



Innovating Today  
Transforming Tomorrow



**I G Petrochemicals Limited**

22nd ANNUAL REPORT 2010-11



## BOARD OF DIRECTORS

(As on 3rd August 2011)

Shri M M Dhanuka, Chairman  
 Shri Nikunj Dhanuka, Managing Director  
 Shri Premjit Singh  
 Shri Rajesh Muni  
 Dr. A K A Rathi  
 Shri J K Saboo, Executive Director

### CHIEF FINANCIAL OFFICER & SECRETARY

Shri R Chandrasekaran

### 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.

### REGISTERED OFFICE

T-10, 3rd Floor, Jairam Complex  
 Mala, Neugi Nagar  
 Panaji, Goa – 403 001.  
 Tel. No. 0832-2438212

### CORPORATE OFFICE

401, Raheja Centre  
 214, Nariman Point  
 Mumbai – 400 021.  
 Tel.Nos. 30286100/132/133  
 Fax : 22040747/22836392  
 Email : igpetro@vsnl.com

### EXECUTIVE OFFICE

D/4, Jyothi Complex  
 134/1, Infantry Road  
 Bangalore – 560 001.  
 Tel.No. 080-22868372/8778  
 Fax : 080-22868778

### BANKERS

The Lakshmi Vilas Bank Ltd.  
 State Bank of India  
 Barclays Bank Plc  
 HDFC Bank Ltd.  
 YES Bank Ltd.  
 The Cosmos Co-Operative Bank Ltd.  
 Andhra Bank

### FACTORY

T-2, MIDC Industrial Area  
 Taloja - 410 208  
 Dist. Raigad, Maharashtra  
 Tel : 022-39289100/146  
 Fax : 022-2741 0192

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.  
 E-2/3, Ansa Industrial Estate  
 Sakivihar Road, Sakinaka  
 Andheri (E), Mumbai – 400 072  
 Tel : 022-40430200 / 294  
 Fax : 022-28475207  
 E-Mail : info@bigshareonline.com

CONTENTS	Page
Notice.....	2
Directors' Report, Management Discussion and Analysis .....	7
Report on Corporate Governance .....	14
Auditors' Report.....	22
Balance Sheet.....	26
Profit & Loss Account.....	27
Schedules to Accounts .....	28
Balance Sheet Abstract.....	48
Cash Flow Statement.....	49

## Notice to Shareholders

---

NOTICE is hereby given that the 22nd Annual General Meeting of the members of IG PETROCHEMICALS LIMITED will be held on Saturday, 24th September, 2011 at 3.00 p.m. at Hotel Mandovi, D.B. Bandodkar Road, Panaji, Goa- 403 001, 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 31st March, 2011.
2. To appoint a Director in place of Shri Premjit Singh who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to 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, (Registration No. 001083S) the retiring Auditors, be and are hereby appointed 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(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, and further subject to such other consents as may be required (including any statutory modification(s) or re-enactment thereof for the time being in force), the members of the Company hereby accord their consent and approval to the re-appointment of Shri Nikunj Dhanuka as Managing Director of the Company for a further period of five (5) years w.e.f. 27th April, 2011, on the terms and conditions including as to remuneration as set out below, be and is hereby specifically approved and sanctioned with the authority to the Board of Directors including Remuneration Committee of Directors (hereinafter referred to as "the Board of Directors") to alter and vary the terms and conditions of the said re-appointment without any further reference to the Company in the General Meeting :

#### Remuneration

- I. Salary : ₹ 300,000 per month.
- II. Personal pay : Equivalent to two months salary per year.
- III. Perquisites : In addition to the aforesaid Salary and Personal Pay, the Managing Director shall be entitled to the following perquisites and are classified in 3 categories :

#### Category A

##### (a) Housing

The expenditure by the Company for hiring the furnished accommodation shall not exceed ₹ 50,000/- (Rupees Fifty Thousand) per month.

In case no accommodation is provided by the Company, Mr. Nikunj Dhanuka will be entitled to the House Rent Allowance of ₹ 50,000/- per month.

##### (b) Medical reimbursement

As per the rules of the Company.

##### (c) Leave travel concession

For self and family once in a year in accordance with the rules of the Company.

##### (d) Leave

Earned leave with full pay and allowance as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure as per the rules of the Company will be allowed.

**(e) Club fees**

Subject to a maximum of two clubs. No life membership fee will be paid by the Company.

**(f) Insurance**

Cost of insurance in respect of mediclaim policy for self and family and Personal accident insurance shall be borne by the Company.

**Category B**

Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company. Gratuity payable shall not exceed half month's salary for each completed year of service.

**Category C**

Provision for use of car and telephone as per Company rules.

**Minimum Remuneration**

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, he may be paid remuneration by way of salary and perquisites not exceeding the maximum limits as specified above as minimum remuneration.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, and further subject to such other consents as may be required (including any statutory modification(s) or re-enactment thereof for the time being in force), the members of the Company hereby accord their consent and approval to the re-appointment of Shri J K Saboo as Executive Director of the Company for a further period of three (3) years w.e.f. 1st April, 2011, on the terms and conditions including as to remuneration as set out below, be and is hereby specifically approved and sanctioned with the authority to the Board of Directors including Remuneration Committee of Directors (hereinafter referred to as "the Board of Directors") to alter and vary the terms and conditions of the said re-appointment without any further reference to the Company in the General Meeting :

**Remuneration**

- I. Salary : ₹ 175,000 per month.  
II. Personal pay : Equivalent to two months salary per year.  
III. Perquisites : In addition to the aforesaid Salary and Personal Pay, the Executive Director shall be entitled to the following perquisites and are classified in 3 categories :

**Category A**

**(a) Housing**

The expenditure by the Company for hiring the furnished accommodation shall not exceed ₹ 25,000/- (Rupees Twenty Five Thousand) per month.

In case no accommodation is provided by the Company, Mr. J K Saboo will be entitled to the House Rent Allowance of ₹ 25,000/- per month.

**(b) Medical reimbursement**

As per the rules of the Company.

**(c) Leave travel concession**

For self and family once in a year in accordance with the rules of the Company.

**(d) Leave**

Earned leave with full pay and allowance as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure as per the rules of the Company will be allowed.



**(e) Club fees**

Subject to a maximum of two clubs. No life membership fee will be paid by the Company.

**(f) Insurance**

Cost of insurance in respect of mediclaim policy for self and family and Personal accident insurance shall be borne by the Company.

**Category B**

Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company. Gratuity payable shall not exceed half month's salary for each completed year of service.

**Category C**

Provision for use of car and telephone as per the Company rules.

**Minimum Remuneration**

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Executive Director, he may be paid remuneration by way of salary and perquisites not exceeding the maximum limits as specified above as minimum remuneration.

By Order of the Board

**R Chandrasekaran**

Chief Financial Officer & Secretary

Mumbai

Date : 3rd August 2011

**Registered Office**

T-10, 3rd Floor, Jairam Complex,  
Mala, Neugi Nagar,  
Panaji, Goa – 403 001.

**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. Proxy form is enclosed.*
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Resolutions set out in item Nos. 4 and 5 is annexed hereto.
3. The register of members and share transfer books of the Company will be closed from 20th September, 2011 to 24th September, 2011 (both days inclusive).
4. Members are requested to immediately intimate change of address, if any, to the Company/Registrars & Transfer Agents/ Depository Participants quoting reference of the registered Folio number/Client ID number.
5. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Share Transfer Agent, for consolidation into a single folio.
6. You may avail the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company shall vest in the event of your death. Interested persons may write to the Company/ Registrars for the prescribed form.

7. Non-resident members are requested to inform the Company/Registrars immediately on -
  - i. the change in the residential status on return to India for permanent settlement, including the indian address and e-mail ID.
  - ii. The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
8. Members/proxies should bring their copy of the Annual Report and also the attendance slip duly filled in for attending the meeting.
9. Pursuant to the provisions of Section 205A of the Companies Act, 1956 all unclaimed dividends declared upto 1993-1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Goa.  
  
Members are also informed that pursuant to the said Act, all unclaimed dividends declared during 1994-1995 and 1995-1996 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under sub-section (1) of Section 205C. The same cannot be claimed either from the said fund or the Company.  
  
Members are requested to encash the dividend warrants in respect of the interim dividend declared and paid during November 2007 (2007-2008) before the same is transferred to IEPF after seven years.
10. Appointment of Directors: At the ensuing Annual General Meeting Shri Premjit Singh seeks re-appointment as Director. The details pertaining to his re-appointment and as required to be provided pursuant to Clause 49 of the Listing Agreement is furnished in the Statement on Corporate Governance published elsewhere in this Report.

Mumbai  
Date : 3rd August 2011

**Registered Office**

T-10, 3rd Floor, Jairam Complex,  
Mala, Neugi Nagar,  
Panaji, Goa – 403 001.

By Order of the Board  
**R Chandrasekaran**  
Chief Financial Officer & Secretary

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

---

### **Item No. 4**

Shri Nikunj Dhanuka was re-appointed as the Managing Director of the Company w.e.f. 27th April, 2006 for a period of five (5) years. His term of office expired on 26th April, 2011. The Board of Directors have on 14th February, 2011 as recommended by the Remuneration Committee approved his re-appointment for a further period of five (5) years from 27.4.2011 to 26.4.2016 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Shri Nikunj Dhanuka (44), has vast experience in chemical industry, finance and banking and all major functions of the Company. He is well versed with the International Business functioning which helps in providing vital inputs to the Company.

The resolution is being placed before the members for their approval in the ensuing Annual General Meeting.

None of the Directors, except Shri Nikunj Dhanuka and Shri M M Dhanuka as relative, is concerned or interested in the said resolution.

---

All the documents referred to in the Notice and Explanatory Statement above are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays until the Annual General Meeting or any adjournment(s) thereof.

#### Item No. 5

Shri J K Saboo was re-appointed as the Executive Director of the Company w.e.f. 1st April, 2008 for a period of three (3) years. His term of office expired on 31st March, 2011. The Board of Directors have on 14th February, 2011 as recommended by the Remuneration Committee approved his re-appointment for a further period of three (3) years from 1.4.2011 to 31.3.2014 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Shri J K Saboo (59), has vast experience in chemical industry and the expertise in handling the day to day affairs at Plant Office at Taloja, Maharashtra.

The resolution is being placed before the members for their approval in the ensuing Annual General Meeting.

None of the Directors, except Shri J K Saboo, is concerned or interested in the said resolution.

All the documents referred to in the Notice and Explanatory Statement above are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays until the Annual General Meeting or any adjournment(s) thereof.

By Order of the Board

Mumbai

**R Chandrasekaran**

Date : 3rd August 2011

Chief Financial Officer & Secretary

#### Registered Office

T-10, 3rd Floor, Jairam Complex,  
Mala, Neugi Nagar,  
Panaji, Goa – 403 001.

## Important communication – Support Green Initiative

---

Ministry of Corporate Affairs, New Delhi (“MCA”) has taken a “**Green Initiative**” in the Corporate Governance by permitting paperless compliances by companies vide its **Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011** and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the Annual General Meeting, audited financial statements, directors’ report, auditors’ report etc. via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be send to you.

**Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The shareholders holding shares in physical mode are requested to register their e-mail id with M/s. Bigshare Services Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder.**

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.



## Directors' Report

To

The Members

Your Directors hereby present the Twentyssecond Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011 :

### Financial Results

	₹ in lacs	
	2010-2011	2009-2010
Gross Sales	68,088.29	57,398.95
Less : Excise Duty	4,958.77	3,212.53
Net Sales	63,129.52	54,186.42
Other Income	93.96	697.06
	63,223.48	54,883.48
Gross Profit	4,488.70	6,106.88
Less :		
Interest & Finance Charges	1,415.76	1,451.32
Depreciation/Amortisation	1,420.59	1,364.59
Profit/(Loss) before Taxation	1,652.35	3,290.97
Taxation :		
Current Tax (MAT)	329.32	559.30
Profit after Taxation	1,323.03	2,731.67
Balance brought forwarded from previous year	14,734.67	12,003.00
Profit available for appropriation	16,057.70	14,734.67

### Dividend

The Directors do not recommend any dividend in order to conserve resources.

### Management Discussion and Analysis

#### Operations and Performance Review

The Company has achieved highest ever production during the year of 109147 MT. at 94% as against 97870 MT. at 84.29% during the previous year 2009-2010. This was despite planned stoppage of Plant during October 2010 for change of Catalyst of one of its Plants. The Net sales value was higher at ₹ 63,129.52 lacs as against ₹ 54,186.42 lacs in the previous year. The Profit before taxation was ₹ 1,652.35 lacs as against ₹ 3,290.97 lacs and Net Profit was ₹ 1,323.03 lacs as against ₹ 2,731.67 lacs during the previous year 2009-2010.

The PA market was on the rise for the first half of the year. However after withdrawal of the Safeguard duty from early January 2010 there was heavy dumping of PA in the Indian markets due to which the margins were severely affected especially in the second half of 2010-2011. The prices of raw material (Orthoxylene – OX) and PA generally move in tandem depending on the crude price volatility. However for the past 8 to 10 months it is observed that the OX price has rose very sharply due to short supply of the product in the international markets on account of shifting of product line into other Xylenes by the refineries. The local prices of OX are maintained at the import parity price. The corresponding price of PA has not risen in proportion to OX thereby causing tremendous pressure on margins.

After conversion of the Company into a domestic unit since November 2008 there has been a steady rise in the local sales. Out of the total sales of 107837 MT (101619 MT), local sales was 75236 MT (65836 MT), deemed exports 19446 MT (17837 MT) and export sales was 13155 MT (17946 MT). The emphasis has therefore been on local markets which has resulted in better realizations. The Company has the advantage of the user markets being in western India.

The Company has made arrangements of Working Capital facilities to the extent of ₹ 95.12 crores (Utilised) from various Banks for its working capital requirements.

### **Contribution to exchequer**

The Company has contributed ₹ 7,730.63 lacs to the Central and State exchequer by way of Excise Duty, Sales Tax (including Surcharge), Income Tax, Wealth Tax, Professional Tax and Customs Duty.

### **Opportunities and Future Outlook**

India is one of the fastest growing economies in the world. The Indian economy is expected to grow between 7% to 8% in the current year with continued thrust on infrastructure which would result in increased activities in the construction and allied industries. As a result the user industries viz. paints, plasticizers, resins and UPR sectors are expected to grow reasonably well in the current year. The PA industry is expected to grow in tandem with the user industries.

Although the demand for PA is growing, price of the product has been a concern of late due to continuous rise in the raw material prices on account of heavy dumping of the product. We expect the raw material price to stabilize in coming months and margins to improve.

### **Expansion Plans**

The Company has finalized its plans for expansion of capacity of Phthalic Anhydride (PA) by 50000 MT thereby increasing its installed capacity from 116000 MT to 166000 MT per annum at an estimated cost of ₹ 225 crores. The required funding arrangements has been made by way of Term Loans and External Commercial Borrowings (ECB) to the extent of ₹ 150 crores and balance ₹ 75 crores would be met through internal accruals. Post expansion the Company would be one of the lowest cost producers of PA in the world.

The management is also looking at certain forward integration projects which would help in de-risking the business of the Company. Also after the expansion the Company would be available with huge capacity which can be efficiently utilized captively for certain value added products.

### **Risks and Concerns**

The business operations of the Company are susceptible to risks which are inherent to any petrochemical business as well as to those inherent to international operations. Apart from these, there is always an exposure to general commercial risks which accrue to any commercial organization. The PA industry in particular continues to remain under severe pricing pressures, high raw material costs, volatility in demand and supply, government policies, exchange rate risk, increase in dumping of PA into the country and other technical and environmental risks. The Board of Directors do a periodic assessment of the risks through a means of properly defined framework resulting in minimization of risks involved.

### **Internal Control System**

The Company conducts its business with integrity and in compliance with the laws and regulations that govern the business. The Company has an established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines and self-assessment exercises. Considering the current Capital Expenditure program, the Company continuously reviews the documented approval policy besides the Capex budget being approved by the Audit Committee and the Board of Directors. In addition to external Audit, the internal audit is carried out by the external agency, covering areas like operations and expenditure approval mechanism and their report is reviewed by the Audit Committee of the Board. Compliance with laws and regulations is also monitored. Additionally the Directors and Senior management personnel are required to certify on an annual basis the adherence to the Code of Conduct adopted by the Company.

### **Human Resources Development / Industrial Relations**

Your Company's employees have played a key role in contributing to the sustained growth and maintenance of its status as one of the reputed companies in PA industry and emphasis has been laid on capability building and towards enhancing the effectiveness of the personnel. During the year the Company celebrated the 40th National Safety Week at Taloja Plant organized by The National Safety Council for spreading the awareness about safety in plants. On the industrial front your Company had a cordial and harmonious relationship with its employees and Unions throughout the year. The total staff strength is 300 as on 31st March 2011.

### **Change of Registered Office**

The Registered Office of the Company has been shifted from 211, 2nd floor, Kamat Towers, EDC Complex, Patto Plaza, Panaji, Goa – 403 001 to T-10, 3rd floor, Jairam Complex, Mala, Neugi Nagar, Panaji, Goa – 403 001. The new Registered Office is located in the same city as earlier and falls under the jurisdiction of the same Registrar of Companies, Goa.

### **Corporate Social Responsibility**

The Company's Social Responsibility initiatives are focused on activities related with customers, employees, shareholders, communities and the environment in all aspects of its operations.

The Company goes beyond the requirements of applicable environmental laws through :

- » Optimizing usage of Raw Material and Chemicals
- » Conserving Power and Water
- » Adopting preventive measures to reduce waste and air emissions
- » Waste minimization
- » Ensuring a safe working environment
- » Employee education on environmental issues
- » Educating suppliers & buyers to become environmentally responsible

Aforestation and Rain Water Management : The manufacturing site at Taloja, Maharashtra has good afforestation and green belts.

ISO 14001 (2004) : Environment Management System certification acquired by the Company is the recognition of continuous and relentless Environmental initiative.

The Company encourages the employees to contribute to their communities in a manner of their choice.

### **Cautionary Note**

Certain statements made 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.

### **Listing of shares**

Your Company's shares are listed on the Bombay Stock Exchange Limited (BSE) under Scrip code No. 500199 and the National Stock Exchange of India Limited (NSE) under the symbol 'IGPL'. The ISIN code is INE 204A01010.

### **ISO 9001 : (2008) and ISO 14001 : (2004) Certifications**

Your Company continued to be certified under ISO 9001: (2008) for quality management systems and ISO 14001 : (2004) for environment management systems by Beureau Veritas as per their prescribed standards.

### **Directors**

Shri Nikunj Dhanuka has been re-appointed as the Managing Director of the Company for a further period of five (5) years from 27th April, 2011 by the Board of Directors in the meeting held on 14th February, 2011. A proposal for his re-appointment as Managing Director is being placed before the members for approval at the Annual General Meeting.

Shri J K Saboo has been re-appointed as the Executive Director of the Company for a further period of three (3) years from 1st April, 2011 by the Board of Directors in the meeting held on 14th February, 2011. A proposal for his re-appointment as Executive Director is being placed before the members for approval at the Annual General Meeting.

Shri Premjit Singh retires by rotation and being eligible offers himself for re-appointment.

### **Group**

Pursuant to intimation from the Promoter(s) and in accordance with Regulation 3(1)(e) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997 regarding identification of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) are disclosed in this Annual report as separate disclosure.



### 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 ended 31st March, 2011 and of the profit of the Company for that year;
- 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.

### Conservation of energy, technology absorption and foreign exchange earnings and outgo

As required under Section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 information on conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

### Particulars of employees

There is no employee drawing the requisite remuneration in terms of Section 217(2A) of the Companies Act, 1956.

### Corporate Governance

As per Clause 49 of the Listing Agreement, a separate section on Corporate Governance forms part of this Annual Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is given as Annexure B and forms part of this Annual Report.

### Auditors and Auditor's Report

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

Observations made in paragraphs 4(vi) has been dealt with in Note No. 5 of Schedule 19.

### Compliance Report by Cost Accountant

The Ministry of Corporate Affairs has in terms of the Notification No. G.S.R. 429(E) dt. 3rd June 2011 notified the appointment of Cost Accountants for all the Companies whose aggregate value of net worth as on the last date of the immediately preceding financial year exceeds ₹ 5 crores or the aggregate value of turnover made by the Company from sale or supply of all products or activities during the immediately preceding financial year exceeds ₹ 20 crores or where the Company's equity are listed on any Stock Exchange.

The Company has appointed Mr. Krishna S, Practising Cost Accountant, Mumbai as Cost Accountant who shall submit the Compliance Report for the year 2011-2012 within a period of 180 days from the end of the financial year as per Section 209(1)(d) of the Companies Act, 1956.

### Acknowledgements

The Directors express their appreciation for the contribution made by the employees at all levels to the significant improvement in the operations of the Company and for the support and co-operation received from all the stakeholders, Banks, various Regulatory and Government authorities and business partners.

For and on behalf of the Board

Mumbai  
Date : 3rd August, 2011

**M M Dhanuka**  
Chairman

## Annexure 'A' to the Directors' Report

Information as per Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report to the members for the year ended 31 March, 2011.

### A) Conservation of Energy

a) Energy conservation measures taken :

1. Electrical :

During the routine testing of our HT installation by MSEB officials, it was measured that the harmonics distortion is at higher side and found that they are not within the permissible limit i.e. below 3%, whereas the actual harmonics distortion were measured between the level of 4.3% to 5.14%.

The harmonics distortion which got generated or injected in the electrical system are having more disadvantages in terms of energy losses in both IGPL and MSEDCL sides. Hence harmonic filters are being installed to avoid energy losses.

2. Steam traps malfunctioning and steam leaks are being immediately attended to prevent losses by carrying out related monitoring tests.

3. Predictive and preventive maintenance jobs are carried out by which energy is saved.

4. Rotating equipment conditions are monitored for effective utilization of energy.

5. Steam Turbine/Process blower preventive maintenance are being carried out as per schedule and on line condition monitoring in order to maintain less steam/power consumption and providing surplus steam for power export steam turbine.

6. Thermal Insulation :

We have carried out energy audit survey through reputed organization, M/s. Lloyd Insulation (India) Ltd. and implemented action to strengthen insulation for the pipe lines and equipment to improve overall heat losses and achieve effective energy conservation by following the methodology/guiding factors stated below :

- Surface temperatures over cladded surfaces.
- Type of insulation and cladding used.
- Thickness of existing insulation.
- Immediate ambient conditions of Dry Bulb temperature and Wind Velocity.
- Process parameters such as operating temperatures of the fluid inside pipeline and equipment etc.
- Physical state of insulating system (for level of damage/deterioration if any).

Damage during insulation maintenance is avoided by implementing proper working practice while carrying out such works in areas adjacent to insulated surfaces.

During routine maintenance smaller issues are attended in time, like replacement of damaged/missing bands, helped the line to be in good condition by not allowing further damage to the insulation system.

7. Measuring carbon monoxide at regular intervals of PA-1/PA-2 HT heaters, flue gas chimney and ensuring required combustion air flow rate to the heat transfer thermic fluid heaters to optimize consumption of fuel.

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

Energy audit is being contemplated to asses the possible other sources for improving energy efficiency.

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

Total power and steam requirement except during start up periods are met without any external sources of energy i.e. in terms of MSEB power or firing of fuel in boilers.

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

### Power & Fuel Consumption

	2010-2011	2009-2010
1. Electricity		
a. Purchased (Units)	92,676	56,058
Total Amount (₹)	1,010,792	782,432
Rate/Unit (₹)	10.91	13.96
b. Own Generation		
i. Through Diesel Generator	257,120	1,469,010
Units per Ltr. of Diesel oil	3.40	4.73
Cost/Unit (₹)	11.48	7.43
ii. Through Steam Turbine	28,766,730	25,318,722
Generator (Unit)	—	—
Units per liter of Fuel/Oil/GAS	—	—
2. Coal is not used in Manufacturing Process	—	—
3. Furnace Oil quantity (KL)	5,082	3,529
Total Amount (₹)	131,274,339	79,329,001
Average rate/KL (₹)	25,831	22,479
Other / Internal generation	—	—
(ii) Energy Consumption per Unit (MT) of product		
Phthalic Anhydride Standard		
Electricity - Units Not Specified	267	274
Furnace Oil - Litres Not Specified	47	36

## B) Technology Absorption

Research & Development (R&D)

- Specific area in which R&D carried out by the Company:  
The company is conducting its R & D activities for developing the process of Phthalic Anhydride downstream value added products.
- Benefits derived as a result of above R&D:  
Benefits in terms of better quality and increased productivity.
- Future plan of action :  
All the efforts are being continued in the direction of product/process development as mentioned above.
- Expenditure incurred on R&D:  
The Company has incurred expenditure to an extent of ₹ 21.74 Lacs  
Total R & D expenses as a % of turnover : 0.03%

**C) Foreign Exchange Earnings and Outgo**

₹ in lacs

	2010-2011	2009-2010
Total Foreign Exchange Earnings	7,157.34	8,703.13
Total Foreign Exchange Outgo	11,716.55	7,126.86

**GROUP**

( As referred to in the Directors' Report)

Persons constituting "Group" for the purpose of Regulation 3(1)(e) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997, includes the following persons –

- |   |   |
|---|---|
| 1. Madan Mohan Dhanuka                  | 14. Ellenbarrie Steels & Allied Ind. Ltd. |
| 2. Nikunj Dhanuka                       | 15. Gembel Trade Enterprises Ltd.         |
| 3. Amishi Dhanuka                       | 16. Kalimpong Produce Co. Ltd.            |
| 4. Bina Devi Dhanuka                    | 17. Kamakhya Enterprises Ltd.             |
| 5. Rajkumari Dhanuka                    | 18. Kamrup Enterprises Ltd.               |
| 6. Umang Dhanuka                        | 19. Palanpur Traders Ltd.                 |
| 7. Mayank Dhanuka                       | 20. Sandarbha Investment Ltd.             |
| 8. Neha Dhanuka                         | 21. Sanmarg Investment Ltd.               |
| 9. Mysore Petro Chemicals Ltd..         | 22. Savita Investment Company Ltd.        |
| 10. Bihariji Constructions (India) Ltd. | 23. Seasky Investment Ltd.                |
| 11. Bihariji Projects Ltd.              | 24. Shekhavati Investment Corpn. Ltd.     |
| 12. Blue Sky Petrochem Ltd.             | 25. Shogun Vinimay Private Ltd.           |
| 13. Brahamputra Enterprises Ltd.        | 26. Vincent (India) Ltd.                  |

## Annexure 'B' to the Directors Report

# Report on Corporate Governance

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

### Company's philosophy on Code of Governance

The Company's Corporate Governance philosophy is not only emphasized by regulatory and legal requirements, but also several voluntary practices, effective supervision and enhancement of shareholder's trust on long term basis. The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

### Board of Directors

- Composition and size of the Board : The present strength of the Board is six Directors. The Board comprises of Executive and Non-Executive Directors. Two Directors including the Managing Director are Executive Directors. There are four Non-Executive Directors out of which three are Independent Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions.
- Board Meetings and attendance : During the financial year under review, five Board meetings were held i.e. on 20 May 2010, 10 August 2010, 9 September 2010, 15 November 2010 and 14 February 2011.
- 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 21st August 2010	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 Chairman	Non-Executive Director	5	No	1	—	1
Shri Nikunj Dhanuka* Managing Director	Executive Director	3	No	1	—	1
Shri Premjit Singh	Independent & Non-Executive Director	5	Yes	—	—	—
Shri Rajesh Muni*	Independent & Non-Executive Director	5	No	—	—	—
Dr. A K A Rathi	Independent & Non-Executive Director	3	No	—	—	—
Shri J K Saboo Executive Director	Executive Director	4	Yes	2	—	—

- \* Apart from the above Shri Nikunj Dhanuka and Shri Rajesh Muni are Directors of one Private Limited Company each.
- Directors with materially significant related party transactions, pecuniary or business relationship with the Company: There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company at large.
- Details of Directors retiring and being re-appointed:  
A brief resume of the Directors being appointed/re-appointed alongwith the additional information required under Clause 49 (VI) (A) of the Listing Agreement is as under:



### Shri Nikunj Dhanuka

Shri Nikunj Dhanuka, aged 44 years, is a Commerce graduate. He is an industrialist and has vast knowledge of Chemical Industry and experience in finance, banking and all major functions of the Company. He joined the Board of Company in 1996. He is well versed with the International Business functioning which helps in providing vital inputs to the Company. He is a Director of M/s. Mysore Petro Chemicals Limited. He holds 180 shares of the Company.

### Shri J K Saboo

Shri J K Saboo, aged 59 years is a Commerce and Law graduate. He is associated with the Company since 1991. He has more than 30 years experience in the petrochemical industry. He is in charge of the Plant at Taloja, Maharashtra and looks after the overall activities of the Plant including liaisoning with various Government departments. Shri J K Saboo is a Director in Group Companies viz. M/s. Ellenbarrie Steels and Allied Industries Ltd. and M/s. Seasky Investments Ltd. He holds 200 shares of the Company.

### Shri Premjit Singh

Shri Premjit Singh, MA, LLB and CAIIB, aged 82 years, is a retired Banker. He has more than 40 years experience in the banking industry. He is past Chairman of Bank of Baroda and has held various positions in Reserve Bank of India, Industrial Development Bank of India (IDBI), Union Bank of India and Central Bank of India. He is associated with the Company since 1992. He does not hold any shares in the Company.

- Shareholding of Directors :

Shareholding of Non-Executive Directors as on 31 March, 2011 are as under :

<b>Name</b>	<b>No. of ordinary shares held</b>	<b>% of Paid-up Capital</b>
Shri M M Dhanuka	104804	0.34
Shri Premjit Singh	Nil	—
Shri Rajesh Muni	5500	0.02
Dr. A K A Rathi	Nil	—

### CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, the Certificate from Shri Nikunj Dhanuka, Managing Director & CEO and Shri R Chandrasekaran, Chief Financial Officer & Secretary was placed before the Board of Directors at their meeting held on 3rd August, 2011.

### 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 2010-2011. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

### Audit Committee

Terms of Reference :

- To oversee Company's financial reporting/financial information/financial statements.
- To review with management the Annual Financial Statement before submission to Board, focusing primarily on changes in accounting policies and practices.
- 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.

The Audit Committee comprises mainly of Independent Directors and their meetings were held on 20 May 2010, 10 August 2010, 15 November 2010 and 14 February 2011.

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

Name of Director	Position	Category	No. of Meeting	
			Held	Attended
Shri Premjit Singh	Chairman	Independent & Non-Executive Director	4	4
Shri M M Dhanuka	Member	Non-Executive Director	4	4
Shri Rajesh Muni	Member	Independent & Non-Executive Director	4	4
Dr. A K A Rathi	Member	Independent & Non-Executive Director	4	3

The Managing Director, the Internal Auditors and the Statutory Auditors are the invitees to the meeting. It is the prerogative of the Audit Committee to invite Senior Executives, whom it considers appropriate to be present at the Meetings.

The Chairman of the Audit Committee Shri Premjit Singh was present at the last Annual General Meeting of the Company held on 21 August, 2010.

### Remuneration Committee

Composition, Number of meetings and Attendance :

The Remuneration Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for whole-time Directors of the Company.

The Remuneration Committee comprises of four members out of which three are Independent Directors. Shri Premjit Singh is the Chairman and Shri Rajesh Muni, Shri M M Dhanuka and Dr. A K A Rathi are other members.

Terms of Reference :

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

Meetings & Attendance :

Name of Director	Position	Category	Held on 14.2.2011 & Attended
Shri. Premjit Singh	Chairman	Independent & Non-Executive Director	Yes
Shri. M M Dhanuka	Member	Non-Executive Director	Yes
Shri. Rajesh Muni	Member	Independent & Non-Executive Director	Yes
Dr. A K A Rathi	Member	Independent & Non-Executive Director	Yes

Shri Premjit Singh, Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 21st August, 2010.

### Remuneration Policy

The remuneration of the Managing/Executive Directors 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 shareholders at the General Meetings.

Non-Executive and Independent Directors are at present paid sitting fees of ₹ 10,000/- each for Board / Audit Committee meetings and ₹ 5,000/- each for Shareholders / Investors Grievance Committee and Remuneration Committee meetings.

The details of the remuneration paid to all the Directors during the year 2010-2011 is given below :

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri. M M Dhanuka	Chairman	—	105,000	105,000
Shri. Nikunj Dhanuka	Managing Director	2,593,638	—	2,593,638
Shri. Premjit Singh	Director	—	105,000	105,000
Shri. J K Saboo	Executive Director	2,068,612	—	2,068,612
Shri. Rajesh Muni	Director	—	105,000	105,000
Dr. A K A Rathi	Director	—	60,000	60,000

#### Shareholders' / Investors Grievance committee

The committee comprises of Shri. Premjit Singh, Chairman, and other members viz. Shri. Rajesh Muni, Shri. M M Dhanuka and Shri. Nikunj Dhanuka.

The Committee oversees and reviews all matters connected with the investor services in connection with transfer of shares, dematerialisation and rematerialisation of shares and other related matters. The Company has appointed M/s. Bigshare Services Pvt. Ltd. to act as Registrar and Share Transfer Agent (RTA) of the Company. The Committee oversees performance of RTA and recommends measures for overall improvement in the quality of investor services. The Committee also monitors redressal of investors' grievances. The Board has also constituted the Share Transfer Committee which deals with transfer/transmission of securities and other matters and delegated the power of approving the transfer statements to the officers of the Company.

Meetings & Attendance :

Name of Director	Position	Category	Held on 20.5.2010 & 15.11.2010 & Attended
Shri Premjit Singh	Chairman	Non-Executive & Independent Director	Yes
Shri Rajesh Muni	Member	Non-Executive & Independent Director	Yes
Shri M M Dhanuka	Member	Non-Executive Director	Yes
Shri Nikunj Dhanuka	Member	Executive Director	Attended on 20.5.2010

Name and Designation of the Compliance Officer :

**Mr. R Chandrasekaran**

Chief Financial Officer & Secretary

401, Raheja Centre

214 Nariman Point

Mumbai – 400 021.

Tel.: 30286100

Fax : 22040747

Email : [igpetro@vsnl.com](mailto:igpetro@vsnl.com)

The company had received 174 letters from shareholders including 20 letters in the nature of complaints with regard to non-receipt of shares after transfer, revalidation of dividend warrants, demat queries and non-receipt of annual reports, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

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.

## General Body Meetings

- Details of the location of the last three Annual General Meetings (AGM) and Extra Ordinary General Meetings (EGM) and the details of the resolutions passed or to be passed by Postal Ballot :

The Company held its last three Annual General Meetings as under :

Date	Year	Type of Meeting	Venue	Time
21.8.2010	2010	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	2.30 p.m.
27.6.2009	2009	Annual General Meeting	Hotel Nova Goa, Panaji , Goa	4.00 p.m.
21.6.2008	2008	Annual General Meeting	Hotel LA-PAZ Gardens Vasco-do-Gama, Goa,	2.30 p.m

No Extraordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2010-2011.

## Disclosures

- There were no materially significant related party transactions entered into by the Company with its promoters, directors or the management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- Transactions with the related parties are disclosed in Note No. 10 of Schedule 19 to the accounts in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the previous three financial years.
- The Board members and senior management personnel of the Company have affirmed their compliance with the code and a declaration signed by the Managing Director and CEO within the meaning of Clause 49-V of the Listing Agreement forms part of this report.
- Qualification in the Auditors' Report for the year ended 31 March 2011

Attention is invited to Note No. 5 of Schedule 19 of the financial statements wherein, depreciation on Plant & Machinery for the year is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956. This has caused the auditors to qualify their audit report for the year ended 31 March, 2011. The management believes such alternative treatment is more representative of the true and fair view of the underlying transaction as the Depreciation is charged over the useful life of the asset.

## Means of Communication

- Information like quarterly financial results and other significant developments in the Company are informed from time to time to the stock exchanges on which the Company's equity shares are listed. The quarterly and annual results are published in the local daily newspaper at Goa viz. The Gomantak Times. These are not sent individually to the shareholders. The results are also available on the BSE/NSE websites.
- The Management Discussion and Analysis Report forms part of this Annual Report.

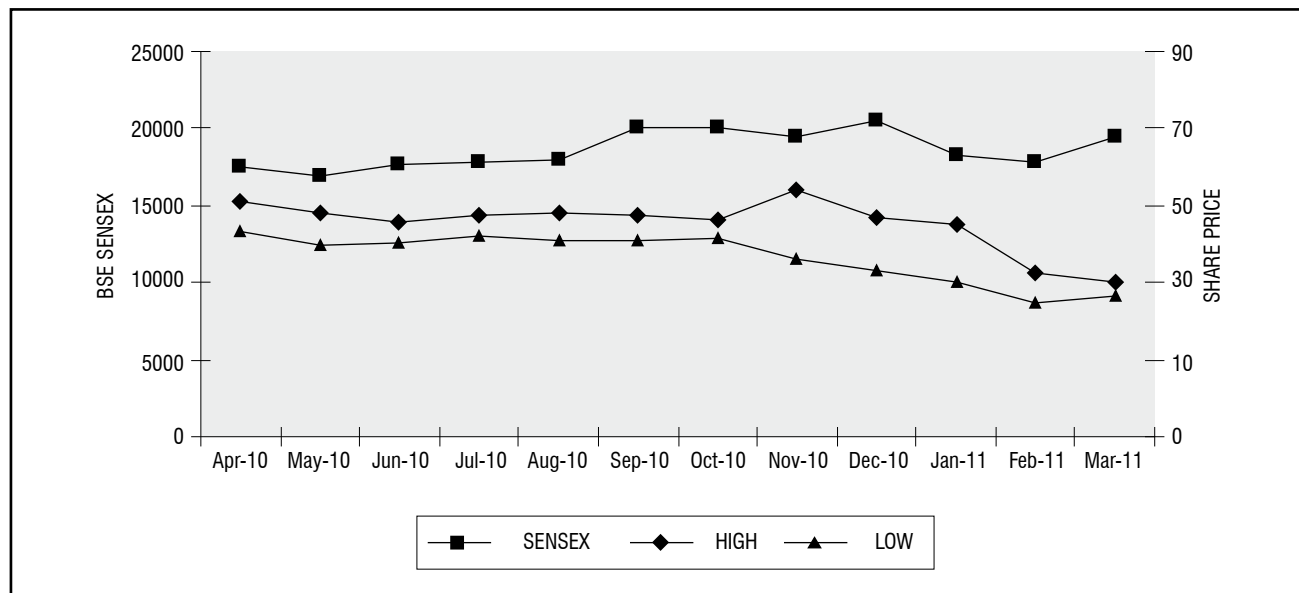
## General Shareholders Information

Annual General meeting Date, Time and Venue.	Saturday, 24th September, 2011 at 3.00 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji, Goa – 403 001.
Date of Book Closure	The share transfer books and the Register of Members will be closed from 20th September, 2011 to 24th September, 2011 (both days inclusive). The financial year of the Company is from 1st April to 31st March each year.

Dividend Payment	No dividend has been recommended by the Board for the year 2010-2011.
Stock Exchange Listing	Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange (NSE). The listing fees payable to BSE & NSE for 2011-2012 have been paid in full by the Company.
Stock Code	500199 on BSE and IGPL on NSE.
ISIN Code	INE 204A01010
Share Transfer System	Being done by the Registrars & Transfer Agents in compliance of the provisions in this regard.
Dematerialisation of shares	91.76% of the shares have been dematerialised by the members as on 31.3.2011.
Registrars & Transfer Agents	M/s. Bigshare Services Pvt. Ltd., E 2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072. Contact person – Mr. N V K Mohan / Mr. Kamlesh Singh Tel No.: 40430200/40430294 Fax No.: 28475207 • E-mail : info@bigshareonline.com
Website	The website of the Company <a href="http://www.igpetro.com">www.igpetro.com</a> 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 designated an exclusive e-mail id viz. <a href="mailto:igpl.complaints@igpetro.com">igpl.complaints@igpetro.com</a> . All investors are requested to avail this facility.
Corporate Office	I G Petrochemicals Limited 401, Raheja Centre, 214, Nariman Point, Mumbai - 400 021 Phone : 30286100 Contact person : Shri R Chandrasekaran Chief Financial Officer & Secretary E-mail- <a href="mailto:igpetro@vsnl.com">igpetro@vsnl.com</a> Members holding shares in demat mode should address all their correspondence to their respective Depository Participant.

#### Market price data during the year ended 31.3.2011

Month	High	Low	Month	High	Low
Apr-2010	51.00	43.25	Oct-2010	46.35	41.40
May-2010	47.95	40.00	Nov-2010	53.90	36.00
Jun-2010	45.90	40.05	Dec-2010	47.00	33.00
July-2010	47.50	42.00	Jan-2011	45.00	30.25
Aug-2010	48.00	41.10	Feb-2011	32.80	25.00
Sep-2010	47.50	41.00	Mar-2011	29.90	26.65



### Share holding pattern as on 31.3.2011

Sl. no	Category	No. of shares	% of Holding
1	Promoters & Persons acting in Concert	22070925	71.67
2	Mutual funds / UTI / Banks / FIs	18000	0.06
3	Private Corporate Bodies – Indian & Foreign	755551	2.45
4	NRI's	510909	1.66
5	Indian Public	7439465	24.16
	<b>Grand Total</b>	<b>30794850</b>	<b>100.00</b>

### Plant Location

T-2, MIDC Industrial Area, Taloja 410 208, Dist. Raigad, Maharashtra.

### Address for correspondence

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

Contact person : Mr. Kamlesh Singh.

Shareholders may also contact Mr. R Chandrasekaran, Chief Financial Officer & Secretary at the Corporate Office of the Company for any assistance.

Shareholders holding shares in electronic 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 :

3rd August, 2011

The Board of Directors

**I G Petrochemicals 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, 2011 confirming their compliance of the same.

Thanking you.

Yours faithfully,

For **I G Petrochemicals Limited**

**Nikunj Dhanuka**

Managing Director and CEO

---

## Auditors' Certificate on Corporate Governance

---

To

The members of **I G Petrochemicals Limited**

We have reviewed the relevant records of I G Petrochemicals Limited for the period ended 31 March, 2011 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and according to the information and explanations given to us, we have to state that, to the best of our knowledge the company has complied with the conditions of corporate governance stipulated in clause 49 of the above mentioned listing agreement.

We state that, in respect of investors grievances received during the period ended 31.03.2011, no investor grievances are pending without a reply from the company for a period exceeding one month as per the records maintained by the share transfer and shareholders / investors grievance committee.

We further state that, such compliance is neither an assurance as to the future viability of the company, nor as to 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

Firm's Registration No. 001083S

Mumbai

Date : 3rd August, 2011

## Auditors' Report

---

To The Shareholders

### I G PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of I G PETROCHEMICALS LIMITED as at 31 March, 2011, the Profit and Loss Account and also the Cash Flow Statements for the year ended on that date, annexed thereto. 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:
  - i) 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.
  - ii) Subject to our comments referred to in paragraph (vi) below, 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.
  - iii) 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.
  - iv) Subject to our comments referred to in paragraph (vi) below, in our opinion, the Profit and Loss Account, the Cash Flow Statement and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
  - v) On the basis of the written representations received from the directors, as on 31 March, 2011, and taken on record by the Board of Directors and based on our reliance on the legal opinion obtained from an eminent legal counsel/ and on the basis of the judgement (Refer Note 3 of Schedule 19) stating / held that privately placed debentures cannot be construed to be "Debentures" for the purposes of clauses (g) of sub-section (1) of Section 274 of the act, we report that none of the directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi) **Attention is invited to note 5 of schedule 19 wherein the Company has been, with effect from 1 April, 2006, providing depreciation on plant and machinery based on the balance useful life of the assets as determined by approved valuer instead of providing depreciation at the minimum rates specified in Schedule XIV of the Companies Act, 1956 and as required by Accounting Standard 6 on "Depreciation Accounting". As a result, depreciation charge for the year is lower by ₹ 859.28 lacs and accumulated depreciation lower charged as at 31 March, 2011 is ₹ 4,353.66 Lacs. Had the impact of above been considered, the Profit before tax for the year would have been ₹ 793.07 Lacs instead of the reported profit before tax of ₹ 1,652.35 Lacs, net block of**



fixed assets as at 31 March, 2011 would have been ₹ 17,144.64 Lacs instead of reported figure of ₹ 21,498.30 Lacs and Profit and Loss account balance as appearing in “Reserves & Surplus” would have been ₹ 11,704.04 Lacs instead of reported figure of ₹ 16,057.70 Lacs.

- vii) Without qualifying our opinion, we draw attention to note 12 II (b) of schedule 19 regarding certain disputed excise duty and custom duty matters amounting to ₹ 7,672.89 Lacs pending before the Honourable Supreme Court (Previous Year ₹ 2,417.57 Lacs).
- viii) In our opinion and to the best of our information and according to the explanations given to us subject to our comments in paragraph (vi) above, the said accounts given 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 :
- In the case of Balance Sheet, of the State of affairs of the Company as at 31 March, 2011.
  - In the case of Profit and Loss Account, of the Profit of the Company for year ended on that date.
  - 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  
Membership No: 16398  
Firm's Registration No: 001083S

Place: Mumbai,  
Date: 3rd August, 2011

## Annexure to the Auditors' Report

Annexure referred to in paragraph (3) of our report of even date

### Re: I G PETROCHEMICALS LIMITED

- (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 and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) 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 and no discrepancies were noticed on verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted 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.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotation are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory & fixed assets and with regard to the sale of goods and services. 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 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 lacs 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
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 for the 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 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 land 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, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Disputed (₹ in Lacs)	Amount paid (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 & Customs Act, 1962	Excise & Custom Duty	7,672.89	—	Various years from 1993 to 2006	Supreme Court
Central Excise Act, 1944	Excise Duty	3,455.86	—	Various Years from 1997 to 2009	CESTAT
Central Excise Act, 1944	Excise Duty	15,267.16	665.35	Various years from 1997 to 2009	Commissioner of Central Excise
The Bombay Electricity duty Act, 1958	Cess on Electricity produced	29.63	—	2001 to 2004	Mumbai High Court.
The Bombay Electricity duty Act, 1958	Duty for captive power used.	79.84	—	May 2010 to March 2011	Electrical Inspector, Thane.
Income Tax Act, 1961	Income Tax	1,108.47	—	1998-99, 2005-06 & 2006-07	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) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
- (xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (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 the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvi) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (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 for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Hariharan & Co.**  
Chartered Accountants

**K. Nagarajan**  
Partner

Place: Mumbai  
Date: 3rd August, 2011

Membership No: 16398  
Firm's Registration No: 001083S

## Balance Sheet as at 31 March 2011

	Schedules	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	3,079.81	3,079.81
Reserves and Surplus	2	21,863.66	20,926.92
		24,943.47	24,006.73
<b>Loan Funds</b>			
Secured Loans	3	2,765.92	4,364.68
Unsecured Loans	4	1,081.05	998.45
	<b>TOTAL</b>	<b>28,790.44</b>	<b>29,369.86</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	51,779.77	50,801.95
Less: Accumulated Depreciation		30,281.47	28,476.35
Net Block		21,498.30	22,325.60
Capital Work-in-Progress (Refer Note 7 to Schedule 19)		2,030.42	1,474.89
		23,528.72	23,800.49
Investments	6	5.91	5.92
<b>Current Assets, Loans and Advances</b>			
Interest Accrued on Investments		0.14	0.11
Inventories	7	8,470.11	3,588.29
Sundry Debtors	8	6,196.44	4,294.90
Cash and Bank Balances	9	756.30	672.07
Loans and Advances	10	2,003.19	3,496.75
		17,426.18	12,052.12
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	11	12,064.00	6,358.30
Provisions	12	106.37	130.37
<b>Net Current Assets</b>		<b>5,255.81</b>	<b>5,563.45</b>
	<b>TOTAL</b>	<b>28,790.44</b>	<b>29,369.86</b>
<b>Notes to Accounts</b>	<b>19</b>		

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  
**K. Nagarajan**  
Partner  
Membership No: 16398  
Firm's Registration No: 001083S

Date : Mumbai  
Place : 3rd August, 2011

For and on behalf of the Board of Directors of  
I G Petrochemicals Limited

<b>M M Dhanuka</b> Chairman	<b>Nikunj Dhanuka</b> Managing Director
<b>Premjit Singh</b> Director	<b>Rajesh Muni</b> Director
<b>Dr. A.K.A. Rathi</b> Director	<b>J. K. Saboo</b> Executive Director
<b>R Chandrasekaran</b> Chief Financial Officer & Secretary	

## Profit and Loss Account for the year Ended 31 March 2011

	Schedules	For the year ended March 31, 2011 ₹ in Lacs	For the year ended March 31, 2010 ₹ in Lacs
<b>Income</b>			
Turnover (Gross)		68,088.29	57,398.95
(Refer Note 17 iii to Schedule 19)			
Less : Excise Duty		4,958.77	3,212.53
Turnover (Net)		63,129.52	54,186.42
Other Income	13	93.96	697.06
		<u>63,223.48</u>	<u>54,883.48</u>
<b>Expenditure</b>			
Raw Material Consumed	14	53,266.81	42,485.71
(Refer Note 16 iv to Schedule 19)			
Decrease / (Increase) in Inventories	15	(2,180.91)	156.16
Purchases of Traded Goods		904.64	615.85
Personnel Expenses	16	1,580.63	1,577.88
Manufacturing and Other Expenses	17	5,163.61	3,941.00
Depreciation / Amortisation		1,420.59	1,364.59
(Refer Note 5 to Schedule 19 & Note 3 to Schedule 5)			
Financial Expenses	18	1,415.76	1,451.32
		<u>61,571.13</u>	<u>51,592.51</u>
<b>Profit before Taxation</b>		<b>1,652.35</b>	<b>3,290.97</b>
<b>Provision for Taxation</b>			
Current Tax (MAT)		329.32	559.30
<b>Net Profit</b>		<b>1,323.03</b>	<b>2,731.67</b>
Balance brought forward from previous year		14,734.67	12,003.00
<b>Surplus carried to Balance Sheet</b>		<b>16,057.70</b>	<b>14,734.67</b>
Earning per share:			
Face value of shares ₹ 10 each, Previous Year: ₹ 10 each			
(Refer Note 11 to Schedule 19)			
Basic		4.30	8.87
Diluted		4.30	8.87
<b>Notes to Accounts</b>	<b>19</b>		

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

As per our report of even date  
For **Hariharan & Co.**  
Chartered Accountants  
**K. Nagarajan**  
Partner  
Membership No: 16398  
Firm's Registration No: 001083S

Date : Mumbai  
Place : 3rd August, 2011

For and on behalf of the Board of Directors of  
I G Petrochemicals Limited

**M M Dhanuka**  
Chairman  
**Premjit Singh**  
Director

**Dr. A.K.A. Rathi**  
Director

**R Chandrasekaran**  
Chief Financial Officer & Secretary

**Nikunj Dhanuka**  
Managing Director  
**Rajesh Muni**  
Director  
**J. K. Saboo**  
Executive Director

## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
4,00,00,000 (Previous Year: 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
10,00,000 (Previous Year: 10,00,000) Preference Share of ₹ 100/- each	1,000.00	1,000.00
	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued</b>		
3,08,01,350 (Previous Year: 3,08,01,350) Equity Shares of ₹ 10/- each	3,080.14	3,080.14
<b>Subscribed and Paid up</b>		
3,07,94,850 (Previous Year: 3,07,94,850) Equity Shares of ₹ 10/- each	3,079.49	3,079.49
Add: Amount paid up on 6,500 shares forfeited	0.32	0.32
	<b>3,079.81</b>	<b>3,079.81</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Revaluation Reserve</b>		
Balance as per last Balance Sheet	3,801.00	4,187.29
Less : Transferred to Profit and Loss Account (Refer Note 3 to Schedule 5)	386.29	386.29
	<b>3,414.71</b>	<b>3,801.00</b>
<b>Securities Premium</b>		
Balance as per last Balance Sheet	2,275.00	2,275.00
	<b>2,275.00</b>	<b>2,275.00</b>
<b>Capital Reserve</b>		
On Forfeiture of Share Warrants	116.25	116.25
<b>Profit and Loss Account</b>	<b>16,057.70</b>	<b>14,734.67</b>
	<b>21,863.66</b>	<b>20,926.92</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loan - Bank	—	1,856.45
- Others	3.55	42.06
Working Capital facilities from Banks	948.23	653.79
Factoring Facility	1,727.82	1,678.44
Hire Purchase Finance	86.32	133.94
	<b>2,765.92</b>	<b>4,364.68</b>

## Schedules to Accounts

### Notes:

- a. Term loan from others is secured on the specific Plant & Machinery so procured.
- b. Working Capital facilities are secured by:
  - Hypothecation of all movable properties of the Company including stock of raw materials, stock in process, finished goods and Book Debts.
  - Second and subservient charge by way of equitable mortgage of immovable properties of the Company at Taloja, Maharashtra.
  - Personal guarantee by two Directors of the Company.
- c. Factoring facility is secured by:
  - Respective book debts
  - Personal guarantee by two Directors of the Company.
- d. Hire Purchase Loans are secured by the assets acquired through such loans.

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>Short-term Loans and Advances:</b>		
From a Bank	—	329.15
<b>Other Loans and Advances:</b>		
From Bodies Corporate (Payable within one year ₹ Nil)	1,081.05	669.30
	<b>1,081.05</b>	<b>998.45</b>

## Schedules to Accounts

(₹ in lacs)									
<b>SCHEDULE - 5</b>									
<b>FIXED ASSETS</b>									
Description	Gross Block			Depreciation / Amortisation			Net Block		
	As at 01.04.10	Additions	Deductions	As at 31.03.11	As at 01.04.10	For the year	Deletions/ Adjustments	As at 31.03.11	As at 31.03.10
<b>Tangible Assets</b>									
Freehold Land	1.45	—	—	1.45	—	—	—	1.45	1.45
Leasehold Land	1,029.29	—	—	1,029.29	125.68	11.10	—	136.78	892.51
Buildings	1,766.68	96.42	—	1,863.10	589.85	57.27	—	647.12	1,215.98
Plant & Machinery	47,110.77	824.38	—	47,935.15	27,193.05	1,648.86	—	28,841.91	19,093.24
Office Equipments	208.80	3.81	—	212.61	170.20	7.08	—	177.28	35.33
Furniture & Fixtures	289.14	20.40	—	309.54	256.86	8.38	—	265.24	44.30
Vehicles	357.86	34.31	3.02	389.15	122.50	66.65	1.76	187.39	201.76
<b>Intangible Assets</b>									
Software	37.96	1.52	—	39.48	18.21	7.54	—	25.75	13.73
<b>TOTAL</b>	50,801.95	980.84	3.02	51,779.77	28,476.35	1,806.88	1.76	30,281.47	21,498.30
Previous year	50,549.55	353.09	100.69	50,801.95	26,790.44	1,750.88	64.97	28,476.35	22,325.60

### Note :

- Land, Buildings at factory site and Plant & Machinery as on 30.09.99 were revalued on the basis of net replacement value determined by an approved valuer resulting in an increase in value of Land by ₹ 666.95 lacs, Buildings by ₹ 35.53 lacs and Plant & Machinery by ₹ 7,330.20 lacs which was credited to Revaluation Reserve .
- Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of ₹ 257.44 lacs (Previous Year ₹ 239.56 lacs ) and Net book value of ₹ 158.52 lacs (Previous year ₹ 189.72 lacs) acquired on Hire Purchase contracts.
- Details of depreciation are as follows:

Particulars	2010-11	2009-10
Depreciation for the year as above	1,806.88	1,750.88
Less: Transferred from Revaluation Reserve	386.29	386.29
Depreciation as per Profit and Loss Account	1,420.59	1,364.59



## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments, Other than Trade</b>		
<b>Unquoted</b>		
<b>Units</b>		
40537.392 (Previous Year: 40537.392) units of ₹ 10 each fully paid in Principal Mutual Fund	2.00	2.00
<b>Shares</b>		
1,200 (Previous Year: 1,200) shares of ₹ 10 each fully paid in Blue Circle Fine Chem Private Ltd.	3.60	3.60
Nil (Previous Year: 100) shares of ₹ 10 each fully paid in I G Renewable Energy Ltd.	—	0.01
<b>Government Securities</b>		
Six years National Saving Certificates of the face value of ₹ 31,000 (Previous Year: ₹ 31,000) lodged as security with Government Departments	0.31	0.31
	<b>5.91</b>	<b>5.92</b>
<b>SCHEDULE - 7</b>		
<b>Inventories</b>		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 181.69 lacs, Previous Year: ₹ 520.36 lacs)	3,889.23	1,588.20
Stores and Spares	859.69	670.18
Stock in Process	549.33	323.56
Finished Goods (including stock in transit ₹ 126.70 lacs, Previous Year: ₹ 49.50 lacs)	2,666.00	552.27
Catalyst (at cost less amortisation)	505.86	454.08
	<b>8,470.11</b>	<b>3,588.29</b>
<b>SCHEDULE - 8</b>		
<b>Sundry Debtors</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, Considered Good	51.29	43.45
Unsecured, Considered Doubtful	229.48	255.02
<b>Other debts</b>		
Unsecured, Considered Good	6,145.15	4,251.45
	<b>6,425.92</b>	<b>4,549.92</b>
Less : Provision for Doubtful Debts	229.48	255.02
	<b>6,196.44</b>	<b>4,294.90</b>

## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	4.06	7.44
<b>Balance with Scheduled Banks</b>		
In Current Accounts	24.10	24.54
In Margin Money Accounts	1.13	—
In Fixed Deposits (Refer Note 4 to Schedule 19)	727.01	640.09
	<b>756.30</b>	<b>672.07</b>
<b>SCHEDULE - 10</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
Loans - Considered Doubtful	150.00	150.00
Less: Provision for Doubtful Loans	150.00	150.00
	—	—
Advances recoverable in cash or kind or for value to be received		
Considered Good	319.80	1,415.15
Considered Doubtful	401.54	685.75
Less: Provision for Doubtful Advances	401.54	685.75
	<b>319.80</b>	<b>1,415.15</b>
Inter-Corporate Deposits		
Considered Doubtful	250.00	250.00
Less: Provision for Doubtful Inter Corporate Deposits	250.00	250.00
	—	—
Balance with Custom, Excise Authorities including Deposits	863.14	1,272.86
Deposits – Others	724.50	722.77
Income Tax Deducted at Source/Advance Tax (Net of Provision)	95.75	85.97
	<b>2,003.19</b>	<b>3,496.75</b>

## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	3,790.55	2,498.97
Sundry Creditors		
a. total outstanding dues of Micro, Medium and Small Enterprises (Refer Note 15 vi to Schedule 19)	—	—
b. total outstanding dues of creditors other than Micro, Medium and Small Enterprises	7,659.93	3,453.15
Advance from Customers	202.54	115.04
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	6.51	6.57
Security Deposits	1.50	1.50
Interest Accrued But not Due on Loans	109.58	85.67
Other Liabilities	293.39	197.40
	<b>12,064.00</b>	<b>6,358.30</b>
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Provision for Wealth Tax	0.60	0.52
Provision for Gratuity (Refer Note 13 to Schedule 19)	11.21	41.25
Provision for Leave Encashment	94.56	88.60
	<b>106.37</b>	<b>130.37</b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
<b>Interest</b>		
Bank Deposits (IDS ₹ 4.19 lacs Previous year: ₹ 6.12 lacs )	41.93	50.15
Others (IDS ₹ 3.06 lacs Previous year: ₹ 7.15 lacs)	30.60	55.81
Insurance Claim under Loss of Profit Policy	—	150.00
Foreign Exchange Translation Difference	—	260.21
Reversal of Provision for Doubtful Debts / Loans (Net)	—	90.00
Sundry Balances / Excess Provision Written Back	19.48	28.65
Income from Sale of Power	—	45.19
Miscellaneous Income	1.95	17.05
	<b>93.96</b>	<b>697.06</b>

## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 14</b>		
<b>RAW MATERIAL CONSUMED</b>		
Inventories as at March 31, 2010	1,588.20	1,523.24
Add: Purchases	55,567.84	42,550.67
	57,156.04	44,073.91
Less: Inventories as at March 31, 2011	3,889.23	1,588.20
	<u>53,266.81</u>	<u>42,485.71</u>
<b>SCHEDULE - 15</b>		
<b>DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Inventories as at March 31, 2010</b>		
Stock in Process	323.56	174.63
Finished Goods	552.27	861.88
<b>Inventories as at March 31, 2011</b>		
Stock in Process	549.33	323.56
Finished Goods	2,666.00	552.27
	(2,339.50)	160.68
Differential Excise duty in respect of Closing Stock & Opening Stock (Refer Note below )	158.59	(4.52)
	<u>(2,180.91)</u>	<u>156.16</u>
<p>In accordance with ASI 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales amounting to ₹ 4,958.77 lacs (Previous Year ₹ 3,212.53 Lacs) has been reduced from sales in Profit &amp; Loss Account and Excise duty on increase/decrease in stock amounting to ₹ 158.59 Lacs, (Previous Year ₹ (4.52) lacs) has been considered as expense as above.</p>		
<b>SCHEDULE - 16</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries , Wages and Bonus	1,149.66	1,122.17
Directors' Remuneration (Refer Note 15 i to Schedule 19)	46.62	45.72
Contribution to Provident and Other Funds	77.09	83.83
Gratuity Expenses (Refer Note 13 to Schedule 19)	10.02	51.50
Workmen and Staff Welfare Expenses	297.24	274.66
	<u>1,580.63</u>	<u>1,577.88</u>

## Schedules to Accounts

	As at March 31, 2011 ₹ in Lacs	As at March 31, 2010 ₹ in Lacs
<b>SCHEDULE - 17</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Consumption of Stores, Spares and Consumables	177.61	96.45
Consumption of Packing Materials	369.51	305.91
Power, Fuel and Water charges	1,553.70	1,093.73
Amortisation of Catalyst cost	280.56	226.29
<b>Repairs and Maintenance</b>		
Plant and Machinery	557.19	400.35
Buildings	14.46	5.50
Others	63.81	91.51
Insurance Premium	143.23	95.54
Rent	5.49	4.14
Rates and Taxes	48.80	35.14
<b>Selling Expenses</b>		
Brokerage and Commission	38.08	52.17
Freight outward	1,160.18	891.07
Port charges	37.44	48.15
Other selling expenses	45.70	98.54
Loss on Sale/Disposal of Fixed Assets (Net)	0.51	4.77
Insurance Claim Written off	68.12	—
Directors' Sitting Fees	3.75	2.36
Auditors Remuneration (Refer Note 15 ii to Schedule 19)	12.64	12.32
Travelling & Conveyance	263.38	212.88
Bad Debts Written off	309.75	—
Less : Reversal of Provision	309.75	—
Legal & Professional fees	106.76	77.24
Foreign Exchange Translation Difference	42.66	—
Communication Cost	28.72	30.80
Donations and Contributions to Charitable Institutions	14.29	29.95
Miscellaneous Expenses	127.02	126.19
	<b>5,163.61</b>	<b>3,941.00</b>
<b>SCHEDULE - 18</b>		
<b>FINANCIAL EXPENSES</b>		
<b>Interest</b>		
– on Term Loans	260.81	545.12
– on Others	271.20	128.57
Bills Discounting and Bank Charges	883.75	777.63
	<b>1,415.76</b>	<b>1,451.32</b>

## Schedules to Accounts

---

### SCHEDULE - 19

#### NOTES TO ACCOUNTS

##### 1. Nature of Operations

I G Petrochemicals Limited (the Company) is engaged in the manufacture of Phthalic Anhydride having its manufacturing unit at Taloja (Maharashtra).

##### 2. 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 amortized over the period of lease.
- ii. Intangible assets are amortized over the estimated useful life of 4 years.
- iii. Depreciation on Furniture, Office Equipments and Vehicles is provided using written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis with reference to date of acquisition.
- iv. Depreciation on Building is provided using straight line method at the rates prescribed in Schedule XIV of the Companies Act 1956, on pro-rata basis with reference to date of acquisition.
- v. Depreciation on Plant & Machinery (historical cost) for the year is provided on the balance useful life of 5 to 28 years of the assets as determined by an approved Valuer on pro rata basis with reference to date of acquisition, the useful life is higher than that provided in Schedule XIV of the Companies Act 1956 as referred to in Note No. 5 of Schedule 19. The continuous process plant as defined therein have been taken on technical assessment and depreciation provided accordingly. The depreciation on incremental revalued amount is provided on straightline method as per the rates in Schedule XIV of the Companies Act 1956.

## Schedules to Accounts

### 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 realizable 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 recognize 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.
Catalyst	written off on the basis of its estimated useful life

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 recognized 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 recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends

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

## Schedules to Accounts

---

### i. Foreign Currency Transaction

#### 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 amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized 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 recognized 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 income tax and 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 recognized 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 realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized 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.



## Schedules to Accounts

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 unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

### 1. 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 recognized 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.

3. The Company had obtained a legal opinion from an eminent legal counsel / also on the basis of judgment by Additional District Judge, Panaji stating / held 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. Fixed Deposits of ₹ 726.76 Lacs (Previous Year ₹ 639.84 Lacs) have been lodged with Banks and ₹ 0.25 Lacs (Previous Year ₹ 0.25 Lacs) with Government Departments as a security.

### 5. Depreciation

Depreciation on Plant & Machinery for the year is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to Schedule XIV of the Companies Act, 1956. Had the depreciation been provided on straightline method based on rates specified in Schedule XIV of the Companies Act 1956 the depreciation charged for the year would have been higher by ₹ 859.28 Lacs (Previous Year ₹ 866.22 Lacs) and accumulated depreciation would have been higher by ₹ 4,353.66 Lacs (Previous Year ₹ 3,494.38 Lacs).

### 6. Capital Commitments

(₹ in Lacs)

	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances of ₹ 179.28 Lacs (Previous Year ₹ 13.35 Lacs)	66.74	390.27

## Schedules to Accounts

### 7. Capital Work-in-Progress including expenditure during construction period

(₹ in Lacs)

		March 31, 2011	March 31, 2010
A	Plant & Machinery	1,127.72	1,067.45
B	Building under Construction	197.92	13.65
C	Capital Advances	179.28	13.35
D	Expenditure during construction period		
	Personnel expenses		
	– Salaries, Wages and Bonus	151.72	22.82
	– Contribution to Provident and Other Funds	11.54	1.51
	– Workmen and staff welfare expenses	11.44	1.62
	Manufacturing and Other expenses		
	– Rates and Taxes	1.24	1.24
	– Traveling & Conveyance	47.90	25.82
	– Engineering / Legal & Professional fees	558.00	326.54
	– Miscellaneous Expenses	1.96	0.89
	Total	2,381.86	1,474.89
	Less: Capitalized	351.44	—
		2,030.42	1,474.89

8. (i) The Company has carried forward losses and 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.
- (ii) In view of availability of Carried Forward benefits as referred above, the Company has provided for the liability for the Current Year under Section 115 JB (MAT) of the Income Tax Act 1961 [Further refer Note No. 13(e)].

### 9. Segment Information

#### Primary Business Segment

The Company is exclusively engaged in a single business segment of manufacture and sale of organic chemicals and accordingly this is the only primary reportable segment.

#### Geographical Segments

Secondary segmental reporting is based on the geographical location of customers. The geographical segments have been disclosed based on revenues within India (sales to Customers within India) and revenues outside India (sales to customers located outside India). Secondary segment assets and liabilities are based on the location of such asset/liability.

Information about Secondary Geographical Segments

(₹ in Lacs)

Segment Information	Year ended March 31, 2011			Year ended March 31, 2010		
	India	Outside India	Total	India	Outside India	Total
Revenue (Gross Sales)	60,930.95	7,157.34	68,088.29	48,695.82	8,703.13	57,398.95
Carrying amount of segment assets	40,544.08	416.78	40,960.86	35,767.33	91.20	35,858.53
Carrying amount of segment liabilities	16,017.36	—	16,017.36	11,851.80	—	11,851.80
Additions to fixed assets	980.86	—	980.86	353.09	—	353.09

## Schedules to Accounts

### 10. Related parties disclosures

i.	Names of related parties where control exists irrespective of whether transactions have occurred or not	
	Individuals owning, directly or indirectly, an interest in the voting power that gives them control or significant influence	—
ii.	Names of other related parties with whom transactions have taken place during the year	
	a. Key Management Personnel	Mr. Nikunj Dhanuka - Managing Director Mr. J.K.Saboo - Executive Director
	b. Relatives of key management personnel	Mr. Umang Dhanuka – Brother of Managing Director. Mrs. Raj Kumari Dhanuka – Mother of Managing Director. Mrs. Santosh Saboo – Wife of Executive Director.
	c. Associates	—
	d. Enterprises owned or significantly influenced by key management personnel or their relatives	Mysore Petro Chemicals Limited

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

(₹ in Lacs)

Sr. No.	Nature of Transaction	Related parties referred to in		
		ii (a) above	ii (b) above	ii (d) above
1	<b>Income</b>			
	Sale of Goods *			172.27 (128.41)
2	<b>Expenses</b>			
	Remuneration			
	Mr. Nikunj Dhanuka	25.94 (26.27)		
	Mr. J. K. Saboo	20.68 (19.45)		
	Mr. Umang Dhanuka		5.14 (1.00)	
3	Rent			
	Mrs. Rajkumari Dhanuka		3.00 (3.00)	
4.	Balance Outstanding at year end			625.00 (625.00)
	Deposit – Others			
	Sundry Debtors			2.19 (18.53)

Note: Amount in bracket represents figures for previous year.

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

## Schedules to Accounts

### 11. Earnings Per Share (EPS) (₹ in Lacs)

	March 31, 2011	March 31, 2010
Net profit as per Profit and Loss account	1,323.03	2,731.67
Number of shares outstanding at the end / beginning of the year	3,07,94,850	3,07,94,850
Weighted average number of shares for the purpose of calculating earning per share	3,07,94,850	3,07,94,850
Basic & Diluted Earning Per Equity Share of ₹ 10 each (in Rupee)	4.30	8.87

### 12. Provisions and Contingencies

#### Contingent Liabilities not provided for (₹ in Lacs)

	March 31, 2011	March 31, 2010
a. Bills of Exchange Discounted		
– with Banks	1,110.36	130.41
– with Others	2,084.12	2,195.06
b. Excise Matters		
i) Cases decided in favour of the Company which are taken further in appeal before the appellate authorities by the department.	10,564.25	5,543.98
ii) Other Matters for which the Company is in appeal. (Deposits paid under protest ₹ 665.35 Lacs (Previous Year ₹ 665.35 Lacs))	2,138.72	*2,011.66
iii) Show Cause Notices received	13,692.94	12,640.26
The Management is confident that the matters will be in favour of the company as per legal opinion obtained / legal precedents.		
c. Claim against the Company not acknowledged as Debt in respect of Electricity Duty on internal power generation	109.47	29.63
d. Custom Duty on Raw Material under Advance Licence pending Export Obligation. (Includes Cenvat Credit available ₹ 975.45 Lacs, Previous Year ₹ 206.90 Lacs).	1,320.59	504.11
e. The Income tax assessments of the Company have been completed upto the assessment year 2007-2008 and while completing the assessments for certain years the Income tax Department had disallowed certain claims of the company which had resulted in reduction of Carried Forward benefits available to the company as per the Income Tax Act 1961 and the additional tax liability that may arise amounts to: These matters are in appeal before the Appellate authorities. Based on the interpretation of the relevant provisions of the Income Tax Act, the Company has been legally advised by an eminent Counsel that the matters will be in favour of the Company.	1,108.47	831.83

Future cash outflows in respect of item b, c and e above are determinable only on receipt of judgements / decisions pending at various forums/authorities.

\* Against certain demands on these matters, the Company / Department had filed appeal during the earlier years in the case of certain Excise / Custom demands amounting to ₹ 7,672.89 Lacs before the Honourable Supreme Court (Previous Year ₹ 2,417.57 Lacs) which are disputed by the Company and the matter is subjudice. Based on decisions of the Supreme Court and other interpretation of the relevant provisions, the Company has been legally advised by an eminent Counsel that matter will be in favour of the Company.

## Schedules to Accounts

### 13. 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 recognized in the balance sheet.

#### a. Profit and Loss account

Net employee benefit expense (recognized in Personnel Expenses in Schedule 16)

(₹ in Lacs)

	Gratuity (funded) March 31, 2011	Gratuity (funded) March 31, 2010
Current service cost	21.65	20.78
Interest cost on benefit obligation	20.06	13.91
Expected return on plan assets	8%	7%
Net actuarial (gain) / loss recognized in the year	(10.82)	33.17
Actual return on plan assets	20.87	16.36
Net Benefit / Cost	10.02	51.50

#### b. Balance sheet

Details of Provision for gratuity

(₹ in Lacs)

	Gratuity (funded) March 31, 2011	Gratuity (funded) March 31, 2010
Defined benefit obligation	273.86	250.70
Fair value of plan assets	262.65	209.45
Less: Unrecognized past service cost		
Plan asset / (liability)	(11.21)	(41.25)

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2011	Gratuity (funded) March 31, 2010
Opening defined benefit obligation	250.70	198.75
Interest cost	20.06	13.91
Current service cost	21.65	20.78
Benefits paid	7.73	15.91
Actuarial (gains) / losses on obligation	(10.82)	33.17
Closing defined benefit obligation	273.86	250.70

## Schedules to Accounts

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2011	Gratuity (funded) March 31, 2010
Opening fair value of plan assets	209.45	161.41
Expected return	8%	7%
Contributions by employer	32.33	32.34
Benefits paid	Nil	0.66
Actuarial gains / (losses)	10.82	(33.17)
Closing fair value of plan assets	262.65	209.45
Actual Return on plan Assets	20.87	16.36
Estimated contribution to be made in next annual year	36.00	36.00

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

	Gratuity (funded) March 31, 2011 %	Gratuity (funded) March 31, 2010 %
Investments with insurer	100	100

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

	March 31, 2011 %	March 31, 2010 %
Discount rate	8	7
Expected rate of return on assets	8	7
Employee turnover	1	1
Salary Escalation	4	4
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 31 March, 2011 and no provision has been made.

ii. **Defined Contribution Plan**

Personnel Expenses in Schedule 16 includes the following contributions to defined contribution plan (₹ in Lacs)

	March 31, 2011	March 31, 2010
<b>Contribution to Provident and Other Funds</b>		
Contribution to Provident Fund	55.43	64.37
Employees Pension Fund	20.55	18.33
EDLI	1.11	1.13
<b>Total</b>	<b>77.09</b>	<b>83.83</b>
<b>Workmen and Staff Welfare fund</b>		
ESIC	0.41	0.49
Labour Welfare Fund	0.11	0.11
	<b>0.52</b>	<b>0.60</b>

## Schedules to Accounts

### 14. Derivative Instruments and Unhedged Foreign Currency Exposure

The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency. The Information on derivative instruments is as follows:

#### i. Forward Contracts outstanding as at:

	March 31, 2011		March 31, 2010	
	Amount in Foreign currency	₹ in Lacs	Amount in Foreign currency	₹ in Lacs
Forward currency contract	—	—	—	—

#### ii. Particulars of Unhedged foreign currency exposure as at the balance sheet date:

	March 31, 2011		March 31, 2010	
	Amount in Foreign currency	₹ in Lacs	Amount in Foreign currency	₹ in Lacs
Amount Receivable				
USD	933,428	416.78	202,030	91.20
EURO	—	—	—	—
Amount Payable				
USD	4,269,632	1,906.40	4,898,154	2,211.03
EURO	—	—	475,470	287.94

### 15. Supplementary Statutory Information

#### i. Directors Remuneration

(₹ in Lacs)

	March 31, 2011	March 31, 2010
Salary	36.00	36.00
Company's Contribution to Provident and Other Funds	3.24	3.24
Perquisites	7.38	9.48
<b>Total</b>	<b>46.62</b>	<b>45.72</b>

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 for the current year is 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

(₹ in Lacs)

	March 31, 2011	March 31, 2010
Audit Fees including Limited Review fees ₹ 3.00 Lacs (Previous Year ₹ 3.00 Lacs) excluding service tax of ₹ 1.24 Lacs (Previous Year ₹ 1.24 Lacs)	12.00	12.00
Reimbursement of expenses	0.64	0.32
<b>Total</b>	<b>12.64</b>	<b>12.32</b>

#### iii. Earnings in foreign currency (Accrual basis)

(₹ in Lacs)

	March 31, 2011	March 31, 2010
FOB value of goods exported	7,157.34	8,703.13

**iv. Expenditure in foreign currency (Accrual basis) (₹ in Lacs)**

	March 31, 2011	March 31, 2010
Travelling	121.83	90.43
Brokerage and Commission	6.51	27.06
Others	119.22	104.55
<b>Total</b>	<b>247.56</b>	<b>222.04</b>

**v. Value of imports calculated on CIF basis (₹ in Lacs)**

	March 31, 2011	March 31, 2010
Raw Materials & Traded goods	11,008.39	6,109.45
Stores & Spares	135.91	141.70
Catalyst	324.69	287.94
Capital goods	—	365.73
<b>Total</b>	<b>11,468.99</b>	<b>6,904.82</b>

**vi. 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.

**16. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956**
**i. Licensed Capacity, Installed Capacity and Actual Production**

	Unit	March 31, 2011	March 31, 2010
<b>Licensed Capacity</b>			
Phthalic Anhydride	MT	116110	116110
(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.			
<b>Installed Capacity (as certified by the Management)</b>			
Phthalic Anhydride	MT	116110	116110
<b>Actual Production</b>			
Phthalic Anhydride	MT	109147	97870

**ii. Purchase of goods for Resale.**

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in Lacs	Quantity (MT)	₹ in Lacs
Phthalic Anhydride	1708	922.60	1304	615.85

**iii. Sales**

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹. in Lacs	Quantity (MT)	₹ in Lacs
Phthalic Anhydride	107837	67,980.88	100,315	57,398.95
Others		107.41	—	—

Sales is net of ₹ 17.12 Lacs towards Foreign Exchange Loss (Previous Year includes of ₹ 17.38 Lacs)



**iv. Consumption of raw materials**

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in Lacs	Quantity (MT)	₹ in Lacs
Orthoxylene	101246	53,266.81	92045	42,485.71

Consumption of raw material includes ₹ 17.05 Lacs towards Foreign Exchange Loss (Previous Year Gain of ₹ 15.35 Lacs)

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

Product	March 31, 2011		March 31, 2010	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	17	8,860.48	13	5,382.23
Indigenous	83	44,406.33	87	37,103.48
Total	100	53,266.81	100	42,485.71

**vi. Imported and indigenous spare parts consumed**

Product	March 31, 2011		March 31, 2010	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	28	101.44	31	128.98
Indigenous	72	257.09	69	285.64
Total	100	358.53	100	414.62
Part cost of Imported Catalyst Written Off		280.56		226.29

**vii. Details of Finished Goods**

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in Lacs	Quantity (MT)	₹ in Lacs
Opening Stock				
Phthalic Anhydride	837	552.27	1978	861.88
Closing Stock				
Phthalic Anhydride	3855	2,665.70	837	552.27
Increase / (Decrease)		2,113.43		(309.61)

17. Research & Development Expenditure of ₹ 21.74 Lacs (Previous Year ₹ 23.25 Lacs) have been accounted for in the respective heads of the Profit and Loss Account.

**18. 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  
Firm's Registration No: 001083S

Date : Mumbai  
Place : 3rd August 2011

For and on behalf of the Board of Directors of  
I G Petrochemicals Limited

**M M Dhanuka**  
Chairman

**Premjit Singh**  
Director

**Dr. A.K.A. Rathi**  
Director

**R Chandrasekaran**  
Chief Financial Officer & Secretary

**Nikunj Dhanuka**  
Managing Director

**Rajesh R. Muni**  
Director

**J. K. Saboo**  
Executive Director

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

### (1) Registration Details

State Code	024
Registration No. (CIN)	L51496GA1988PLC000915
Balance Sheet Date	31 March, 2011

### (2) Capital Raised during the year (Amount ₹ in thousands)

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

### (3) Position of Mobilisation and Deployment of Funds (Amount ₹ in thousands)

Total Liabilities	2879044	Total Assets	2879044
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	307981	Net Fixed Assets	2352872
Reserves & Surplus	2186366	Investments	591
Secured Loans	276592	Net Current Assets	525581
Unsecured Loans	108105	Misc Expenditure	—
		Accumulated Losses	—

### (4) Performance of Company (Amount ₹ in thousands)

Turnover (including other income)	6322348
Total Expenditure	6157113
Profit before tax	165235
Profit after tax	132303

#### Earning per Share (in ₹)

Basic & Diluted	4.30
Dividend Rate	Nil

### (5) Generic Names of Principal Product of the Company

Item Code No.	291735
(UTC Code)	
Product Description :	Phthalic Anhydride

## Cash Flow Statement for the Year Ended 31 March, 2011

	For the Year ended March 31, 2011 ₹ in Lacs	For the Year ended March 31, 2010 ₹ in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extraordinary Items	1,652.35	3,290.97
Adjustment for :		
Depreciation / Amortisation	1,420.59	1,364.59
Foreign Exchange Translation Difference (Profit) / Loss (Net)	42.66	(260.21)
Sundry Balances / Excess Provision Written Back	(19.48)	(28.65)
Interest Expense	532.01	673.69
Interest Income	(72.53)	(105.96)
Loss / (Profit) on Sale / Write off of Fixed Assets	0.51	4.77
Reversal of Provision for Doubtful Debts	—	(90.00)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,556.11</b>	<b>4,849.20</b>
<b>Movements in Working Capital</b>		
Increase in Sundry Debtors / Other Receivables	(475.99)	(866.31)
Decrease / (Increase) in Inventories	(4,881.82)	(132.80)
Decrease in Current Liabilities	(5,737.72)	(1,040.19)
	379.91	(2,039.30)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>3,936.02</b>	<b>2,809.90</b>
Direct Taxes Paid	(331.76)	(541.57)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,604.26</b>	<b>2,268.33</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,704.38)	(1,211.76)
Proceeds from Sale of Fixed Assets	0.75	30.95
Interest Received	73.78	124.70
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,630.25)</b>	<b>(1,056.11)</b>

## Cash Flow Statement for the Year Ended 31 March, 2011

	For the Year ended March 31, 2011 ₹ in Lacs	For the Year ended March 31, 2010 ₹ in Lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	<b>(1,894.96)</b>	(1,398.94)
Short- term borrowings	<b>426.42</b>	797.10
Dividend Paid	<b>(0.06)</b>	(0.14)
Interest Paid	<b>(508.10)</b>	(719.15)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,976.70)</b>	(1,321.13)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2.69)</b>	(108.91)
CASH AND CASH EQUIVALENTS AS AT 1.4.2010 (Opening Balance)	<b>31.98</b>	140.89
CASH AND CASH EQUIVALENTS AS AT 31.3.2011 (Closing Balance)	<b>29.29</b>	31.98
<b>Reconciliation with Cash &amp; Bank Balances</b>		
Cash and Cash equivalent as above	<b>29.29</b>	31.98
Add: Fixed Deposits with a maturity period of over 3 months pledged as Security (Refer Note 4 to Schedule 19)	<b>727.01</b>	640.09
Cash and Bank Balance as per Schedule 9	<b>756.30</b>	672.07

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  
Firm's Registration No: 001083S

Date : Mumbai  
Place : 3rd August, 2011

For and on behalf of the Board of Directors of  
I G Petrochemicals Limited

<b>M M Dhanuka</b> Chairman	<b>Nikunj Dhanuka</b> Managing Director
<b>Premjit Singh</b> Director	<b>Rajesh Muni</b> Director
<b>Dr. A.K.A. Rathi</b> Director	<b>J. K. Saboo</b> Executive Director
<b>R Chandrasekaran</b> Chief Financial Officer & Secretary	



# I G PETROCHEMICALS LIMITED

Registered Office : T-10, 3rd Floor, Jairam Complex, Mala, Neugi Nagar, Panaji, Goa – 403 001.

## PROXY FORM

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

I/We \_\_\_\_\_

of \_\_\_\_\_ being

member(s) of the above named Company hereby appoint \_\_\_\_\_

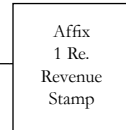
of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Saturday, the 24th September, 2011 at 3.00 p.m. and any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature \_\_\_\_\_



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.



# I G PETROCHEMICALS LIMITED

Registered Office : T-10, 3rd Floor, Jairam Complex, Mala, Neugi Nagar, Panaji, Goa – 403 001.

## ATTENDANCE SLIP

I hereby record my presence at the 22nd Annual General Meeting of the above named Company being held on Saturday, the 24th September, 2011 at 3.00 p.m. at Hotel Mandovi, D.B. Bandodkar Road, Panaji, Goa – 403 001.

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.

TEAR HERE



**Book – Post**

*If undelivered, please return to :*



**I G PETROCHEMICALS LIMITED**

401, Raheja Centre, 214, Nariman Point  
Mumbai - 400 021.