




mysore petro chemicals limited

FORM A
(Pursuant to Clause 31 (a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	MYSORE PETRO CHEMICALS LIMITED
2.	Annual standalone financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	NIL
4.	Frequency of observation	NIL
5.	To be signed by	<p> Shri M M Dhanuka Managing Director & CEO</p> <p> Shri N K Innani President (Commercial) & CFO</p> <p> K. Nagarajan M/s Hariharan & Co. (Statutory Auditors)</p> <p> Shri M M Jayakar Audit Committee Chairman</p>





Mysore Petro Chemicals Limited

43rd Annual Report 2012-2013

Mysore Petro Chemicals Limited

BOARD OF DIRECTORS

Shri M M Dhanuka – *Chairman & Managing Director*

Shri Nikunj Dhanuka

Shri M M Jayakar

Shri Anil Kochar

Shri S N Maheshwari

Shri Shrikant Somani

COMPANY SECRETARY

Shri Anand Kadkol

AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

The Saraswat Co-operative Bank Ltd.

REGISTERED OFFICE

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

CORPORATE OFFICE

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

FACTORY LOCATIONS

PHTHALIC ANHYDRIDE PLANT

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

MALEIC ANHYDRIDE PLANT

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

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai - 400 072.
Tel.: 40430200 • Fax : 28475207
E-mail : info@bigshareonline.com

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Mysore Petro Chemicals Limited

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Third Annual General Meeting of the members of **MYSORE PETRO CHEMICALS LIMITED** will be held at Woodlands Hotel, 5, Raja Rammohan Roy Road, Bengaluru – 560 025 on Tuesday, the 24th September, 2013 at 12.30 p.m. to transact the following business :

As Ordinary Business

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31 March 2013.
2. To appoint a Director in place of Shri Anil Kochar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri S N Maheshwari who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Hariharan & Co., Chartered Accountants, Bengaluru, (Registration No. 001083S) the retiring Auditors be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors.”

As Special Business

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof and subject to such other approvals as may be necessary and in terms of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Shri M M Dhanuka as Managing Director of the Company, for a period of 5 (five) years effective from 1st December 2013 on such terms and conditions, including remuneration, as set out in the explanatory statement annexed to this notice convening the meeting with liberty to the Board of Directors to exercise its powers including the powers conferred by this resolution to alter and vary the terms and conditions of appointment and/or remuneration subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution.”

By order of the Board

For **Mysore Petro Chemicals Limited**

Anand Kadkol
Company Secretary

Mumbai
21st May, 2013

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

Mysore Petro Chemicals Limited

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

The proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above, to be transacted at the Meeting, is annexed hereto and forms part of this Notice.
3. The register of members and share transfer books of the Company will remain closed from 19th September, 2013 to 24th September, 2013 (both days inclusive) in connection with the Annual General Meeting (AGM).
4. Members/Proxies should bring the enclosed Attendance slip duly filled in for attending the AGM alongwith the copy of the Annual Report. Bodies Corporate who are members are requested to send duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
5. Members holding shares in physical form are requested to advise any change in address /bank mandates immediately to the Company/ Registrar & Share Transfer Agent (RTA). Members holding shares in electronic form must send the advise about change in address to their respective depository participants.
6. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
7. A member desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Corporate Office of the Company at least seven days before the date of the AGM, so that the information requested by them may be made available.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Members who have so far not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Bengaluru, Karnataka.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the years 1995-96 and 1996-97 to the Investor Education and Protection Fund. Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.
10. Please encash your dividend warrants immediately for the year 2007-2008 in case you have not yet encashed, as dividends remaining unclaimed for seven years are required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Once transferred, members will be unable to claim any unpaid dividend either from the said fund or from the Company.
11. The Securities and Exchange Board of India (SEBI) has mandated the intimation of Permanent Account Number (PAN) by every participant in the securities market and members holding shares in physical form are requested to submit their PAN to the Company or its RTA.
12. Particulars of Directors reappointed/appointed
The information pertaining to Shri M M Dhanuka, Shri Anil Kochar and Shri S N Maheshwari to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement on Corporate Governance published in this Annual report.

By order of the Board
For **Mysore Petro Chemicals Limited**

Anand Kadkol
Company Secretary

Mumbai
21st May, 2013

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

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

Item No. 5

Shri M M Dhanuka, aged 65 years, was re-appointed as the Managing Director of the Company for a period of five years from 1st December 2008. His term of appointment is valid upto 30th November 2013.

Shri M M Dhanuka is B.E. (Chem). and has over three decades of experience and expertise in technical, production and marketing areas. He has been responsible for the overall management of business and the corporate strategies of the Company.

Keeping in view his involvement and his contribution to the overall growth of the Company, the Board of Directors has as per the recommendations of the Remuneration Committee (hereinafter referred to as "the Board of Directors") at their meeting held on 21st May 2013 has decided to recommend the re-appointment of Shri M M Dhanuka as Managing Director for a further period of 5 (five) years effective from 1st December 2013 to 30th November 2018 subject to the approval of the members at the ensuing Annual General Meeting.

The terms proposed are as under -

Remuneration

- I. **Salary** : ₹ 3,00,000 per month.
- II. **Personal pay**: Equivalent to two months salary per year.
- III. **Commission** : upto 5% of the Net Profits as may be decided by the Board from time to time.
- IV. **Perquisites** : Perquisites shall be in addition to the salary and are classified in three categories :

Category A

(a) Housing

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

In case no accommodation is provided by the Company, Shri M M Dhanuka will be entitled to the house rent allowance of ₹ 50,000/- per month.

(b) Medical reimbursement

Expenses incurred by him and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(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 eleven 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.

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.

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Category C

Provision for use of two cars and telephone for Company's business as per the rules of the Company.

V. Minimum Remuneration

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

VI. Commission

In addition to salary, perquisites and allowances as above, Shri M M Dhanuka shall also be entitled to receive Commission on net profits for each financial year. The overall remuneration including Commission payable to him shall not exceed 5% of the net profits of the Company computed in the manner referred to u/s. 198 (1) of the Companies Act, 1956.

The overall remuneration of Shri M M Dhanuka in any one financial year shall not exceed the limits prescribed by Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Act or any amendment thereof from time to time.

Shri M M Dhanuka shall have powers of management of the whole of the affairs of the Company and shall have full responsibility and authority as Managing Director under the provision and control of the Board of Directors.

He shall not be entitled to any sitting fee for attending any meeting of Board of Directors or any committee thereof.

None of the Directors except Shri Nikunj Dhanuka, being a relative, is concerned or interested in the resolution.

The resolution and explanatory statement may also be treated as an abstract of the terms of re-appointment of Shri M M Dhanuka as required under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval.

By order of the Board
For **Mysore Petro Chemicals Limited**
Anand Kadkol
Company Secretary

Mumbai
21st May, 2013

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

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DIRECTORS' REPORT

Your Directors hereby present the Forty Third Annual Report alongwith audited Accounts of the Company for the financial year ended 31 March 2013.

1. Financial Results

	₹ in lacs	
	2012-2013	2011-2012
Revenue from Operations (Gross)	14,922.52	8,109.18
Less: Excise Duty	1648.17	767.16
Revenue from Operations (Net)	13,274.35	7,342.02
Other Income	23.69	74.37
	13,298.04	7,416.39
Gross Profit	943.93	425.73
Less:		
Finance Cost	319.64	274.49
Depreciation and Amortisation Expenses	318.49	443.07
Profit / (Loss) before Tax	305.80	(291.83)
Tax Expenses:		
– Current Tax	92.39	—
– Deferred Tax	9.19	134.27
Profit/(Loss) for the year	204.22	(426.10)

2. Financial Performance

The production of Phthalic Anhydride (PA) at Raichur, Karnataka for the year was 11539 MT at 96.16% as against 6498 MT at 54.15% during the previous year 2011-2012. The increased production was due to uninterrupted Plant operation for most part of the year. The production of Maleic Anhydride at Taloja, Maharashtra was marginally lower at 2486 MT as against 2636 MT during the previous year 2011-2012. The Net Sales Turnover of the Company was substantially higher at ₹ 13,274.35 lacs as against ₹ 7,342.02 lacs during the previous year 2011-2012. Profit before Interest and tax was ₹ 625.44 lacs as against Loss of ₹ (17.34) lacs during the previous year. After taking into account the Interest and provision for tax there was a Net Profit of ₹ 204.22 lacs as against Loss of ₹ (426.10) lacs in the previous year.

3. Management's Discussion and Analysis

a) Performance Review

The Company's PA Plant at Raichur operated at about 96% during the year with a production of 11539 MT. Though the Company produced and sold all its produce the PA division at Raichur, Karnataka has been making losses despite of all efforts taken by the management. The conversion cost is one among the highest in the industry thereby affecting the profitability severely. The MA plants at Taloja, Maharashtra operated satisfactorily during the year with a production of 2486 MT. The MA prices and realisation was at an all time high during

Mysore Petro Chemicals Limited

the year. However the losses in PA division was a major deterrent, thereby affecting the overall performance and negligible profits during the year.

The Company continues to avail working capital facilities of ₹ 700 lacs (both fund based and non-fund based).

b) Taxes and Duties

The Company has contributed ₹ 2,065.77 lacs to the Central and State Exchequer by way of Central Excise, Sales Tax, Income Tax, Wealth Tax and Professional Tax.

c) Opportunities, Concerns and Threats

The economic scenario of India during the year was subdued and growth moderated due to various factors external and internal. The GDP growth rate remained positive despite economic sentiments dampening on account of high fiscal deficit and general slow down across the globe. The industrial growth numbers are not encouraging coupled with the threat of huge dumping of products into India is a cause of concern.

The Reserve Bank of India is doing its bit to gradually reduce the interest rates which should help in lowering interest rates by banks thereby inducing growth and helping industries to show a steady pace of growth. There was some easing of international crude oil prices thereby lowering the prices of downstream products which should help in reviving to some extent.

PA and MA have wide applications in industries such as Plasticizers, Alked resins, UPR and pigment industries which are growing at 6-8%. The Company's products are expected to grow in line with these industries.

d) Outlook

Due to high conversion cost the PA Plant is incurring huge losses for the past three years. The Plant is closed since 3rd week of April 2013 due to unfavourable market conditions.

The Company's MA unit is operating smoothly and is profitable. I G Petrochemicals Ltd., a group Company, has undertaken expansion of PA capacity due to which there will be additional availability of Wash Water for production of MA. Therefore the Company has undertaken the revamping/expansion of MA capacity from 5400 MT to 7000 MT per annum which was commissioned on 25th March 2013 at a cost of about ₹ 8 crores funded through internal accruals. This will increase the profitability of the Company in the years to come.

e) 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:

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

Aforestation and Rain Water Management : The manufacturing sites at Raichur, Karnataka and Taloja, Maharashtra have good aforestation and green belts.

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

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f) Internal Control System

The Company has internal controls commensurate with its size and has established framework of internal controls to ensure that the assets are safeguarded and are productive. Necessary checks and balances are in place to ensure that transactions are adequately authorised and reported correctly. The Company is following all the Accounting Standards for properly maintaining the books of accounts and the reporting of financial statements. The Company has appointed the Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board and corrective actions are taken by the Company when needed.

g) Human Resource Development/Industrial Relations

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

h) Cautionary Statement

Statements made in this report describes the Company's objectives, projections and estimates and may be forward looking and are stated as required by applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include market conditions, Government regulations, exchange rate fluctuations, interest and other costs.

4. 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 as at 31st March 2013 and of the profit of the Company for the year ended on that date;
- 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.

5. Fixed Deposits

Fixed Deposit amounting to ₹ 1 crore from private sources matured on 22nd November 2012 and has been renewed for a further period of one year.

6. Directors

Shri Anil Kochar and Shri S N Maheshwari, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Shri M M Dhanuka has been re-appointed as the Managing Director of the Company for a further period of five (5) years from 1.12.2013. A proposal for his re-appointment as Managing Director is being placed before the members for approval at the Annual General Meeting.

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7. Particulars of Employees

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

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

Particulars with respect to conservation of energy etc. required as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto.

9. Corporate Governance

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

10. Auditors and Audit Report

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

11. Cost Auditors

Pursuant to the provisions of section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, M/s. Krishna S & Associates, Practising Cost Accountant, Mumbai has been appointed to conduct audit of cost records of Phthalic Anhydride and Maleic Anhydride for the financial year ending 31st March 2014.

The Cost Audit Report for Phthalic Anhydride for the year ended 31st March 2012 was filed with the Central Government on 31.1.2013.

The Cost Audit Report for the year ended 31st March 2013 shall be filed within the stipulated time.

12. Acknowledgement

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

For and on behalf of the Board

M M Dhanuka

Chairman & Managing Director

Mumbai
21st May, 2013

Mysore Petro Chemicals Limited

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

A) Conservation of Energy

- a. Energy Conservation measures taken :
1. Fuel additive was changed to match the quality of Furnace Oil supplied to improve on time hours and efficiency.
 2. Steam Super heater partition plates were replaced by new fabricated ones for reducing excess air and consequently increasing the efficiency of the fired heater.
- b. Additional Investment and proposals, if any, being implemented for reduction in consumption of energy :
1. As performance of existing small capacity pump is satisfactory, standby higher capacity Therminol Circulation pump unit will be changed.
 2. Present performance of Low Pressure Turbine will be improved by changing internal parts for better efficiency.
- c. Impact of the measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
- More steam is expected to be available for power generation which can reduce power purchase from grid.
- d. (i) Total energy consumption and energy consumption per unit of production :

Power & Fuel Consumption

		2012-2013	2011-2012
1. Electricity			
a. Purchased (Units)		1,191,344	826,014
Total Amount (₹)		8,424,548	6,301,345
Rate/Unit (₹)		7.07	7.63
b. Own Generation			
I Through Diesel Generator		727,370	1,134,454
Units per Ltr. of Diesel oil		3.19	3.28
Cost/Unit (₹)		14.10	12.04
II Through Steam Turbine			
Generator (Units)		1,479,835	725,790
Cost/Unit (₹)		—	—
2. Coal is not used in Manufacturing Process			
3. Furnace Oil quantity (KL)		981	640
Total Amount (₹)		45,620,251	27,014,569
Average rate/KL (₹)		46,491	42,188
Other/Internal generation		—	—
(ii) Energy consumption per unit (MT) of Product			
1. Phthalic Anhydride	Standard	2012-2013	2011-2012
Electricity	Not Specified	273 Units	395 Units
Furnace Oil	Not Specified	85 Ltrs.	99 Ltrs.
2. Maleic Anhydride	Standard		
Electricity	Not Specified	100 Units	45 Units
Furnace Oil	Not Specified	—	—

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B) Technology Absorption

Research & Development (R & D)

1. Specific area in which R & D carried out by the Company :
The Company is continuing its R&D activities for process development, quality improvement, energy saving and cost reduction.
2. Benefits derived as a result of above R & D :
Benefits are in terms of better quality and increased productivity.
3. Future Plan of action :
R & D efforts are continued in the direction of product quality as mentioned above.
4. Expenditure incurred on R & D :
Capital Expenditure incurred ₹ Nil
and Revenue Expenditure ₹ 11.53 lacs.
Total R & D Expenses as a % of total turnover : 0.08%

Technology absorption, adaptation and innovation

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

C) Foreign Exchange Earnings & Outgo

₹ in lacs

	2012-2013	2011-2012
Total Foreign Exchange Earnings	—	—
Total Foreign Exchange Outgo	95.00	57.23

ADDENDUM TO THE DIRECTORS' REPORT

Closure of Phthalic Anhydride (PA) Plant at Raichur, Karnataka

The Board of Directors in the meeting held on 4th June 2013 had resolved to close down the PA Unit at Raichur, Karnataka in view of the continuous losses incurred by the said Unit for the last three years i.e. ₹ 1099.09 lacs in 2010-2011, ₹ 1158.38 lacs in 2011-2012 and ₹ 919.31 lacs in 2012-2013. Also in view of the uneconomical Plant compared to the other big players, the conversion cost is one of the highest in the industry and hence it is unviable to carry on operations of this unit despite best efforts made by the management over the years.

The PA Unit which had already stopped operations since 3rd week of April 2013 was finally decided by the management to close down the operations with effect from 16th July, 2013. The notice of closure to this effect was displayed on the Company Notice Board at Raichur and intimation given to the concerned Statutory authorities in Karnataka.

All the employees have been offered retrenchment compensation as per the Industrial Disputes Act, 1947. The management staff accepted the offer and were paid all the statutory and other dues. The settlement with the non-management staff is in process and expected to be completed in due course of time.

The management expects that with the closure of the said unit there would not be further erosion of net worth and the profitability of the Company would be improved in the years to come.

For and on behalf of the Board

Mumbai
9th August, 2013

M M Dhanuka
Chairman & Managing Director

Mysore Petro Chemicals Limited

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange)

1. Company's philosophy on Code of Governance

The Company is committed to good corporate governance in its activities and processes. The management endeavours to create an environment of fairness, equity and transparency in its transactions with the objective of securing long term shareholder value.

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 Exchange.

2. Board of Directors

Composition, number of meetings and attendance

The present strength of the Board is six Directors comprising of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. There are five Non-Executive Directors, of which three are Independent Directors.

The Board of Directors met four times on the following dates during the financial year 2012-2013 : 15th May 2012, 9th August 2012, 31st October 2012 and 4th February 2013.

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 20th July 2012	Number of Directorships in other Companies (excluding Directorships in foreign and private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Managing Director	Executive Director	3	Yes	1	—	3
Shri Nikunj Dhanuka	Non-Executive Director	4	No	1	--	1
Shri M M Jayakar	Independent & Non-Executive Director	4	Yes	7	1	4
Shri S N Maheshwari	Non-Executive Director	4	Yes	2	—	—
Shri Anil Kochar	Independent & Non-Executive Director	2	Yes	1	—	—
Shri Shrikant Somani	Independent & Non-Executive Director	4	No	4	—	—

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

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

Details of Directors being appointed/re-appointed :

Shri Anil Kochar and Shri S N Maheshwari retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri M M Dhanuka's term of office as Managing Director is valid upto 30th November 2013. He is being re-appointed as Managing Director for a further period of 5(five) years w.e.f. 1st December 2013 subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

Shri Anil Kochar

Shri Anil Kochar, aged 56 years, is a Commerce and Law Graduate. He is Tax Consultant and has vast knowledge and experience in accounting and taxation areas.

He is a Director of M/s. B Daulat Ltd. He hold 100 equity shares of the Company.

Shri S N Maheshwari

Shri S N Maheshwari, aged 56 years, is a Chartered Accountant and associated with the Company for more than 18 years. He has vast knowledge and experience in finance and taxation fields. He is Director of M/s. Vincent (India) Limited and M/s. Seasky Investments Limited which forms part of the group Companies. He holds 600 equity shares of the Company.

Shri M M Dhanuka

Shri M M Dhanuka, aged 65 years, is B.E. (Chem.) and an industrialist. His experience in petrochemical industry is for more than 40 years. He has vast knowledge in technical and marketing fields.

He is a Director of M/s. I G Petrochemicals Limited (IGPL) and is also a member of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee of IGPL. He holds 105870 equity shares of the Company.

Shareholding of Directors:

Shareholding of Non-Executive Directors as on 31 March 2013 are as under :

Name	No. of ordinary shares held	% of Paid-up Capital
Shri Nikunj Dhanuka	180	0.002
Shri S N Maheshwari	600	0.009
Shri M M Jayakar	2725	0.041
Shri Anil Kochar	100	0.001
Shri Shrikant Somani	100	0.001

CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the Certificate from Shri M M Dhanuka, Managing Director & CEO and Shri N K Innani, President – Commercial & CFO was placed before the Board of Directors at their meeting held on 21st May, 2013.

Code of Conduct

The Company has adopted the Code of Conduct for all the Board Members and Senior Management personnel. All the

Mysore Petro Chemicals Limited

Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year 2012-2013. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

3. Audit Committee

Terms of Reference

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

Composition, Number of Meetings and Attendance

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

During the financial year 2012-2013 under review, four (4) Audit Committee Meetings were held on 15th May 2012, 9th August 2012, 31st October 2012 and 4th February 2013.

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

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

Name of Director	Position	Category	No.of Meetings	
			Held	Attended
Shri M M Jayakar	Chairman	Independent and Non-Executive Director	4	4
Shri Anil Kochar	Member	Independent and Non-Executive Director	4	2
Shri S N Maheshwari	Member	Non-Executive Director	4	4
Shri Shrikant Somani	Member	Independent and Non-Executive Director	4	4

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

The Chairman of the Audit Committee, Shri M M Jayakar was present at the last Annual General Meeting of the Company held on 20th July, 2012.

Mysore Petro Chemicals Limited

Remuneration of Directors

Composition, Number of Meetings and Attendance

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

Terms of Reference

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

Meeting & Attendance

No Remuneration Committee Meeting was held during the financial year 2012-2013.

Shri Anil Kochar, Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 20th July, 2012.

Remuneration Policy

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

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

The details of the remuneration paid to all the Directors during the year 2012-2013 is given below :

(Amount in ₹)

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Managing Director	24,58,725	—	24,58,725
Shri Nikunj Dhanuka	Director	—	4,000	4,000
Shri S N Maheshwari	Director	—	10,000	10,000
Shri M M Jayakar	Director	—	8,000	8,000
Shri Anil Kochar	Director	—	5,000	5,000
Shri Shrikant Somani	Director	—	8,000	8,000

Notes :

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

Mysore Petro Chemicals Limited

Shareholders/Investors Grievance Committee

Composition, Number of Meetings and Attendance

During the year 2012-2013 under review, two (2) Shareholders/Investors' Grievance Committee Meetings were held on 15th May 2012 and 31st October 2012.

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

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

Name	Position	Category	Attendance during the year 2012-2013	
			Held	Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	2	1
Shri M M Dhanuka	Member	Executive Director	2	2
Shri S N Maheshwari	Member	Non-Executive Director	2	2

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

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

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

During the year 2012-2013, the Company received 27 letters including 1 complaints regarding non-receipt of shares sent for transfer, demat queries and non-receipt of dividend warrants and annual reports from the shareholders, all of which were attended to and resolved. There were no outstanding complaints as on 31 March 2013.

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

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

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

General Body Meetings

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

AGM for the financial year ended	Date & time of AGM	Venue
2012	20th July, 2012 at 12.30 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bengaluru – 560 025.
2011	17th September 2011 at 12.30 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bengaluru – 560 025.
2010	18th August 2010 at 12.30 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bengaluru – 560 025.

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All the resolutions including the special resolutions set out in the respective Notices were passed by the Shareholders. No Extraordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2012-2013.

Disclosures

- There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- Transactions with the related parties are disclosed in Note No. 27 of Notes to Accounts in the Annual Report.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and all other statutory authorities relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

Means of Communication

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

All the data related to quarterly financial results, shareholding pattern, annual financial statements etc. is provided on the Company web-site www.igpetro.com (MPCL page link).

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

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

General Shareholder information

AGM : Day, Date, Time and Venue : Tuesday, 24th September, 2013 at 12.30 p.m. at Hotel Woodlands, 5, Raja Rammohan Roy Road, Bengaluru – 560 025.

Financial calendar : April to March (financial year)

The Quarterly results will be adopted by the Board of Directors as per the following tentative schedule :

Quarters ending on:

June 2013	:	1st/2nd week of August 2013
September	:	1st/2nd week of November 2013
December	:	1st/2nd week of February 2013
March 2014	:	before 30 May 2014 (Audited results)

Date of Book Closure : The Share transfer books and the Register of Members will be closed from 19.9.2013 to 24.9.2013 (both days inclusive).

The Directors have not recommended any Dividend on equity shares for the year ended 31 March 2013.

Listing on Stock Exchanges : The Company's equity shares are listed on The Bombay Stock Exchange Ltd (BSE).

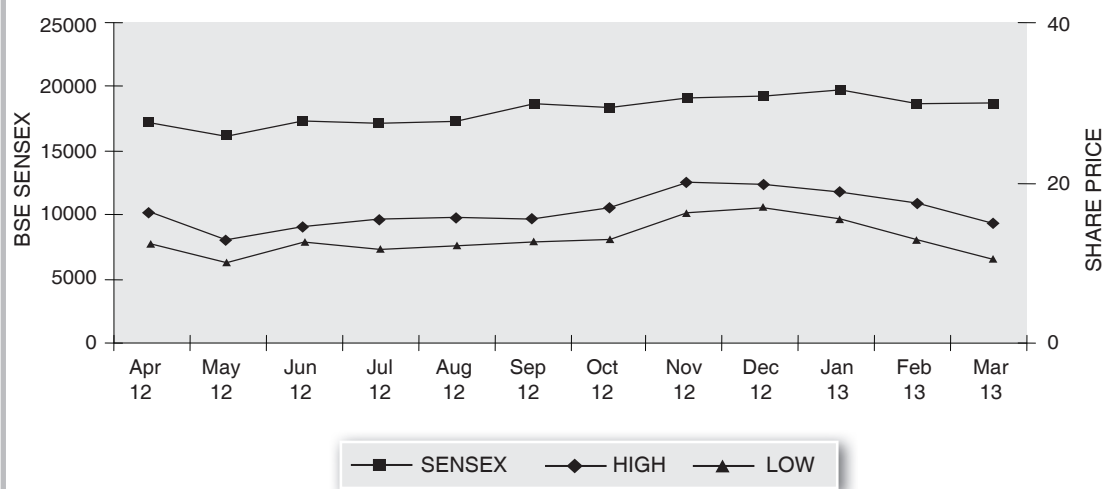
Mysore Petro Chemicals Limited

Stock Code – Mumbai Stock Exchange : Stock Code No. 506734 on the Bombay Stock Exchange.

ISIN Number for NSDL & CDSL : INE 741A01011.

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

Month (2012-2013)	High	Low
Apr-12	16.50	12.60
May-12	13.00	10.20
Jun-12	14.74	12.77
Jul-12	15.75	11.79
Aug-12	15.86	12.40
Sep-12	15.74	12.86
Oct-12	17.19	13.01
Nov-12	20.20	16.55
Dec-12	19.90	17.20
Jan-13	19.10	15.65
Feb-13	17.50	13.00
Mar-13	15.10	10.75



Address for correspondence for share transfers and related matters :

For shares held in physical form : M/s. Big Share Services Pvt. Ltd.
 E-2/3, Ansa Industrial Estate
 Sakivihar Road, Saki Naka
 Andheri (E), Mumbai – 400072.
 Tel : 40430200 • Fax : 28475207
 E-mail : bigshare@bom7.vsnl.net.in

Mysore Petro Chemicals Limited

For shares held in Demat form : To the Depository Participants (DP).
 Share Transfer Systems : All the transfers received are processed by the Registrar and Share Transfer Agent and are approved by the Share Transfer Committee, which normally meets twice a week. Share transfers are registered and returned within a maximum of 18 days from the date of lodgement if documents are complete in all respects.

Distribution of Shareholding and Shareholding Pattern as on 31.03.2013

Shareholding pattern as on 31.3.2013

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters & Persons Acting in Concert	4763754	72.36
2	Mutual Funds / UTI / Banks / Fis	197865	3.01
3	Private Corporate Bodies	22751	0.35
4	NRIs	184148	2.80
5	Indian Public	1414970	21.48
	Grand Total	6583488	100.00

Dematerialisation of Shares and liquidity : 94.37% of the paid-up Capital has been dematerialised as on 31.03.2013.

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

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

The Company has not issued any ADR/GDR.

Plant Locations

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

Address for correspondence

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

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

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

Service of documents through electronic mode

As a part of Green Initiatives, the members who wish to receive the notice / documents through email, may kindly inform their email addresses at the following dedicated email addresses -

Company : mpclgogreen@igpetro.com

Registrar and Share : info@bigshareonline.com
 Transfer Agent

Mysore Petro Chemicals Limited

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 :

21st May, 2013

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

Dear Sirs,

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations for the year ended 31st March, 2013 confirming their compliance of the same.

Thanking you.

Yours faithfully,

For **Mysore Petro Chemicals Limited**

Sd/-

M M Dhanuka

Managing Director and CEO

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members

Mysore Petro Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Mysore Petro Chemicals Limited, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No. 16398

Place : Mumbai
Date : 21st May, 2013

Mysore Petro Chemicals Limited

INDEPENDENT AUDITORS' REPORT

To the Members of **MYSORE PETRO CHEMICALS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Mysore Petro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

Mysore Petro Chemicals Limited

- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash flow statement comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Act.
- e) On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Act.

For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No. 16398

Mumbai
21st May, 2013

Mysore Petro Chemicals Limited

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred in Paragraph 1 under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us we state as under:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the Management during the year as per the programme of verification followed by the Company which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.

According to the information and explanation given to us no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us no substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The inventory of the Company (except stock in transit and with Third parties for which subsequent receipts have been obtained in respect of such inventory / certificate) have been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) On the basis of examination of records and according to the information and explanation given to us the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, requirement of clauses (iii, b), (iii, c) and (iii, d) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory & fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

Mysore Petro Chemicals Limited

- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of manufacture of chemicals pursuant to the order made by the Central Government for the maintenance of cost records prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company and information and explanations given to us the dues that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending is dues under Karnataka Special Entry Tax Act, 2004 of ₹ 23.98 Lacs pending before Karnataka High Court.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion, on the basis of Audit Procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to Banks.
- (xii) Based on our examination of documents and records and according to the information and explanation given by the management the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of paragraph 4 of the order are not applicable.
- (xv) According to information and explanation given to us the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the Cash Flow Statement and other records examined by us and the information and explanations given to us, the funds raised on short term basis have not, prima facie, been used during the year for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

Mysore Petro Chemicals Limited

(xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed and according to the information and explanations given to us we report that no fraud on or by the Company has been noticed or reported during the year.

For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No.16398

Mumbai
21st May, 2013

Mysore Petro Chemicals Limited

Balance Sheet as at March 31, 2013

	Notes	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
EQUITIES AND LIABILITIES			
Shareholders' funds			
Share Capital	1	658.76	658.76
Reserves and Surplus	2	<u>2,121.51</u>	<u>2,017.22</u>
		<u>2,780.27</u>	<u>2,675.98</u>
Non-Current Liabilities			
Long Term Borrowings	3		
	3 (a)	1,314.35	1,281.35
Long Term Provisions	3 (b)	316.18	291.16
Deferred Tax Liabilities	4	<u>143.46</u>	<u>134.27</u>
		<u>1,773.99</u>	<u>1,706.78</u>
Current Liabilities			
Short Term Borrowings	5		
	5 (a)	790.40	660.31
Trade Payables	5 (b)	1,025.54	763.19
Other Current Liabilities	5 (c)	1,381.10	873.29
Short Term Provisions	5 (d)	<u>0.45</u>	<u>0.33</u>
		<u>3,197.49</u>	<u>2,297.12</u>
TOTAL		<u>7,751.75</u>	<u>6,679.88</u>
ASSETS			
Non Current Assets			
Fixed Assets (Net)			
Tangible Assets	6	3,188.12	2,881.90
Capital Work-In-Progress	6	<u>27.95</u>	<u>49.85</u>
		<u>3,216.07</u>	<u>2,931.75</u>
Non Current Investments	7	849.32	849.32
Long Term Loans and Advances	8	<u>997.63</u>	<u>810.70</u>
		<u>5,063.02</u>	<u>4,591.77</u>
Current Assets			
Inventories	9	1,007.23	1,139.25
Trade Receivables	10	1,321.02	682.24
Cash and Bank Balances	11	85.67	77.59
Short Term Loans and Advances	12	274.63	188.86
Other Current Assets	13	<u>0.18</u>	<u>0.17</u>
		<u>2,688.73</u>	<u>2,088.11</u>
TOTAL		<u>7,751.75</u>	<u>6,679.88</u>
Significant Accounting Policies	A		
Notes on Financial Statements	1-31		

As per our report of even date
For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No. 16398
Mumbai
21st May, 2013

Anand Kadkol
Company Secretary

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

M M Dhanuka
Managing Director

Nikunj Dhanuka
M M Jayakar
Anil Kochar
S N Maheshwari
Shrikant Somani
Directors

Mysore Petro Chemicals Limited

Statement of Profit and Loss for the year ended March 31, 2013

	Notes	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
Revenue			
Revenue from Operations (Gross)	14	14,922.52	8,109.18
Less : Excise Duty		1,648.17	767.16
Revenue from Operations (Net)		13,274.35	7,342.02
Other Income	15	23.69	74.37
Total Revenue		13,298.04	7,416.39
Expenditure			
Cost of Material Consumed	16	9,235.62	4,241.92
Decrease / (Increase) in Inventories	17	(104.17)	136.73
Employees Benefits Expense	18	1,458.69	1,377.85
Other Expenses	19	1,763.97	1,234.16
Depreciation and Amortisation Expenses	6	318.49	443.07
Finance cost	20	319.64	274.49
Total Expenditure		12,992.24	7,708.22
Profit / (Loss) before Tax		305.80	(291.83)
Tax Expenses			
– Current Tax		92.39	—
– Deferred Tax	21	9.19	134.27
Profit/(Loss) for the year		204.22	(426.10)
Earning per share			
Face value of shares ₹ 10 each (Previous year ₹ 10 each)			
Basic & Diluted ₹	22	3.10	(6.47)
Significant Accounting Policies	A		
Notes on Financial Statements	1-31		

As per our report of even date
For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No. 16398
Mumbai
21st May, 2013

Anand Kadkol
Company Secretary

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

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Directors

Mysore Petro Chemicals Limited

Cash Flow Statement for the year ended March 31, 2013

	2012-2013 (₹ in Lacs)	2011-2012 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and Extraordinary Items	305.80	(291.83)
Non -cash Adjustment to reconcile profit before tax to net cash flow:		
Depreciation / Amortisation Expenses	318.49	443.07
Provision for Diminution in value of investments	—	3.26
Loss / (Profit) on Sale/Write off of Fixed Assets	4.41	1.08
Sundry Balances / Excess Provision Written Back	1.41	28.52
Interest Expense	265.61	242.42
Interest Income	(23.30)	(9.34)
Dividend Income	(0.05)	(0.05)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	872.37	417.13
Movements in Working Capital		
Increase / (decrease) in Trade Payables / Other Current liabilities	588.14	248.92
Decrease / (increase) in Trade receivables	(638.78)	170.20
Decrease / (increase) in Inventories	132.02	(15.64)
Decrease / (increase) in loans and advances	(237.99)	(131.58)
	(156.61)	271.90
CASH GENERATED FROM/(USED IN) OPERATIONS	715.76	689.03
Direct Taxes Paid (Net of refunds)	(127.33)	(0.82)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	588.43	688.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets,CWIP	(558.85)	(134.76)
Proceeds from Sale of Fixed Assets	2.14	3.97
Interest Received	23.52	7.00
Dividend Received	0.05	0.05
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES	(533.14)	(123.74)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayments) of Long-term borrowings (Net)	33.00	(555.50)
Proceeds / (Repayments) of Short -term borrowings	151.24	239.94
Dividend Paid on equity shares	(0.01)	—
Interest Paid	(231.44)	(248.02)
NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES	(47.21)	(563.58)
NET INCREASE / (DECREASE) (A+B+C)	8.08	0.89
CASH AND BANK BALANCES AS AT 1.4.2012 (Opening Balance)	77.59	76.70
CASH AND BANK BALANCES AS AT 31.3.2013 (Closing Balance)	85.67	77.59

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

As per our report of even date
For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

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

K Nagarajan
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Mysore Petro Chemicals Limited

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

e. Impairment of Assets

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

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

f. Investments

Investments that are readily 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.

Mysore Petro Chemicals Limited

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.

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 except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

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

Mysore Petro Chemicals Limited

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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss and are not deferred.

k. Income taxes

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are 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.

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

At each balance sheet date the Company re-assesses 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.

l. Earnings Per Share

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

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

m. Provisions, Contingent Liabilities & Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event it is probable that

Mysore Petro Chemicals Limited

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.

Mysore Petro Chemicals Limited

NOTES ON FINANCIAL STATEMENTS

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 1 : SHARE CAPITAL		
Authorised		
5,00,000 (Previous year 5,00,000) Redeemable Cumulative Preference Shares of ₹ 100 each	500.00	500.00
1,00,00,000 (Previous year 1,00,00,000) Equity shares of ₹ 10 each	1,000.00	1,000.00
	<u>1,500.00</u>	<u>1,500.00</u>
Issued		
65,90,938 Equity shares of ₹ 10 each (Previous year 65,90,938)	659.09	659.09
Subscribed and Paid up		
65,83,488 * Equity shares of ₹ 10 each (Previous year 65,83,488)*	658.35	658.35
Add : Amount paid up on 7450 Equity shares (Previous year 7450 Equity shares) forfeited	0.41	0.41
	<u>658.76</u>	<u>658.76</u>
Shareholders holding more than 5% Shares in the company Ellenbarrie Steels & Allied Industries Ltd.- No of Shares 372574 (Previous year 372574), Gembel Trade Enterprises Ltd.- No. of Shares 494028 (Previous year 375529), Savita Investment Company Ltd.- No. of Shares 1509503 (Previous year 1509503), Shekhavati Investment Corporation Ltd.- No. of Shares 556094 (Previous year 556094)		
* Includes 1,25,000 shares issued for consideration other than cash and 21,19,983 Bonus shares allotted by capitalisation of the Capital Redemption Reserve and securities premium.		
NOTE - 2 : RESERVES & SURPLUS		
Securities Premium Reserve		
Balance as per last Balance Sheet	398.89	398.89
Revaluation Reserve		
Balance as per last Balance Sheet	718.06	838.48
Less: Transferred to Statement of Profit and Loss (Refer Serial No. 3 to Note 6)	99.93	101.25
Reversal on account of Sale / Disposal of Fixed Assets	—	19.17
	<u>618.13</u>	<u>718.06</u>
Subsidy under the Central Govt. - Subsidy Scheme 1971		
Balance as per last Balance Sheet	36.00	36.00
Amalgamation Reserve		
Balance as per last Balance Sheet	37.50	37.50

Mysore Petro Chemicals Limited

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
Surplus in Statement of Profit and Loss		
Opening Balance at the beginning of the year	826.77	1,252.87
Add: Profit / (Loss) for the year	204.22	(426.10)
	<u>1,030.99</u>	<u>826.77</u>
	<u>2,121.51</u>	<u>2,017.22</u>
NOTE - 3 : NON - CURRENT LIABILITIES		
Long Term Borrowings		
a. Unsecured Loans		
From Bodies Corporate	1,314.35	1,281.35
	<u>1,314.35</u>	<u>1,281.35</u>
b. Long Term Provisions		
Provision for Gratuity	221.61	211.72
Provision for Leave Encashment	94.57	79.44
	<u>316.18</u>	<u>291.16</u>
NOTE - 4 : DEFERRED TAX LIABILITIES		
	<u>143.46</u>	<u>134.27</u>
NOTE - 5 : CURRENT LIABILITIES		
a. Short Term Borrowings - Secured		
Working Capital Facilities From Bank	531.27	539.16
Current Maturities of Finance Lease Obligations (Secured by the assets so acquired)	—	21.15
Factoring Facility	159.13	—
	<u>690.40</u>	<u>560.31</u>
Short Term Borrowings - Unsecured		
Fixed Deposit	100.00	100.00
	<u>790.40</u>	<u>660.31</u>
<p>i. Working Capital facility by The Saraswat Co Operative Bank Ltd., a Scheduled Bank, is secured against Hypothecation of all movable properties of the Company including stocks and book debts of the Company. The facility is further secured by collateral security of Equitable Mortgage of Land & Building at Raichur & Taloja and personal Guarantee by two Directors of the Company.</p> <p>ii. Factoring facility is secured by respective book debts & personal guarantee of two Directors of the Company.</p>		

Mysore Petro Chemicals Limited

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 5 : CURRENT LIABILITIES (Contd.)		
b. Trade Payables		
Sundry Creditors		
Total outstanding dues of Micro, Medium and Small Enterprises	—	—
Total Outstanding dues of creditors other than Micro, Medium and Small Enterprises	1,025.54	763.19
	<u>1,025.54</u>	<u>763.19</u>
c. Other Current Liabilities		
Advance from Customers	71.04	23.41
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	1.49	1.50
Security Deposits - Others	1.35	1.05
Security Deposits - Related Party	625.00	625.00
Book Overdraft	433.52	6.33
Interest Accrued But not Due on Loans	185.40	151.23
Other Liabilities	63.30	64.77
	<u>1,381.10</u>	<u>873.29</u>
d. Short Term Provisions		
Provision for Wealth Tax	0.45	0.33
	<u>0.45</u>	<u>0.33</u>

Mysore Petro Chemicals Limited

NOTE - 6 : FIXED ASSETS (₹ in Lacs)																							
DESCRIPTION	GROSS BLOCK			DEPRECIATION		IMPAIRMENT LOSS		NET BLOCK															
	As at 1.4.2012	Additions	Deductions	As at 31.3.2013	As at 1.4.2012	for the year	Deductions	As at 31.3.2013	As at 31.3.2012	As at 31.3.2013	As at 31.3.2012												
Tangible Assets																							
1. Land & Land Development	14.77	—	—	14.77	—	—	—	—	—	14.77	14.77												
2. Lease Hold Land	27.00	—	—	27.00	6.02	0.27	—	6.29	—	20.71	20.98												
3. Roads & Drains	40.92	—	—	40.92	16.74	1.29	—	18.03	—	22.89	24.18												
4. Buildings	505.60	11.33	—	516.93	224.08	12.58	—	236.66	—	280.27	281.52												
5. Plant & Equipments	12,278.75	710.74	—	12,989.49	9,859.88	387.47	—	10,247.35	—	2,742.14	2,418.87												
6. Railway Siding	5.13	—	—	5.13	4.87	—	—	4.87	—	0.26	0.26												
7. Furniture & office equipments	136.03	2.48	99.63	38.88	114.40	2.10	95.24	21.26	15.00	2.62	6.63												
8. Vehicles	164.38	6.64	7.07	163.95	49.69	14.71	4.91	59.49	—	104.46	114.69												
	13,172.58	731.19	106.70	13,797.07	10,275.68	418.42	100.15	10,593.95	15.00	3,188.12	2,881.90												
Intangible Assets																							
1. Software	0.47	—	—	0.47	0.47	—	—	0.47	—	—	—												
Total	13,173.05	731.19	106.70	13,797.54	10,276.15	418.42	100.15	10,594.42	15.00	3,188.12	2,881.90												
Previous year	13,184.34	61.85	73.14	13,173.05	9,780.75	544.32	48.92	10,276.15	—	15.00	2,881.90												
<p>1. Buildings & Equipments of Phthalic Anhydride plant at Raichur as on 31.3.2000 were revalued on the basis of net replacement value determined by an approved valuer resulting in increase in value of Buildings by ₹ 124.47 lacs and Plant & Equipments by ₹ 3,246.44 lacs which was credited to Revaluation Reserve.</p> <p>2. Land includes ₹ 1.36 lacs (Previous year ₹ 1.36 lacs) for undivided share in office premises land. Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society.</p> <p>3. Details of depreciation are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 20%;">2012-13</th> <th style="width: 20%;">2011-12</th> </tr> </thead> <tbody> <tr> <td>Depreciation for the year as above</td> <td style="text-align: right;">418.42</td> <td style="text-align: right;">544.32</td> </tr> <tr> <td>Less: Transferred from Revaluation Reserve</td> <td style="text-align: right;">99.93</td> <td style="text-align: right;">101.25</td> </tr> <tr> <td>Depreciation as per Statement of Profit and Loss</td> <td style="text-align: right;">318.49</td> <td style="text-align: right;">443.07</td> </tr> </tbody> </table> <p>4. Capital work in progress represents Plant & Equipments under erection ₹ 27.95 lacs (Previous Year ₹ 49.85 lacs)</p>												Particulars	2012-13	2011-12	Depreciation for the year as above	418.42	544.32	Less: Transferred from Revaluation Reserve	99.93	101.25	Depreciation as per Statement of Profit and Loss	318.49	443.07
Particulars	2012-13	2011-12																					
Depreciation for the year as above	418.42	544.32																					
Less: Transferred from Revaluation Reserve	99.93	101.25																					
Depreciation as per Statement of Profit and Loss	318.49	443.07																					

Mysore Petro Chemicals Limited

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 7 : NON CURRENT INVESTMENTS		
Long Term Investments , Other than Trade : (At Cost)	No. of Shares	No. of Shares
A. Government securities		
Six years National Saving Certificates of the face value of ₹ 30000 (Previous Year ₹ 30000) lodged as security with Government Department .	— 0.30	— 0.30
B. Equity Shares of ₹ 10/- each		
Fully Paid up		
Quoted		
I G Petrochemicals Limited	40,75,000 826.92	40,75,000 826.92
Sand Plast (I) Limited	24,020 0.60	24,020 0.60
Listed but not Quoted		
Biharji Construction (I) Limited	4,86,000 10.75	4,86,000 10.75
Biharji Projects Limited	4,90,000 10.50	4,90,000 10.50
Unquoted		
The Saraswat Co. op. Bank Limited	2,500 0.25	2,500 0.25
	<u>849.32</u>	<u>849.32</u>
Book Value		
Quoted Investments	827.52	827.52
(Market Value ₹ 978.43 lacs)		
(Previous year ₹ 960.27 lacs)		
Listed but not Quoted	21.25	21.25
Unquoted	0.55	0.55
	<u>849.32</u>	<u>849.32</u>
NOTE - 8 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Deposit - others	121.20	120.58
Capital Advances	876.43	690.12
	<u>997.63</u>	<u>810.70</u>
NOTE - 9 : INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 64.15 lacs, (Previous Year ₹ 15.17 lacs)	245.16	297.68
Stores and spares	179.46	273.89
Work-in-Progress	217.16	217.11
Finished Goods (including stock in transit ₹ 16.07 lacs, (Previous Year ₹ 17.10 lacs)	365.45	246.29
Catalyst (at cost less amortisation)	—	104.28
	<u>1,007.23</u>	<u>1,139.25</u>

Mysore Petro Chemicals Limited

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 10 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	26.30	26.30
Other debts		
Unsecured, Considered Good	1,294.72	655.94
	<u>1,321.02</u>	<u>682.24</u>
NOTE - 11 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	10.45	7.96
Balance with Scheduled Banks		
In Current Accounts	32.28	30.60
	<u>42.73</u>	<u>38.56</u>
Other Bank Balances		
In Fixed Deposits (Held with Scheduled Banks as Margin)	40.50	36.58
In Fixed Deposits (Held with Government Departments as Security)	0.95	0.95
In Unpaid Dividend Account	1.49	1.50
	<u>42.94</u>	<u>39.03</u>
	<u>85.67</u>	<u>77.59</u>
NOTE - 12 : SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Considered Good	150.22	91.93
Balance with Central Excise Authorities	30.61	39.99
Income Tax Deducted at Source / Advance Tax (Net of Provision)	93.80	56.94
	<u>274.63</u>	<u>188.86</u>
NOTE - 13 : OTHER CURRENT ASSETS		
Interest Accrued on Investment	0.18	0.17
	<u>0.18</u>	<u>0.17</u>

Mysore Petro Chemicals Limited

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
NOTE - 14 : REVENUE FROM OPERATION		
Sale of Products		
Phthalic Anhydride	11,968.88	5,644.98
Maleic Anhydride	2,952.56	2,463.85
Other Operating Income		
Sale of waste	1.08	0.35
	<u>14,922.52</u>	<u>8,109.18</u>
NOTE - 15 : OTHER INCOME		
Interest		
Bank Deposits (TDS ₹ Nil, Previous year ₹ Nil)	4.08	2.89
Others (TDS ₹ 1.92 lacs, Previous year ₹ 0.48 lacs)	19.22	6.45
Dividend Income		
Long term investments-Non-trade	0.05	0.05
Sundry Balances / Excess Provision Written Back	—	0.52
Insurance Claim Received	—	56.98
Miscellaneous Income	0.34	7.48
	<u>23.69</u>	<u>74.37</u>
NOTE - 16 : COST OF MATERIAL CONSUMED		
Raw Materials		
Inventories as at March 31, 2012	297.68	261.58
Add: Purchases	9,183.10	4,278.02
	<u>9,480.78</u>	<u>4,539.60</u>
Less: Inventories as at March 31, 2013	245.16	297.68
	<u>9,235.62</u>	<u>4,241.92</u>
Orthoxylene	9,154.37	4,197.76
Others	81.25	44.16
	<u>9,235.62</u>	<u>4,241.92</u>
NOTE - 17 : DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2012		
Work-in-Progress	217.11	223.69
Finished Goods	246.29	384.67
Inventories as at March 31, 2013		
Work - in- Progress	217.16	217.11
Finished Goods	365.45	246.29
	<u>(119.21)</u>	<u>144.96</u>
Differential Excise duty in respect of Closing Stock & Opening Stock	15.04	(8.23)
	<u>(104.17)</u>	<u>136.73</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 has been reduced from sales in Statement of Profit & Loss and Excise duty on increase/decrease in stock amounting to ₹ 15.04 lacs (Previous Year ₹ (8.23) lacs) has been considered as expense as above.</p>		

Mysore Petro Chemicals Limited

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
NOTE - 18 : EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,132.39	1,080.66
Contribution to Provident and Other Funds	87.87	80.03
Gratuity expenses	56.97	52.93
Workmen and staff welfare expenses	181.46	164.23
	<u>1,458.69</u>	<u>1,377.85</u>
NOTE - 19 : OTHER EXPENSES		
Consumption of Stores, Spares and Packing Materials	90.92	70.30
Power, Fuel and Water charges	691.09	495.60
Repairs and Maintenance		
Plant and Equipments	178.52	148.97
Buildings	19.47	30.90
Others	12.85	8.73
Insurance Premium	26.61	34.41
Selling Expenses		
Brokerage and Commission	19.98	13.29
Transportation	311.30	173.73
Rent	2.07	2.08
Rates and Taxes	11.40	10.53
Travelling & Conveyance	87.28	64.29
Communication cost	6.59	6.00
Legal & Professional fees	21.54	32.33
Miscellaneous Expenses	154.31	82.08
Donation and Contribution to Charitable Institutions	20.11	23.58
Directors Sitting Fees	0.35	0.29
Payment to Auditors (Refer Note - 19.1)	2.98	2.91
Loss on Sale/Write off of Fixed Assets (Net)	4.41	1.08
Diminution in value of investments	—	3.26
Amortisation / written off of Catalyst cost	102.19	29.80
	<u>1,763.97</u>	<u>1,234.16</u>
NOTE - 19.1 : PAYMENTS TO AUDITORS		
Audit Fees including Limited Review Fees ₹ 0.50 Lacs (Previous Year ₹ 0.50 Lacs) excluding service tax of ₹ 0.25 Lacs (Previous Year ₹ 0.24 Lacs)	2.00	2.00
Tax Audit Fees excluding Service tax of ₹ 0.09 Lacs (Previous year ₹ 0.08 Lacs)	0.75	0.75
Reimbursement of Expenses	0.23	0.16
	<u>2.98</u>	<u>2.91</u>
NOTE - 20 : FINANCE COST		
Interest on Fixed Loans		
On Other Loans	214.98	178.25
Interest - Others	50.63	64.17
Bills Discounting, Guarantee - Commission and Bank Charges	54.03	32.07
	<u>319.64</u>	<u>274.49</u>

Mysore Petro Chemicals Limited

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
NOTE - 21 : TAX EXPENSES		
Deferred Tax Liability represents the difference between the Book depreciation and Tax Depreciation for the year.	9.19	134.27
NOTE - 22: EARNING PER SHARE OF ₹ 10 EACH (EPS)		
Profit (Loss) after tax as per Statement of Profit & Loss	204.22	(426.10)
Weighted average No. of Shares for calculating basic and diluted EPS	6583488	6583488
Basic & Diluted EPS - ₹	3.10	(6.47)
NOTE - 23 : CAPITAL COMMITMENT		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	454.16	640.47
NOTE - 24 : CONTINGENT LIABILITIES		
Contingent Liabilities not provided for		
a) Bill of Exchange Discounted - Others	—	108.56
b) Sales Tax matter under appeal - Case decided in favour of the company which are taken further in appeal by Karnataka State Sales Tax Department.	23.98	23.98
NOTE - 25 : SEGMENT INFORMATION		
The Company is mainly engaged in the business of manufacture and sale of chemicals and as the Company is managed organizationally as a united entity with various functional heads reporting to the top management there are no separate reportable segments as per Accounting Standard 17 - Segmental Reporting issued by the Institute of Chartered Accountants of India.		
NOTE - 26 : RELATED PARTY DISCLOSURE		
1. Relationship		
(a) Subsidiary Companies		Nil
(b) Other related Parties / Associates		I G Petrochemicals Limited Bihariji Construction (I) Limited
(c) Key Management Personnel		Mr. M M Dhanuka - Managing Director
(d) Relatives of key management personnel and their enterprises where transactions have taken place.		Nil
Note : Related party relationship is identified by the Company and relied upon by the Auditors.		

Mysore Petro Chemicals Limited

NOTE - 26 : RELATED PARTY DISCLOSURE (Contd.)

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

Nature of Transaction	(₹ In Lacs) Related parties referred to in		
	1(a) above	1(b) above	1(c) above
1) Purchase *		130.14 (64.38)	
2) Expenses			
Service Charges		46.30 (18.95)	
Interest		108.42 (62.34)	
Remuneration			24.59 (25.15)
3) Finance Outstanding			
Property Deposit Received		625.00 (625.00)	
Other Payables		279.66 (70.80)	
Loans Payables		915.75 (899.25)	

Note: Amount in bracket represents figures for previous year.

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

NOTE - 27 : 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 recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet.

a. Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Benefits Expense in Note 18)

	Gratuity (funded) March 31, 2013 ₹ in lacs	Gratuity (funded) March 31, 2012 ₹ in lacs
Current service cost	20.16	18.48
Interest cost on benefit obligation	28.00	27.94
Expected return on plan assets	8%	8%
Net actuarial (gain) / loss recognized in the year	22.07	17.68
Actual return on plan assets	13.26	11.17
Net Benefit / Cost	56.97	52.93

Mysore Petro Chemicals Limited

	Gratuity (funded) March 31, 2013 ₹ in lacs	Gratuity (funded) March 31, 2012 ₹ in lacs
b. Balance sheet		
Details of Provision for gratuity		
Defined benefit obligation	383.60	349.99
Fair value of plan assets	161.99	138.27
Less: Unrecognized past service cost Plan asset / (liability)	(221.61)	(211.72)
c. Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	349.99	349.31
Interest cost	28.00	27.94
Current service cost	20.16	18.48
Benefits paid	36.62	63.42
Actuarial (gains) / losses on obligation	22.07	17.68
Closing defined benefit obligation	383.60	349.99
d. Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	138.27	114.61
Expected return	8%	8%
Contributions by employer	10.46	12.49
Benefits paid	—	—
Actuarial gains / (losses)	22.07	(17.68)
Closing fair value of plan assets	161.99	138.27
Actual Return on plan Assets	13.26	11.17
Estimated contribution to be made in next annual year	12.00	12.00
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	%	%
Investments with insurer	100	100
e. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:		
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	9.59	9.72
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.

Mysore Petro Chemicals Limited

Provident Fund

Pending issuance of Guidance Note from the Actuarial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund Liability. There is no deficit in the fund as at March 31st 2013 and no provision has been made.

ii. Defined Contribution Plan

Employee Benefits Expenses in Note 18 includes the following contributions to defined contribution plan

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
Contribution to Provident and Other Funds		
Contribution to Provident Fund	70.53	59.99
Employees Pension Fund	16.06	17.60
EDLI	1.28	2.44
Total	<u>87.87</u>	<u>80.03</u>
Workmen and Staff Welfare fund		
ESIC	0.45	0.62
Labour Welfare Fund	0.05	0.05
Total	<u>0.50</u>	<u>0.67</u>

	March 31, 2013 ₹ in lacs	March 31, 2012 ₹ in lacs
NOTE - 28 : SUPPLEMENTARY STATUTORY INFORMATION		
i. Expenditure in foreign currency (Accrual basis)		
Travelling	16.84	8.22
Total	<u>16.84</u>	<u>8.22</u>
ii. Value of imports calculated on CIF basis (Including High Seas Purchases)		
Raw Materials	77.19	37.61
Stores & Spares	0.97	11.40
Total	<u>78.16</u>	<u>49.01</u>
iii. 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.		

Mysore Petro Chemicals Limited

NOTE - 29 : IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS & SPARE PARTS CONSUMED.

i. Imported and indigenous raw materials consumed

Product	March 31, 2013		March 31, 2012	
	% of total	₹ in lacs	% of total	₹ in lacs
Imported	1	80.98	1	40.98
Indigenous	99	9,154.64	99	4,200.94
Total	100	9,235.62	100	4,241.92

ii. Imported and indigenous spare parts consumed

Product	March 31, 2013		March 31, 2012	
	% of total	₹ in lacs	% of total	₹ in lacs
Imported	2	1.77	7	7.26
Indigenous	98	107.03	93	90.81
Total	100	108.80	100	98.07

Part cost of Imported Catalyst amortised / written off.	102.19	29.80
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NOTE - 30 : RESEARCH & DEVELOPMENT

Research & Development Expenditure of ₹ 11.53 Lacs (Previous Year ₹ 10.29 Lacs) have been accounted for in the respective heads of the Statement of Profit and Loss.

NOTE - 31 : PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date
For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No. 001083S

K Nagarajan
Partner
Membership No. 16398
Mumbai
21st May, 2013

Anand Kadkol
Company Secretary

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

M M Dhanuka
Managing Director

Nikunj Dhanuka
M M Jayakar
Anil Kochar
S N Maheshwari
Shrikant Somani
Directors



MYSORE PETRO CHEMICALS LIMITED

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

PROXY FORM

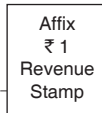
Folio No./Client ID No. _____ DP-ID No. _____

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

as my/our proxy to attend and vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company, to be held on Tuesday the 24th September, 2013 at 12.30 p.m. and any adjournment(s) thereof.

Signed this _____ day of _____ 2013.

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.

TEAR HERE



MYSORE PETRO CHEMICALS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 43rd Annual General Meeting of the Company being held on Tuesday, the 24th September, 2013 at 12.30 p.m. at Woodland Hotel, 5 Raja Rammohan Roy Road, Bengaluru 560 025.

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.

Book – Post

If undelivered, please return to :

MYSORE PETRO CHEMICALS LIMITED

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

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