the inflation rate.

The demand for PA which had drifted during the last quarter of 2008 has shown some signs of recovery. There has been a gradual pick up in demand in the user industries such as Pigments, Plasticizers, Resins and the Speciality Chemicals and the Copper Phthalocyanine (CPC) markets. As a result the Company does not find it difficult to sell its entire produce in the local markets. Also with the implementation of the provisional Safeguards duty of 25% on PA from January 2009 the dumping has been reduced. The price of PA which had reached its peak during July 2008 has slumped in the last quarter of 2008 and has now recovered during the first quarter of 2009. The same is expected to continue for some time with an upward trend. The market is expected to stabilise during the coming year.

The volatility in the international crude prices has the direct impact on the raw materials and finished prices of the Company. This results in uncertain margins, mis-match in demand and supply position etc. Moreover government policies and duty changes also affects the prices of the product and the working of the Company.

**Outlook**

There are signs of early recovery of the economy worldwide which would help the Indian industries to perform better. The product prices which have recovered since January 2009 is expected to remain stable for some time and improve further. The Company foresees an uninterrupted production and sale of its entire produce and better price realisations in the current year.

**Preferential Issue of Warrants**

The Company plans to issue 10,00,000 Warrants at the rate of Rs. 26/- per Warrant amounting to Rs. 2.60 crores subject to approval of shareholders at the ensuing Annual General Meeting to augment the long term working capital needs of the Company.

**Postal Ballot**

Under Section 192A of the Companies Act, 1956 the Company conducted the Postal Ballot by issuing a notice dated 10th November, 2008 to the shareholders seeking their approval under Section 17 read with Section 149 (2A) of the Companies Act, 1956 for venturing into distribution of Health Care products. Shareholders of the Company approved the resolution with requisite majority.

The Company has launched the Earthcalm Scalar Home Protection System which is imported from USA and is being exclusively test marketed in Mumbai. The product is essentially to offer protection from electro magnetic radiation for the homes and the offices. The Company hopes that it can successfully market the product in the years to come.

## **Internal Control System**

The Company has a well established framework of internal controls in operation, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of the Company at various locations are reviewed by the internal auditors, who report their findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored.

## **Human Resource Development/Industrial Relations**

Industrial relations continued to remain cordial at all the manufacturing units of the Company. The Directors acknowledge the support and co-operation from employees at all levels.

As of 31 March 2009, the Company had 268 employees on its rolls.

## **Cautionary Statement**

Certain statements in the 'Management Discussion and Analysis' section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

## **5. Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that –

- a) in the preparation of the annual accounts, all the applicable accounting standards have been followed ;
- b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing/ detecting fraud and other irregularities ;
- d) the annual accounts have been prepared on a going concern basis.

## **6. Fixed Deposits**

The Company has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as of the balance sheet date.

## **7. Auditors' Report**

Observations made in paragraphs 4(e) of the Auditors Report have been fully explained in Note No. 3 of Schedule 18.

## **8. Directors**

Shri M M Jayakar, Director retires by rotation and being eligible has offered himself for reappointment.

Shri Shrikant Somani was appointed on the Board as an Additional Director of the Company on 22 May 2009 and his term of office will end at the forthcoming Annual General Meeting (AGM). Notice u/s. 257 has been received for his appointment at the AGM.

Shri.M M Dhanuka, Managing Director has w.e.f. 22.5.2009 taken over as the Chairman of the Board and of the Company.

## 9. Particulars of Employees

None of the employees of the Company was in receipt of monthly remuneration of Rs. 2,00,000/- or more. Hence the provisions of section 217 (2A) of the Companies Act, 1956 are not applicable.

## 10. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars with respect to conservation of energy etc. required as per section 217(1)(e) of the Companies Act, 1956 are annexed hereto.

## 11. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Corporate Governance Report together with the Auditors' Certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

## 12. Auditors

The Company's Auditors, M/s. Hariharan & Co., Chartered Accountants, Bangalore retire at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors commend their appointment for the ensuing year.

## 13. Cost Auditors

Pursuant to the provisions of Section 233 B of the Companies Act, 1956 and as required by the Central Government, M/s. Aspi Bhesania & Co., Cost Accountants has been appointed to carry out audit of cost accounts relating to Maleic Anhydride (MA) every year.

## 14. Acknowledgement

Your Directors wish to thank the Government Authorities, Financial Institutions, Shareholders and Bankers for their continued support. They wish to place on record their appreciation for the contribution of the employees at all levels for their dedicated service.

For and on behalf of the Board

**M M Dhanuka**

Chairman & Managing Director

Mumbai  
22 May, 2009

## Annexure to the Director's Report showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo.

### A) Conservation of Energy

a. Energy Conservation measures taken :

1. Few more non-conventional (GEM Venturi) steam traps were installed in place of conventional ones to reduce steam loss.
2. Part of old steam piping was replaced with new one to minimise loss of steam due to frequent leaks.

b. Additional Investment and proposals, if any, being implemented for reduction in consumption of energy :

HP Turbine will be changed to improve its efficiency and also improve process performance.

c. Impact of the measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Specific consumption of energy is expected to improve.

d. (i) Total energy consumption and energy consumption per unit of production :

#### Power & Fuel Consumption

		2008-2009	2007-2008
1. Electricity			
a. Purchased (Units)		1,110,930	1,153,659
Total Amount (Rs.)		7,516,871	8,869,571
Rate/Unit (Rs.)		6.77	7.69
b. Own Generation			
I Through Diesel Generator		244,165	263,333
Units per Ltr. of Diesel oil		3.35	3.32
Cost/Unit (Rs.)		9.62	9.21
II Through Steam Turbine			
Generator (Units)		1,447,496	1,960,464
Cost/Unit Rs.		—	—
2. Coal is not used in Manufacturing Process			
3. Furnace Oil quantity (KL)		866	1036
Total Amount (Rs.)		24,318,999	22,270,288
Average rate/KL (Rs.)		28,082	21,496
Other/Internal generation		—	—
(ii) Energy consumption per unit (MT) of Product			
1. Phthalic Anhydride	Standard	2008-2009	2007-2008
Electricity	Not Specified	275 Units	266 Units
Furnace Oil	Not Specified	90 Ltrs.	84 Ltrs.
2. Maleic Anhydride	Standard		
Electricity	Not Specified	70 Units	45 Units
Furnace Oil	Not Specified	—	—

## B) Technology Absorption

### Research & Development ( R & D )

1. Specific area in which R & D carried out by the Company :

The Company is continuing its R & D activities for process development, quality improvement, energy saving and cost reduction.

2. Benefits derived as a result of above R & D :

Benefits are in terms of better quality and increased productivity.

3. Future Plan of action :

R & D efforts are continued in the direction of product quality as mentioned above.

4. Expenditure incurred on R & D :

Capital Expenditure incurred Rs. Nil

and Revenue Expenditure Rs.649 thousand

Total R & D Expenses as a % of total turnover : 0.08%

Technology absorption, adaptation and innovation

The technology of recovery of Maleic Anhydride from the waste water has been adapted in the Maleic Anhydride project of the Company.

## C) Foreign Exchange Earnings & Outgo

	2008-2009	2007-2008
	(Rs. in thousand)	
Total Foreign Exchange Earnings	—	—
Total Foreign Exchange Outgo	1335	287676

# MYSORE PETRO CHEMICALS LIMITED

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### 1. Company's philosophy on Code of Governance

Corporate Governance is about promoting corporate fairness, policies, processes and practices governing the affairs of the Company in pursuit of its business goals. The Company's philosophy on Corporate Governance is aimed in meeting its obligations to stakeholders, investors, employees, suppliers, customers and the society in general and is guided by emphasis on transparency, accountability and integrity and efficient conduct of its business.

### 2. Board of Directors

#### Composition, number of meetings and attendance

The present strength of the Board is six Directors comprising of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. There are five Non-Executive Directors, of which three are Independent Directors. After the resignation of Shri J K Shah on 20.5.2008 there were only two independent Directors. Hence Shri M M Dhanuka, Executive Chairman relinquished the post of Chairmanship on 31.10.2008 and Shri M M Jayakar, Non-Executive Director took over as the Chairman of the Board. However with the induction of Shri Shrikant Somani as an Additional Independent Director on 22.5.2009, the Board now consists of 50% Independent Directors. Hence Shri M M Dhanuka, Managing Director, has w.e.f. 22.5.2009 taken over as the Chairman of the Board and of the Company.

The Board of Directors met four times on the following dates during the financial year 2008-2009 : 20 May 2008, 29 July 2008, 31 October 2008 and 29 January 2009.

The composition of the Board, attendance at the Board Meetings held during the year and at the last Annual General Meeting, number of Directorships in other companies and memberships in committees across various companies of which the Director is a Member/Chairman are given below :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 12th July 2008	Number of Directorships in other Companies (excluding Directorships in foreign and private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Managing Director	Executive Director	4	No	1	--	2
Shri Nikunj Dhanuka	Non-Executive Director	1	No	1	--	1
Shri M M Jayakar	Independent & Non-Executive Director	4	Yes	4	1	3
Shri S N Maheshwari	Non-Executive Director	4	Yes	2	--	--
Shri Anil Kochar	Independent & Non-Executive Director	4	Yes	1	--	--
Shri Shrikant Somani (w.e.f. 22.5.2009)	Independent & Non-Executive Director	--	No	--	--	--

# MYSORE PETRO CHEMICALS LIMITED

None of the Directors is a member of more than ten Board Committees or a Chairman of more than five such Committees as required under clause 49 of the Listing Agreement. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

None of the above referred independent Directors have any material pecuniary relationship or transactions with the Company, its promoters or with the management, which in the judgement of the Board would affect the independence or judgement of the Directors.

Details of Directors being appointed/re-appointed :

Shri M M Jayakar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Shri Shrikant Somani was appointed as an additional Director on the Board of the Company on 22.5.2009. His term expires at the forthcoming Annual General Meeting and in respect of which notice u/s. 257 of the Companies Act, 1956 is received proposing his candidature.

A brief resume of Directors re-appointed/appointed alongwith the additional information required under clause 49 (VI) (A) of the Listing Agreement is as under –

## **Shri M M Jayakar**

Shri M M Jayakar, aged 58 years, is B.A., LL.B. He is a Solicitor and an eminent Supreme Court lawyer. He has vast knowledge and experience of more than 30 years in various aspects of law and specialises in customs, central excise and foreign exchange matters and corporate matters like joint ventures, mergers and acquisitions. He has been a member of the Managing Committee of CEGAT Bar Association.

He is a Director of the following Public Limited Companies viz. Satyagiri Shipping Co. Ltd., Photoquip India Ltd., Everest Kanto Cylinder Ltd. and Birla Cotsyn (India) Ltd. He is also a member of the Audit Committee and Shareholders'/Investors Grievance Committee of Photoquip India Ltd. and the Chairman of Shareholders'/Investors Grievance Committee and member of Remuneration committee /Share Transfer Committee of Everest Kanto Cylinder Ltd.

He holds 2725 shares of the Company.

## **Shri Shrikant Somani**

Shri Shrikant Somani is an industrialist and belongs to a reputed business house. He has vast experience in the Chemical field. He is also associated with various charitable activities.

## **Shareholding of Directors**

Shareholding of Non-Executive Directors as on 31 March 2009 are as under :

<b>Name</b>	<b>No. of ordinary shares held</b>	<b>% of Paid-up Capital</b>
Shri Nikunj Dhanuka	180	0.002
Shri S N Maheshwari	100	0.001
Shri M M Jayakar	2725	0.041
Shri Anil Kochar	100	0.001

## **CEO/CFO Certification**

As required by the revised Clause 49 of the Listing Agreement, the Certificate from Shri M M Dhanuka, Managing Director & CEO and Shri N K Innani, President – Commercial & CFO was placed before the Board of Directors at their meeting held on 22 May, 2009.

## **Code of Conduct**

The Company has adopted the Code of Conduct for all the Board Members and Senior Management personnel. All the Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year 2008-2009. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

### **3. Audit Committee**

#### **Terms of Reference**

- i. To oversee Company's financial reporting/financial information/financial statements.
- ii. To review with management the Annual Financial Statement before submission to Board, focusing primarily on changes in accounting policies and practices.
- iii. To look into compliance with Stock Exchange and legal requirements concerning financial statements.
- iv. To review the external and internal management systems and internal control systems.
- v. To discuss with the Auditors periodically about internal control system, the scope of audit including the observations of the Auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control system.

#### **Composition, Number of Meetings and Attendance**

Mr. M M Jayakar is the Chairman of the Committee. He is an independent and non-executive Director and has vast knowledge in legal and accounting fields. Shri Anil Kochar and Shri S. N. Maheshwari are the other members of the Audit Committee.

During the financial year 2008-2009 under review, four (4) Audit Committee Meetings were held on 20 May 2008, 29 July 2008, 31 October 2008 and 29 January 2009.

Except Shri S N Maheshwari who is a non-executive Director all other members are non-executive and independent Directors. The Company Secretary acts as the Secretary of the Audit Committee.

The composition of the Audit Committee and attendance at its meetings is given below :

Name of Director	Position	Category	No.of Meetings	
			Held	Attended
Shri M M Jayakar	Chairman	Independent and Non-Executive Director	4	4
Shri Anil Kochar	Member	Independent and Non-Executive Director	4	4
Shri S N Maheshwari	Member	Non-Executive Director	4	4

The Managing Director, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Audit Committee invites Senior Executives, whom it considers appropriate to be present at the Meetings.

The Chairman of the Audit Committee, Shri M M Jayakar was present at the last Annual General Meeting of the Company held on 12th July, 2008.

#### **Remuneration of Directors**

#### **Composition, Number of Meetings and Attendance**

The Remuneration Committee comprises of three members out of which two are Independent Directors and one is Non-Executive Director. Shri Anil Kochar is the Chairman and Shri M M Jayakar and Shri S N Maheshwari are the other members.

#### **Terms of Reference**

- > To appraise the performance of Managing and Executive Directors ; and
- > To determine and recommend to the Board, compensation payable to managing and Executive Director.



## Meeting & Attendance

Name	Position	Category	Held on 20.5.2008 & Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	Yes
Shri M M Jayakar	Member	Independent & Non-Executive Director	Yes
Shri S N Maheshwari	Member	Non-Executive Director	Yes

## Remuneration Policy

The remuneration of the Managing/Executive Director(s) is decided by the Remuneration Committee based on certain criteria such as Company's performance, industry benchmarks, track record etc. and the same is reported to the Board of Directors. The Company pays remuneration by way of salary, perquisites and allowances as decided by the Remuneration Committee and approved by the Board and the shareholders at the Annual General Meeting.

Non-Executive and Independent Directors are paid sitting fees of Rs. 1000/- for attendance at each meeting of the Board, Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.

The details of the remuneration paid to all the Directors during the year 2008-2009 is given below :

(Amount in Rs.)

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Managing Director	16,47,714	--	16,47,714
Shri Nikunj Dhanuka	Director	--	1,000	1,000
Shri S N Maheshwari	Director	--	11,000	11,000
Shri M M Jayakar	Director	--	8,000	8,000
Shri Anil Kochar	Director	--	11,000	11,000

## Notes :

- Remuneration includes salary and value of perquisites.
- The terms of appointment of Shri M M Dhanuka, Managing Director is for a period of five years from 1 December 2008.
- Presently the Company does not have any scheme for the grant of stock options either to the Executive Director or employees.
- None of the other Directors are paid remuneration.

## Shareholders/Investors Grievance Committee

### Composition, Number of Meetings and Attendance

During the year 2008-2009 under review, two (2) Shareholders/Investors' Grievance Committee Meetings were held on 20 May 2008 and 31 October 2008.

Shri Anil Kochar is the Chairman of the Committee. He is an Independent and Non-Executive Director. Other members of the Committee are Shri M M Dhanuka (Executive Director) and Shri S N Maheshwari (Non-Executive Director).

The composition of the Shareholders/Investors' Grievance Committee of Directors and attendance at its meeting is given hereunder:

# MYSORE PETRO CHEMICALS LIMITED

Name	Position	Category	Attendance during the year 2008-2009	
			Held	Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	2	2
Shri M M Dhanuka	Member	Executive Director	2	2
Shri S N Maheshwari	Member	Non-Executive Director	2	2

The minutes of each of the Shareholders/Investors' Grievance Committee Meeting are placed before the Board of Directors and discussed in the Board Meetings.

Mr. Anand Kadkol, Company Secretary is the Compliance Officer of the Company.

## **Details of shareholders' complaints received & replied and the status on pending share transfers is given below :**

During the year 2008-2009, the Company received 630 letters including 15 complaints regarding non-receipt of shares sent for transfer, demat queries and non-receipt of dividend warrants and annual reports from the shareholders, all of which were attended to and resolved. There were no outstanding complaints as on 31 March 2009.

There are no shares which have remained unclaimed and are lying in the escrow account and hence the Company does not have any share suspense account.

Apart from the above, the Board of Directors have constituted a Share Transfer Committee of Directors consisting of Shri M M Dhanuka, Shri Nikunj Dhanuka and Shri S N Maheshwari as its members.

The said Committee processes share transfers, transmission, issue of duplicate shares, overseas the performance of the Registrar and Transfer Agent and if necessary, recommends measures for overall improvement in the quality of investor services. The Committee also approves the issue of duplicate shares and issue of physical share certificates on rematerialisation etc. and other related matters. The Committee meets once a fortnight.

## **General Body Meetings**

Details of the location of the past three AGMs and the details of the resolutions passed or to be passed by Postal Ballot.

AGM for the financial year ended	Date & time of AGM
2008	12th July 2008 at 1.15 p.m.
2007	21st September, 2007 at 11.30 a.m.
2006	25th September, 2006 at 11.30 a.m.

All the three Annual General Meetings of the Company were held at Woodlands Hotel, 5, Raja Rammohan Roy Road, Bangalore – 560 025.

All the resolutions including the special resolutions set out in the respective Notices were passed by the Shareholders.

No Extra Ordinary General Meeting was held during the said period.

## **Postal Ballot**

During the period, Special Resolutions were passed through Postal Ballot which related to alteration of Memorandum of Association u/s. 17 read with Section 149(2A) of the Companies Act, 1956 for venturing into Wind Mills business and u/s. 293(1)(a) of the said act for disposal of undertaking at Gujarat. The results were announced on 11th July 2008. As per the report submitted 99.64% and 99.63% of the members respectively voted in favour of the resolution.

Also Special Resolution was passed through Postal Ballot which related to alteration of Memorandum of Association u/s. 17 read with Section 149(2A) of the Companies Act, 1956 for venturing into distribution of Health Care products. The result was announced on 23rd December 2008. As per the report submitted 86.50% of the members voted in favour of the resolution.

**Disclosures**

- There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- Transactions with the related parties are disclosed in Note No. 9 of Schedule 18 to the financial statements in the Annual Report.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and all other statutory authorities relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

**Means of Communication**

The Quarterly/half yearly unaudited and yearly audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board meeting. The same are also published in Samyukta Karnataka (Kannada) news paper at Bangalore in the format prescribed by the Stock Exchanges. These are not sent individually to the shareholders.

As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual financial statements etc. is provided to the special web-site [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) within the time frame prescribed in this regard.

There were no presentations made to the institutional investors or analysts.

The Management Discussion and Analysis Report forms part of this Annual Report.

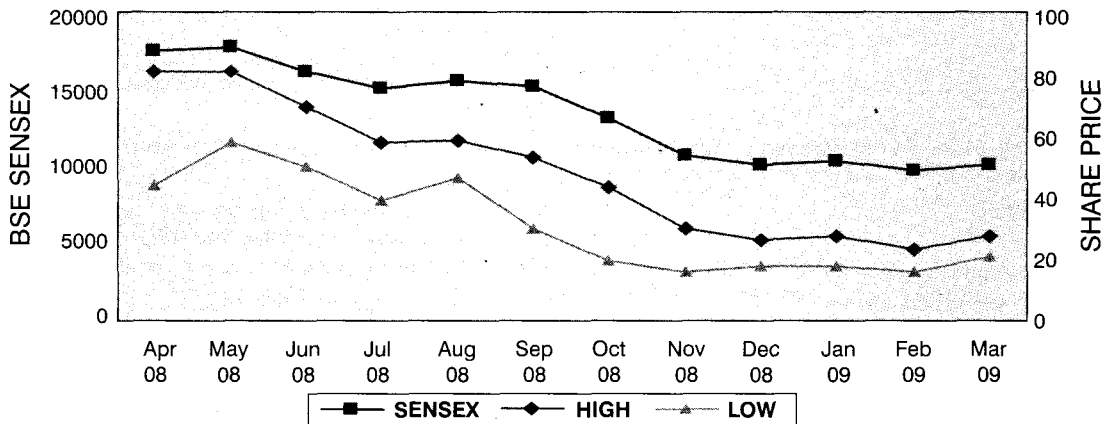
**General Shareholder information**

- AGM : Day, Date, Time and Venue : Saturday, 20th June, 2009 at 12.30 p.m. at Rohini Hall, HOTEL AJANTHA, 22-A, Mahatma Gandhi Road, Bangalore - 560 001
- Financial calendar : April to March (financial year) The Quarterly results will be adopted by the Board of Directors as per the following tentative schedule:  
The Quarterly results will be adopted by the Board of Directors as per the following tentative schedule :  
Quarters ending on :  
June 2009 : 3rd/4th week of July 2009  
September 2009 : 3rd/4th week of October 2009  
December 2009 : 3rd/4th week of January 2010  
March 2010 : 3rd/4th week of April 2010
- Date of Book Closure : The Share transfer books and the Register of Members will be closed from 16th June 2009 to 20th June 2009 (both days inclusive).  
The Directors have not recommended any Dividend on equity shares for the year ended 31 March 2009.
- Listing on Stock Exchanges : The Company's equity shares are listed on The Bombay Stock Exchange Ltd (BSE).
- Stock Code – Mumbai Stock Exchange : Stock Code No. 506734 on the Bombay Stock Exchange.
- ISIN Number for NSDL & CDSL : INE 741A01011.
- Website : The website of the Company [www.igpetro.com](http://www.igpetro.com) (MPCL page link) contains information about the business activities of the Company and the financial results of the Company.
- Dedicated e-mail for Investor Grievance : To enable investors to register their grievances, the Company has an exclusive e-mail id viz. [mpcl.complaints@igpetro.com](mailto:mpcl.complaints@igpetro.com). All investors are requested to avail this facility.

# MYSORE PETRO CHEMICALS LIMITED

Market Price Data : High & Low during each month in the last financial year and performance on BSE.

Month (2008-2009)	High	Low
Apr-08	80.15	44.00
May-08	80.45	57.50
Jun-08	68.65	49.50
Jul-08	57.50	39.20
Aug-08	57.85	46.20
Sep-08	52.70	30.15
Oct-08	43.00	19.50
Nov-08	29.70	16.30
Dec-08	26.50	18.00
Jan-09	27.65	18.10
Feb-09	23.40	16.10
Mar-09	27.80	21.00



Address of correspondence for share transfers and related matters :

For shares held in physical form : M/s. Big Share Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Saki Naka  
Andheri (E), Mumbai - 400072.  
Tel : 40030200  
Fax : 28475207  
E-mail : bigshare@bom7.vsnl.net.in

For shares held in Demat form : To the Depository Participants (DP).

Share Transfer Systems : All the transfers received are processed by the Registrar and Share Transfer Agent and are approved by the Share Transfer Committee, which normally meets once in a fortnight. Share transfers are registered and returned within a maximum of 18 days from the date of lodgement if documents are complete in all respects.

# MYSORE PETRO CHEMICALS LIMITED

## Distribution of Shareholding and Shareholding Pattern as on 31.03.2009

### Shareholding pattern as on 31.3.2009

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters & Persons acting in concert	4500964	68.37
2	Mutual Funds/UTI/Banks/FI's	199085	3.02
3	NRI's/OCB's	9113	0.14
4	Private Corporate Bodies	341350	5.18
5	General Public	1532976	23.29
	<b>TOTAL</b>	<b>6583488</b>	<b>100.00</b>

#### Dematerialisation of Shares and liquidity

92.82 % of the paid-up Capital has been dematerialised as on 31.03.2009.

The reconciliation of both physical and demat shares are upto date and tallies with the total paid-up capital of the Company.

#### Outstanding GDRs /ADRs/ Warrants or any convertible instruments conversion date and likely impact on equity.

The Company has not issued any ADR/GDR etc.

#### Plant Locations

The Company's Phthalic Anhydride (PA) plant is located at Raichur (Karnataka) and Maleic Anhydride (MA) plant is located at Talaja (Maharashtra).

#### Address for correspondence

Shareholders correspondence should be addressed to the Company's Registrars and Share Transfer Agent at the address mentioned above.

Shareholders may also contact Mr. Anand Kadkol, Company Secretary at the Corporate Office at 401, Raheja Centre, 214, Nariman Point, Mumbai - 400 021.

Shareholders holding shares in demat mode should address all their correspondence to their respective Depository Participant.

## **CEO DECLARATION ON CODE OF CONDUCT**

Reproduced below is the text of the declaration made by the Managing Director and CEO confirming compliance of Code of Conduct by all Directors and Senior Management personnel :-

22.05.2009

The Board of Directors  
Mysore Petro Chemicals Limited  
401, Raheja Centre, 214, Nariman Point  
Mumbai - 400 021.

Dear Sirs,

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations for the year ended 31st March, 2009 confirming their compliance of the same.

Thanking you.

Yours faithfully,

For **Mysore Petro Chemicals Limited**

**M M Dhanuka**  
Managing Director and CEO

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## **AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To the Members

Mysore Petro Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Mysore Petro Chemicals Limited, for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner  
Membership No.: 16398

Place : Mumbai  
Date : 22 May, 2009

**AUDITORS' REPORT**

To the Shareholders,

Mysore Petro Chemicals Limited

1. We have audited the attached Balance Sheet of MYSORE PETRO CHEMICALS LIMITED as at 31 March, 2009 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, the Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors and based on our reliance on the legal opinion obtained from an eminent counsel (Refer Note 3 of Schedule 18) stating that privately placed debentures cannot be construed to be 'Debentures' for the purpose of clause (g) of Sub section (1) of section 274 of the act, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in term of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the Accounts read together with the other notes given in Schedule 18 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    1. In the case of Balance Sheet, of the State of affairs of the Company as at 31 March 2009.
    2. In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
    3. In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

**For Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner

Mumbai

22 May, 2009

Membership No. 16398

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 3 of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management during the year as per the programme of verification followed by the Company which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.

According to the information and explanation given to us no material discrepancies were noticed on such verification.

- (c) In our opinion and according to the information and explanations given to us no substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The inventory of the Company (except stock in transit and with Third parties for which subsequent receipts have been obtained in respect of such inventory / certificate) have been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) On the basis of examination of records and according to the information and explanation given to us the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, requirement of clauses (iii, b), (iii, c) and (iii, d) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory & fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.



- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of manufacture of Maleic Anhydride pursuant to the order made by the Central Government for maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete, as informed to us the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any other products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, Excise duty, cess have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and information and explanations given to us the dues that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending is dues under Karnataka Special Entry Tax Act, 2004 of Rs.2398 Thousand pending before Karnataka High Court.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion, on the basis of Audit Procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to Banks.
- (xii) Based on our examination of documents and records and according to the information and explanation given by the management the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of paragraph 4 of the order are not applicable.
- (xv) According to information and explanation given to us the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the Cash Flow Statement and other records examined by us and the information and explanations given to us, the funds raised on short term basis have not, prima facie, been used during the year for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

# **MYSORE PETRO CHEMICALS LIMITED**

- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed and according to the information and explanations given to us we report that no fraud on or by the Company has been noticed or reported during the year.

**For Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner  
Membership No.16398

Mumbai  
22 May, 2009

# MYSORE PETRO CHEMICALS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2009

	Schedules	As at March 31, 2009 Rs.in '000	As at March 31, 2008 Rs.in '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	65,876	65,876
Reserves and Surplus	2	351,453	359,602
		<u>417,329</u>	<u>425,478</u>
<b>Loan Funds</b>			
Secured Loans	3	12,452	10,727
Unsecured Loans	4	155,480	125,850
		<u>167,932</u>	<u>136,577</u>
<b>TOTAL</b>		<u><b>585,261</b></u>	<u><b>562,055</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	5		
Gross Block		1,423,994	1,426,567
Less : Depreciation / Amortisation / Impairment		<u>951,829</u>	<u>894,688</u>
Net Block		472,165	531,879
<b>Investments</b>			
	6	85,233	85,233
<b>Current Assets, Loans and Advances</b>			
Interest Accrued on Investments		7	5
Inventories	7	88,896	60,468
Sundry Debtors	8	56,026	59,776
Cash and Bank Balances	9	24,208	13,932
Loans and Advances	10	32,649	30,255
		<u>201,786</u>	<u>164,436</u>
Less : Current Liabilities & Provisions	11	<u>173,923</u>	<u>219,493</u>
Net Current Assets		<u>27,863</u>	<u>(55,057)</u>
<b>TOTAL</b>		<u><b>585,261</b></u>	<u><b>562,055</b></u>
<b>Notes to Accounts</b>			
	18		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date  
For **Hariharan & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
Mysore Petro Chemical Limited

**K Nagarajan**  
Partner  
Membership No. 16398  
Mumbai  
22 May, 2009

**Anand Kadkol**  
Company Secretary

**M M Dhanuka**  
Managing Director

**Nikunj Dhanuka**  
**M M Jayakar**  
**Anil Kochar**  
**S N Maheshwari**  
Directors

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009**

	<b>Schedules</b>	<b>For the year ended March 31, 2009 Rs.in '000</b>	<b>For the year ended March 31, 2008 Rs.in '000</b>
<b>Income</b>			
Turnover (Gross)		<b>783,525</b>	997,366
Less : Excise Duty		<b>85,640</b>	132,450
Turnover (Net)		<b>697,885</b>	864,916
Other Income	<b>12</b>	<b>14,591</b>	6,813
		<b>712,476</b>	871,729
<b>Expenditure</b>			
Raw material consumed	<b>13</b>	<b>487,787</b>	564,121
Decrease / (Increase) in inventories	<b>14</b>	<b>(36,207)</b>	7,315
Personnel expenses	<b>15</b>	<b>90,865</b>	86,264
Depreciation / Amortisation (Refer Note 3 to Schedule 5)		<b>46,948</b>	43,223
Manufacturing & Other Expenses	<b>16</b>	<b>99,156</b>	106,638
Financial expenses	<b>17</b>	<b>18,355</b>	11,543
		<b>706,904</b>	819,104
Profit before taxation		<b>5,572</b>	52,625
Extra Ordinary Item		-	532,492
Profit before Taxation		<b>5,572</b>	585,117
Provision for Taxation			
- Current Tax (MAT)		<b>577</b>	-
- Fringe Benefit Tax		<b>492</b>	575
- Excess Provision of Fringe Benefit Tax written back		<b>(10)</b>	(188)
Profit after Taxation		<b>4,513</b>	584,730
Debenture Redemption Reserve no longer required written back		-	80,739
Balance Brought forward		<b>157,577</b>	(500,190)
Amount Available for Appropriations		<b>162,090</b>	165,279
<b>Appropriations</b>			
Proposed Dividend		-	6,583
Tax on Dividend		-	1,119
<b>Surplus carried to Balance Sheet</b>		<b>162,090</b>	157,577
<b>Earning Per share ( Basic &amp; Diluted ) ( Rs.)</b>			
After Extra ordinary item		<b>0.69</b>	88.82
Before Extra ordinary item		<b>0.69</b>	7.93
(Refer Note 10 to Schedule 18)			
<b>Notes to Accounts</b>	<b>18</b>		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss account.

As per our report of even date  
For **Hariharan & Co.**  
Chartered Accountants

For and on behalf of the Board of Directors of  
Mysore Petro Chemical Limited

**K Nagarajan**  
Partner  
Membership No. 16398  
Mumbai  
22 May, 2009

**Anand Kadkol**  
Company Secretary

**M M Dhanuka**  
Managing Director

**Nikunj Dhanuka**  
**M M Jayakar**  
**Anil Kochar**  
**S N Maheshwari**  
Directors

**SCHEDULES TO ACCOUNTS**

	<b>As at March 31, 2009 Rs.in '000</b>	<b>As at March 31, 2008 Rs.in '000</b>
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,000 Redeemable Cumulative preference shares of Rs.100 each	<b>50,000</b>	50,000
1,00,00,000 Equity shares of Rs.10 each	<b>100,000</b>	100,000
	<u><b>150,000</b></u>	<u>150,000</u>
<b>Issued</b>		
65,90,938 Equity shares of Rs.10 each (Previous year 65,90,938)	<u><b>65,909</b></u>	<u>65,909</u>
<b>Subscribed and Paid up</b>		
65,83,488 * Equity shares of Rs.10 each (Previous year 65,83,488 )*	<b>65,835</b>	65,835
Add : Amount paid up on 7450 Equity shares forfeited ( Previous year 7450 shares )	<u><b>41</b></u> <u><b>65,876</b></u>	<u>41</u> <u>65,876</u>
 * Includes 1,25,000 shares issued for consideration other than cash and 21,19,983 Bonus shares allotted by capitalisation of the Capital Redemption Reserve and securities premium.		
<b>2 RESERVES &amp; SURPLUS</b>		
<b>Subsidy under the Central Govt. - Subsidy Scheme 1971</b>		
Balance as per last Balance Sheet	<b>3,600</b>	3,600
<b>Securities Premium</b>		
Balance as per last Balance Sheet	<b>39,889</b>	39,889
<b>Amalgamation Reserve</b>		
Balance as per last Balance Sheet	<b>3,750</b>	3,750
<b>Debenture Redemption Reserve</b>	-	80,739
Less: Transferred to Profit and Loss Account	<u>-</u>	<u>80,739</u>
	<u>-</u>	<u>-</u>
<b>Revaluation Reserve</b>		
Balance as per last Balance Sheet	<b>154,786</b>	167,223
Less :Transferred to Profit and Loss Account - Depreciation ( Refer Note 3 to Schedule 5)	<b>12,092</b>	12,270
Reversal on account of Sale / Disposal of Fixed Assets	<u><b>570</b></u>	<u>167</u>
	<u><b>142,124</b></u>	<u>154,786</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2009 Rs.in '000	As at March 31, 2008 Rs.in '000
<b>Profit and Loss Account</b>	<b>162,090</b>	<b>157,577</b>
	<b>351,453</b>	<b>359,602</b>
<b>3 SECURED LOANS</b>		
Factoring Facility	9,384	4,809
Hire Purchase Finance	3,068	5,918
	<b>12,452</b>	<b>10,727</b>
<b>4 UNSECURED LOANS</b>		
From Bodies Corporate	155,480	125,850
(Repayable within one year Rs.Nil )		
	<b>155,480</b>	<b>125,850</b>

**SCHEDULES TO ACCOUNTS**

**5. FIXED ASSETS**

(Rs. in '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS			NET BLOCK	
	As at 1.4.2008	Additions/ (Deductions)	As at 31.3.2009	As at 1.4.2008	for the year (Deductions)	As at 31.3.2009	As at 31.3.2008	As at 31.3.2009	As at 31.3.2008	As at 31.3.2009	As at 31.3.2008
<b>Tangible Assets</b>											
1. Land & Land Development	1,477	-	1,477	-	-	-	-	-	-	1,477	1,477
2. Lease Hold Land	2,943	-	2,943	536	30	566	-	-	-	2,377	2,407
3. Roads & Drains	2,733	-	2,733	1,212	83	1,295	-	-	-	1,438	1,521
4. Buildings	53,105	-	53,105	18,836	1,248	20,084	-	-	-	33,021	34,269
5. Plant & Machinery	1,339,126	56 (2,379)	1,336,803	849,130	56,025 (1,678)	903,477	10,125	10,125	-	423,201	479,871
6. Railway Siding	513	-	513	487	-	487	-	-	-	26	26
7. Furniture & office equipment	12,380	124	12,504	10,061	362	10,423	1,500	1,500	-	581	819
8. Vehicles	14,243	- (374)	13,869	2,781	1,281 (221)	3,841	-	-	-	10,028	11,462
<b>Intangible Assets</b>											
1. Software	47	-	47	20	11	31	-	-	-	16	27
	1,426,567	180 (2,753)	1,423,994	883,063	59,040 (1,899)	940,204	11,625	11,625	-	472,165	531,879
<b>Previous year</b>	1,430,109	5,708 (9,250)	1,426,567	828,388	59,114 (4,439)	883,063	-	11,625	-	531,879	-

- Buildings & Plant & Machinery of Phthalic Anhydride plant at Raichur as on 31.3.2000 were revalued on the basis of net replacement value determined by an approved valuer resulting in increase in value of Buildings by Rs.12447 thousand and Plant & Machinery by Rs. 324644 thousand which was credited to Revaluation Reserve.
- Land includes Rs.136 thousand (Previous year Rs.136 thousand) for undivided share in office premises land. Buildings include Rs.250/- (Previous year Rs.250/-) for shares in office premises in a co-operative society. Motor Vehicle includes vehicle with Gross book value of Rs. 9151 thousand (Previous Year Rs. 11213 thousand) and Net book value of Rs. 7571 thousand (Previous year Rs. 10010 thousand) acquired on Hire Purchase contracts.
- Details of depreciation are as follows:

Particulars	2008-09	2007-08
Depreciation for the year as above	59,040	59,114
Less: Transferred from Revaluation Reserve	12,092	12,270
Depreciation on decapitalisation of Interest	-	3,621
Depreciation as per Profit and Loss Account	46,948	43,223

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	No. of shares	As at March 31, 2009 Rs.in '000	No. of shares	As at March 31, 2008 Rs.in '000
<b>6 INVESTMENTS - NON TRADE</b>				
<b>LONG TERM : (At Cost)</b>				
<b>A Government securities</b>				
Six years National Saving Certificates of the face value of Rs.30000 (previous year Rs.30000) lodged as security with Government Department.	-	30	-	30
<b>B Equity Shares of Rs.10/- each</b>				
Fully Paid up				
<b>Quoted</b>				
I G Petrochemicals Limited	4,075,000	82,692	4,075,000	82,692
<b>Listed but not Quoted</b>				
Bihariji Construction (I) Limited	486,000	1,075	486,000	1,075
Bihariji Projects Limited	490,000	1,050	490,000	1,050
<b>Unquoted</b>				
Sand Plast (I) Limited	24,020	386	24,020	386
		<u>85,233</u>		<u>85,233</u>
<b>Book Value</b>				
Quoted Investments (Refer Note 6 to Schedule 18) (Market Value Rs.63163 thousand) (Previous year Rs.181541 thousand)		82,692		82,692
Listed but not Quoted		2,125		2,125
Unquoted		416		416
		<u>85,233</u>		<u>85,233</u>
<b>7 INVENTORIES</b>				
( at lower of cost and net realisable value )				
Raw Material (including stock in transit Rs.3801 thousand , Previous Year Rs.10772 thousand )		12,216		22,769
Stores and spares		15,154		11,107
Stock in Process		28,130		7,681
Finished Goods (including stock in transit Rs. 892 thousand , Previous Year Rs. 2539 thousand )		28,572		12,479
Catalyst (at cost less amortisation)		4,824		6,432
		<u>88,896</u>		<u>60,468</u>



# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2009 Rs.in '000	As at March 31, 2008 Rs.in '000
<b>8 SUNDRY DEBTORS</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	4,923	5,667
<b>Other debts</b>		
Unsecured, considered good	51,103	54,109
	<u>56,026</u>	<u>59,776</u>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	1,026	1,763
Cheques in hand	1,498	-
<b>Balance with Scheduled Banks</b>		
In Current Accounts	8,176	2,002
In Fixed Deposits	13,508	10,167
	<u>24,208</u>	<u>13,932</u>
<b>10 LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Advances, amount receivables including deposits recoverable in cash	10,655	10,486
Deposit - others	12,100	12,130
Balance with Central Excise Department	7,865	5,903
Income tax deducted at source / Advance Tax	2,029	1,736
(Net of provision of Rs 577 thousand, Previous Year Rs Nil )		
	<u>32,649</u>	<u>30,255</u>
<b>11 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
a total outstanding dues of Micro, Medium and Small Enterprises	-	-
b total outstanding dues of creditors other than Micro, Medium and	61,301	99,292
Advance from customers	6,097	8,187
Investor Education and Protection Fund shall be credited by following	155	-
Security Deposit	64,553	64,604
Book Overdraft	144	2,771
Interest accrued but not due on Loans	13,867	8,988
Other Liabilities	5,686	4,671
<b>Provision for</b>		
Wealth Tax	38	33
Fringe Benefit Tax ( Net of Advance Tax )	39	40
Gratuity / Leave Encashment	22,043	23,205
Proposed Dividend	-	6,583
Tax on Dividend	-	1,119
	<u>173,923</u>	<u>219,493</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2009 Rs.in '000	As at March 31, 2008 Rs.in '000
<b>12 OTHER INCOME</b>		
<b>Interest</b>		
Bank Deposits (TDS Rs. 230 thousand, Previous year Rs.115 thousand)	1,037	521
Others (TDS Rs. 62 thousand, Previous year Rs.225 thousand)	457	1,155
<b>Dividend Income</b>		
Long term investments-Non-trade	-	2,037
Sundry Balances / Excess provision written back	12,263	2,901
Miscellaneous Income	834	199
	<u>14,591</u>	<u>6,813</u>
<b>13 RAW MATERIAL CONSUMED</b>		
Inventories as at March 31, 2008	22,769	46,529
Add: Purchases	477,234	540,361
	<u>500,003</u>	<u>586,890</u>
Less: Inventories as at March 31, 2009	12,216	22,769
	<u>487,787</u>	<u>564,121</u>
<b>14 DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Inventories as at March 31, 2008</b>		
Stock in Process	7,681	9,371
Finished Goods	12,479	18,540
<b>Inventories as at March 31, 2009</b>		
Stock in Process	28,130	7,681
Finished Goods	28,572	12,479
	<u>(36,542)</u>	<u>7,751</u>
Differential Excise duty in respect of closing stock & opening stock	335	(436)
	<u>(36,207)</u>	<u>7,315</u>
<b>15 PERSONNEL EXPENSES</b>		
Salaries , Wages and Bonus	70,195	68,113
Directors Remuneration (Refer Note 13 i to Schedule 18)	1,648	1,257
Contribution to Provident and Other Funds	5,799	5,738
Gratuity expenses (Refer Note 12 to Schedule 18)	1,340	-
Workmen and staff welfare expenses	11,883	11,156
	<u>90,865</u>	<u>86,264</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2009 Rs.in '000	As at March 31, 2008 Rs.in '000
<b>16 MANUFACTURING AND OTHER EXPENSES</b>		
Stores and Packing Materials Consumed	8,075	7,658
Power, Fuel and water charges	36,800	34,764
<b>Repairs and Maintenance</b>		
Plant and Machinery	6,710	10,074
Buildings	1,166	2,120
Others	1,051	956
<b>Insurance</b>	2,176	2,894
<b>Selling Expenses</b>		
Brokerage and commission	1,919	2,764
Transportation	20,968	23,705
Rent	363	403
Rates and Taxes	549	846
Travelling & Conveyance	6,385	6,442
Communication cost	870	657
Legal & Professional fees	2,033	1,765
Miscellaneous Expenses	4,788	5,038
Donation and contribution to charitable institutions	2,311	2,500
Directors Sitting Fees	31	40
Auditors Remuneration (Refer Note 13 ii to Schedule 18)	287	321
Loss on Sale of Fixed Assets	43	183
Part Cost of Catalyst written off	2,631	3,508
	<u>99,156</u>	<u>106,638</u>
<b>17 FINANCIAL EXPENSES</b>		
<b>Interest on Fixed Loans</b>		
On Other Loans	16,314	8,278
Interest - Others	151	1,738
Bills Discounting, Guarantee		
Commission and Bank Charges	1,890	1,527
	<u>18,355</u>	<u>11,543</u>

**18. NOTES TO ACCOUNTS****1. Statement of Significant Accounting Policies****a. Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

**b. Use of estimates**

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

**c. Fixed Assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**d. Depreciation and Amortisation**

- i. Leasehold land is amortised over the period of lease.
- ii. Intangible assets are amortised over the estimated useful life of 4 years.
- iii. Depreciation on Fixed Assets is provided on pro rata basis with reference to date of acquisition on straight line method as per rates in Schedule XIV of the Companies Act 1956. The continuous process plant as defined therein have been taken on technical assessment and depreciation provided accordingly.
- iv. Depreciation on incremental revalued amount is provided on the balance useful life of the assets as determined by an approved Valuer, the useful life of the assets are lower than that provided in Schedule XIV of the Companies Act 1956.

**e. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

## **g. Inventories**

Inventories are valued as follows:

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
--	--

Stock in Process and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
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Catalyst	written off on the basis of its estimated useful life
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Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

## **h. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### **Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

### **Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### **Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

## **i. Foreign Currency Transactions**

### **i. Initial Recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### **ii. Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### **iii. Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**iv. Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**j. Retirement and other employee benefits**

- i. Retirement benefits in the form of Provident Fund, in case of certain employees, are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability and Provident Fund, in case of other employees not covered under defined contribution scheme, are defined benefit obligations. Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Provident Fund contribution to the Trust is charged to Profit and Loss Account of the year when the contribution to the fund is due. Any deficit in the fund is provided for and funded.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**k. Income taxes**

Tax expense comprises of current and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**l. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **m. Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

## **n. Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## **o. Derivative Instruments**

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in note i (iv) above.

## **2. Secured Loan**

- a. Factoring facility is secured by respective Book debts and personal guarantee by two Directors of the Company.
  - b. Hire Purchase loans are secured by the assets acquired through such loans.
  - c. The Company had repaid Secured Loans to Financial Institutions / Banks / Debentureholders as on 31.3.2008. The charges created earlier in favour of certain Lenders are pending satisfaction with the Registrar of Companies.
3. The Company had obtained a legal opinion from an eminent legal counsel stating that privately placed debentures cannot be construed to be "Debentures" for the purpose of Clause (g) of Sub Section (1) of Section 274 of the Companies Act. 1956.
  4. Stock in process includes Process / Production / Store Scrap materials Rs.5617 Thousand (Previous Year Rs.Nil) valued at estimated realizable value.
  5. Research & Development Expenditure of Rs.649 Thousand (Previous Year Rs.644 Thousand) have been accounted for in the respective heads of the Profit and Loss Account.
  6. The Company had invested in equity shares of I G Petrochemicals Limited as strategic Long Term investment and the quoted value as on date of Balance Sheet has fallen below the book value of this investment. However, considering long term nature of investment, no provision is considered necessary by the Board as such diminution in value is temporary in nature, considering the inherent value and nature of this investment, investees' assets, book value, expected future cash flow from such investments and further the temporary decline is on account of market forces. Further, the market value of this investment as on signing of the Accounts viz. 22.5.2009 is Rs.120824 Thousand as against the Book value of Rs.82692 Thousand.
  7. The Company has carried forward losses / unabsorbed depreciation as per the Income Tax Act 1961. The deferred tax assets have not been recognized considering the principle of virtual certainty as stated in the Accounting Standard AS-22 – Accounting for Taxes on Income.

## **8. Segment Information**

The Company is mainly engaged in the business of manufacture and sale of chemicals and as the Company is managed organizationally as a unified entity with various functional heads reporting to the top management there are no separate reportable segments as per Accounting Standard 17 – Segmental Reporting issued by the Institute of Chartered Accountants of India.

**9. Related parties disclosures**

1.	Relationships		
	(a)	Subsidiary Companies:	Nil
	(b)	Other related Parties / Associates:	I G Petrochemicals Limited Bihariji Construction (I) Limited
	(c)	Key Management Personnel:	Mr. M. M. Dhanuka – Managing Director
	(d)	Relatives of key management personnel and their enterprises where transactions have taken place.	Nil
		Note: Related party relationship is as identified by the Company and relied upon by the Auditors.	

**2. Transactions carried out with related parties referred in 1 above, in ordinary course of business are as under:**

**(Rs.in Thousand)**

Nature of Transaction	Related parties referred to in		
	1(a) above	1(b) above	1(c) above
<b>1) Purchase *</b>		12084 (9782)	
<b>2) Expenses</b>			
Service Charges		2877 (3760)	
Interest		2070 (2346)	
Remuneration			1648 (1257)
<b>3) Finance Outstanding</b>			
Property Deposit Received		62500 (62500)	
Other Payables		26687 (48536)	
Loans Payable		19396 (20200)	

Note: Amount in bracket represents figures for previous year.

\*As per contract with I G Petrochemicals Limited, certain exchange transactions of services / goods mutually beneficial have been entered into which have not been quantified above.



**10. Earnings Per Share (EPS)**

			<b>March 31, 2009</b>	<b>March 31, 2008</b>
a) i)	Net profit after Extraordinary item as per Profit and Loss account (for calculation of basic EPS)	(Rs. in Thousand)	<b>4513</b>	584730
ii)	Net profit before Extraordinary item as per Profit and Loss Account (for calculation of basic EPS)	(Rs. in Thousand)	<b>4513</b>	52238
b)	Number of Equity Shares of Rs.10/- each used as denominator for calculating EPS.		<b>6583488</b>	6583488
c)	Basic and Diluted earning per share of Rs.10 each			
	i) After Extraordinary item		<b>0.69</b>	88.82
	ii) Before Extraordinary item		<b>0.69</b>	7.93

**11. Provisions and Contingencies**

- Sales Tax Matter under appeal Rs.2398 Thousand (Previous Year Rs.Nil). Case decided in favour of the Company which are taken further in appeal by Karnataka State Sales Tax Department.
- Custom duties on raw materials under Advance Licence pending export obligation Rs.203 Thousand (Previous Year Rs.3448 Thousand)
- Workmen's Union Demands at Maleic Anhydride Unit of the Company at Talaja with effect from 1st June 2008 is under negotiation, amount presently not ascertainable.

**12. Employee Benefits**

**i. General Description of defined benefit plan**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet.

**a. Profit and Loss account**

Net employee benefit expense (recognised in Personnel Expenses in Schedule 15)

	<b>Gratuity (funded)</b>	<b>Gratuity (funded)</b>
	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Rs. in Thousand)</b>	<b>(Rs. in Thousand)</b>
Current service cost	<b>1557</b>	1527
Interest cost on benefit obligation	<b>1764</b>	1669
Expected return on plan assets	<b>7%</b>	8%
Net actuarial (gain) / loss recognised in the year	<b>(1372)</b>	1136
Actual return on plan assets	<b>609</b>	498
Net Benefit / Cost	<b>1340</b>	-

**b. Balance sheet**

Details of Provision for gratuity

	<b>Gratuity (funded)</b> <b>March 31, 2009</b> <b>(Rs. in Thousand)</b>	<b>Gratuity (funded)</b> <b>March 31, 2008</b> <b>(Rs. in Thousand)</b>
Defined benefit obligation	25556	25197
Fair value of plan assets	7725	6204
Less: Unrecognised past service cost	17831	18993
Plan asset / (liability)		

**c. Changes in the present value of the defined benefit obligation are as follows:**

	<b>Gratuity (funded)</b> <b>March 31, 2009</b> <b>(Rs. in Thousand)</b>	<b>Gratuity (funded)</b> <b>March 31, 2008</b> <b>(Rs. in Thousand)</b>
Opening defined benefit obligation	25197	20865
Interest cost	1764	1669
Current service cost	1557	1527
Benefits paid	1590	-
Actuarial (gains) / losses on obligation	(1372)	1136
Closing defined benefit obligation	25556	25197

**d. Changes in the fair value of plan assets are as follows:**

	<b>Gratuity (funded)</b> <b>March 31, 2009</b> <b>(Rs. in Thousand)</b>	<b>Gratuity (funded)</b> <b>March 31, 2008</b> <b>(Rs. in Thousand)</b>
Opening fair value of plan assets	6204	5189
Expected return	7%	8%
Contributions by employer	912	516
Benefits paid	-	-
Actuarial gains / (losses)	1372	(1136)
Closing fair value of plan assets	7725	6204
Actual Return on plan Assets	609	498
Estimated contribution to be made in next annual year	1200	600

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	<b>Gratuity (funded)</b> <b>March 31, 2009</b> <b>%</b>	<b>Gratuity (funded)</b> <b>March 31, 2008</b> <b>%</b>
Investments with insurer	100	100

- e. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2009	March 31, 2008
	%	%
Discount rate	7	8
Expected rate of return on assets	7	8
Employee turnover	1	1
Salary Escalation	4	5
Mortality	L.I.C (1994 - 96) Ultimate	L.I.C (1994 - 96) Ultimate

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**Provident Fund**

Pending the issuance of Guidance Note from the Actuarial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund Liability. There is no deficit in the fund as at March 31st 2009 and no provision has been made..

- ii. **Defined Contribution Plan**

Personnel Expenses in Schedule 15 includes the following contributions to defined contribution plan

	March 31, 2009 (Rs. in Thousand)	March 31, 2008 (Rs. in Thousand)
<b>Contribution to Provident and Other Funds</b>		
Contribution to Provident Fund	3680	3732
Employees Pension Fund	1946	1837
EDLI	173	169
<b>Total</b>	<u>5799</u>	<u>5738</u>
<b>Workmen and Staff Welfare fund</b>		
ESIC	34	36
Labour Welfare Fund	5	5
<b>Total</b>	<u>39</u>	<u>41</u>

**13. Supplementary Statutory Information**

- i. **Directors Remuneration**

	(Rs. in Thousand)	
	March 31, 2009	March 31, 2008
Salary	1400	1050
Company's Contribution to Provident and Other Funds	144	108
Perquisites	104	99
<b>Total</b>	<u>1648</u>	<u>1257</u>

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors not ascertainable and therefore not included above.

As per terms of contract no commission is payable & hence the computation u/s 349 of the Companies Act, 1956 has not been given.

**ii. Auditors Remuneration**

(Rs. in Thousand)

	March 31, 2009	March 31, 2008
Audit Fees (excluding service tax of Rs.15 Thousand, Previous Year Rs.19 Thousand)	150	150
Tax Audit (excluding service tax of Rs.9 Thousand, Previous Year Rs. 9 Thousand)	75	75
Other Services and Certification (excluding service tax of Rs.6 Thousand, Previous Year Rs. 6 Thousand)	50	50
Reimbursement of expenses (excluding service tax of Rs. Nil)	12	46
<b>Total</b>	<u>287</u>	<u>321</u>

**iii. Expenditure in foreign currency (Accrual basis)**

(Rs. in Thousand)

	March 31, 2009	March 31, 2008
Travelling	1002	1137
<b>Total</b>	<u>1002</u>	<u>1137</u>

**iv. Value of imports calculated on CIF basis  
(including High Seas purchases)**

(Rs. in Thousand)

	March 31, 2009	March 31, 2008
Raw Materials	-	284901
Stores & Spares	333	1638
<b>Total</b>	<u>333</u>	<u>286539</u>

**v. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

There are no outstanding to parties covered under the Micro, Small and Medium Enterprises as per MSMED Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

14. Fixed Deposits of Rs.13493 Thousand (Previous Year Rs.10152 Thousand) have been lodged with Banks and Rs.15 Thousand (Previous Year Rs.15 Thousand) with Government Departments as a security.

15. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

**i. Details of Licensed Capacity, Installed capacity,**

**Production, Stock and turnover**

	Unit	March 31, 2009	March 31, 2008
<b>Licensed Capacity</b>			
Phthalic Anhydride	MT	12000	12000
Maleic Anhydride	MT	5400	5400

(As per Industrial Entrepreneur's Memorandum filed with the Ministry of Industry)

Note: The need for licensing no longer exists following the amendment to the Industries (Development & Regulation) Act, 1951. As such no IDR Licences are now required by us to operate our plants and the figures of Licences above, are based on the original documents issued before such amendments.

**Installed Capacity (as certified by the Management)**

Phthalic Anhydride	MT	<b>12000</b>	12000
Maleic Anhydride	MT	<b>5400</b>	5400

**Production**

Phthalic Anhydride	MT	<b>9604</b>	12267
Maleic Anhydride	MT	<b>2309</b>	2539

**ii. Sales**

Product	March 31, 2009		March 31, 2008	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
Phthalic Anhydride	<b>9332</b>	<b>622644</b>	12364	813282
Maleic Anhydride	<b>2259</b>	<b>160881</b>	2516	184084
<b>Total</b>		<b><u>783525</u></b>		<b><u>997366</u></b>

**iii. Consumption of raw materials**

Product	March 31, 2009		March 31, 2008	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
Orthoxylene *	<b>8644</b>	<b>471621</b>	11112	554938
Phthalic Anhydride dust	<b>452</b>	<b>12494</b>	114	3642
Others		<b>3672</b>		5541
<b>Total</b>		<b><u>487787</u></b>		<b><u>564121</u></b>

Consumption of raw material includes Rs.44 Thousand (Previous Year Rs.254 Thousand) towards Foreign Exchange loss.

\* Exclusive of 17 MT valued at Rs.940 Thousand included in Stores & Spares consumed (Previous Year 2 MT valued at Rs.93 Thousand)

**iv. Imported and indigenous raw materials consumed**

Product	March 31, 2009		March 31, 2008	
	% of Total	Rs. in Thousand	% of Total	Rs. in Thousand
Imported	<b>4</b>	<b>19430</b>	52	290817
Indigenous	<b>96</b>	<b>468357</b>	48	273304
<b>Total</b>	<b><u>100</u></b>	<b><u>487787</u></b>	<b><u>100</u></b>	<b><u>564121</u></b>

# MYSORE PETRO CHEMICALS LIMITED

## v. Imported and indigenous spare parts consumed

Product	March 31, 2009		March 31, 2008	
	% of Total	Rs. in Thousand	% of Total	Rs. in Thousand
Imported	12	533	7	633
Indigenous	88	3923	93	8748
<b>Total</b>	<b>100</b>	<b>4456</b>	<b>100</b>	<b>9381</b>
Part cost of Imported		2631		3508
Catalyst Written Off				

## vi. Details of Finished Goods

Product	March 31, 2009		March 31, 2008	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
<b>Opening Stock</b>				
Phthalic Anhydride	157	9569	254	16550
Maleic Anhydride	65	2910	42	1990
<b>Closing Stock</b>				
Phthalic Anhydride	429	23970	157	9569
Maleic Anhydride	115	4602	65	2910

## 15. Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date  
For **Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner  
Membership No. 16398  
Mumbai  
22 May, 2009

**Anand Kadkol**  
Company Secretary

For and on behalf of the Board of Directors of  
Mysore Petro Chemical Limited

**M M Dhanuka**  
Managing Director

**Nikunj Dhanuka**  
**M M Jayakar**  
**Anil Kochar**  
**S N Maheshwari**  
Directors

# MYSORE PETRO CHEMICALS LIMITED

## Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet abstract and Company's General Business Profile

### I. Registration Details

State Code	08
Registration No.	1799 (CIN-L24221KA1969PLC001799)
Balance Sheet Date	31 March 2009

### II. Capital Raised during the year (Amount Rs. in thousand)

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement/Others	Nil

### III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousand)

Total Liabilities	<u>585261</u>	Total Assets	<u>585261</u>
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up capital	65876	Net Fixed Assets	472165
Reserves & Surplus	351453	Investments	85233
Secured Loans	12452	Net Current Assets	27863
Unsecured Loans	155480	Misc. Expenditure	—
		Accumulated Losses	—

### IV. Performance of Company (Amount Rs. in thousand)

Turnover (including Other Income)	712476	Total Expenditure	706904
Profit before Tax	5572	Profit after Tax	4513
<b>Earning Per Share (Rs.)</b>			
After Extra ordinary item	0.69	Before Extra ordinary item	0.69
		Dividend Rate	Nil

### V. Generic Names of Principal Products of Company (As per monetary terms)

- 1) Item Code No. 291735  
(ITC Code)  
Product Description : PHTHALIC ANHYDRIDE
- 2) Item Code No. 291714  
(ITC Code)  
Product Description : MALEIC ANHYDRIDE

# MYSORE PETRO CHEMICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009

	2008-2009 (Rs.in '000)	2007-2008 (Rs.in '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extraordinary Items	5,572	52,625
Adjustment for :		
Depreciation/Amortisation	46,948	43,223
Sundry Balances / Excess Provision	(12,263)	(2,901)
Interest expense	16,465	10,016
Interest Income	(1,494)	(1,676)
Dividend Income	-	(2,037)
Loss/(Profit) on Sale /Write off of Fixed Assets	43	119
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>55,271</u>	<u>99,369</u>
<b>Movements in Working Capital</b>		
Increase in sundry debtors/other receivables	(231)	11,717
Decrease / Increase in Inventories	(27,405)	29,489
Decrease / Increase in Current Liabilities	(31,661)	(98,075)
	<u>(59,297)</u>	<u>(56,869)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	(4,026)	42,500
Direct Taxes paid	(2,531)	(535)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>(6,557)</u>	<u>41,965</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,030)	(4,733)
Proceeds from Sale of Fixed Assets	241	522
Interest Received	1,201	1,825
Dividend Received	-	2,037
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(1,588)</u>	<u>(349)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	(32,813)	(117,325)
Proceeds from long-term borrowings	62,443	89,550
Short term borrowings	4,575	(8,783)
Dividend paid	(6,428)	-
Tax on Dividend paid	(1,119)	-
Interest Paid	(11,578)	(4,462)



# MYSORE PETRO CHEMICALS LIMITED

	2008-2009 (Rs.in '000)	2007-2008 (Rs.in '000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>15,080</b>	<b>(41,020)</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>6,935</b>	596
CASH AND CASH EQUIVALENTS AS AT 1.4.2008 (Opening Balance)	<b>3,765</b>	3,169
CASH AND CASH EQUIVALENTS AS AT 31.3.2009 (Closing Balance)	<b>10,700</b>	3,765
<b>Reconciliation with Cash &amp; Bank Balances</b>		
Cash and Cash equivalent as above	<b>10,700</b>	3,765
Add: Fixed Deposits with a maturity period of over 3 months pledged as Security (Refer Note 14 to Schedule 18)	<b>13,508</b>	10,167
Cash and Bank Balance As per Schedule 9	<b>24,208</b>	13,932

NOTE : Previous year figures have been regrouped/reclassified wherever applicable.

As per our report of even date  
For **Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner  
Membership No. 16398  
Mumbai  
22 May, 2009

**Anand Kadkol**  
Company Secretary

For and on behalf of the Board of Directors of  
Mysore Petro Chemical Limited

**M M Dhanuka**  
Managing Director

**Nikunj Dhanuka**  
**M M Jayakar**  
**Anil Kochar**  
**S N Maheshwari**  
Directors

# MYSORE PETRO CHEMICALS LIMITED

Registered Office : D - 4, Jyothi Complex, 134/1, Infantry Road, Bangalore - 560 001

## PROXY FORM

Folio No./Client ID No. \_\_\_\_\_ DP-ID No. \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_ being  
member(s) of the above named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company, to be held on Saturday the 20<sup>th</sup> June 2009 at 12.30 p.m. and any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signature \_\_\_\_\_

Affix  
15 Ps.  
Revenue  
Stamp

N.B. : This proxy must be deposited at the Company's registered office not later than 48 hours before the time for holding the meeting.

# MYSORE PETRO CHEMICALS LIMITED

Registered Office : D - 4, Jyothi Complex, 134/1, Infantry Road, Bangalore - 560 001

## ATTENDANCE SLIP

I hereby record my presence at the 39th Annual General Meeting of the Company being held on Saturday, the 20<sup>th</sup> June 2009 at 12.30 p.m. at Rohini Hall, HOTEL AJANTHA, 22-A, Mahatma Gandhi Road, Bangalore 560 001.

Folio No. or DP-ID No / Client ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Name of the Member

(in Block Capitals)

Signature

Member/Proxy/Authorised Representative

- Notes :
1. A Member / Proxy / Authorised Representative wishing to attend the meeting must complete the attendance slip and hand it over at the entrance of the meeting hall.
  2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given above at the Registered office at least 48 hours before the Meeting.

If undelivered, please return to :

**MYSORE PETRO CHEMICALS LIMITED**

401, Raheja Centre

214, Nariman Point

Mumbai - 400 021.