I G Petrochemicals Limited

Innovating Today
Transforming Tomorrow

23rd ANNUAL REPORT 2011-12

Our theme "Innovating Today. Transforming Tomorrow" showcases our ability to infuse differentiation even in a highly competitive commodity business. Our ability to usher scale and at the same time infuse sustainability promises to lead to a better tomorrow.

CONTENTS

I G PETROCHEMICALS IS ONE OF THE WORLD'S LARGEST MANUFACTURER OF PHTHALIC ANHYDRIDE (PA) AT A SINGLE PLANT LOCATION.

Carving a cost-competitive niche

Founded by the Dhanuka Group of Companies through Mysore Petrochemicals Limited and run by promoters who have a cumulative experience of over three decades in the petrochemical business, I G Petrochemicals has carved a niche for itself by building world-class manufacturing facilities, taking international technical assistance, choosing the right location and undertaking timely expansion.

Partnering global major

I G Petrochemicals' manufacturing plant has been built in technical collaboration with Lurgi GmbH, a German engineering, construction and chemical process licensing company which has a legacy of over 100 years. By partnering with the best, the Company reduced the set-up time and also ensured that production matches international standards.

Achieving optimal manufacturing capacity

The plant has a total manufacturing capacity of 1,16,110 metric tonnes per annum (two manufacturing plants at the same facility). This capacity is considered to be optimal as per the industry standards and the benefit of a single location further infuses cost-efficiencies.

Strong backward linkages

The Company has long term tie-ups for the procurement of its raw material and has chosen the best mix of local and imports to achieve cost efficiencies. I G Petrochemicals gets 70% of its primary raw material, namely Ortho-xylene (OX), from local market and the balance is imported. Thus, the Company is not solely dependent on imports and at least 70% of the procurement is insulated from the currency fluctuations which can otherwise escalate the raw material costs.

Locational advantage infuses even more cost efficiencies

The Company's facilities are located at Taloja, Maharashtra, in the heart of the chemical hub of the country and just 50 km away from the Jawaharlal Nehru Port Trust (JNPT), Nhava Sheva, Navi Mumbai.

The location is in close proximity to its principal raw material supplier and the major ports in the western region which ensures lower transportation and freight costs, as compared to competitors.

Further on the supply side too, the Company's location enables it to cost effectively service India's key chemical market located in the western region which consumes 80% of the PA production in India. The ports proximity also enables it to reach its key export market in Middle East faster and at a lower cost as against its competitors in Korea and Taiwan. (The world's largest manufacturer of PA is located in Taiwan and the second largest in Korea. BASF which is world's largest producer with multiple locations primarily uses the PA production captively).

Lowest power to sales ratio

The steam generated via the production process is utilised for power generation for captive use and the surplus power is sold to the grid. Thus, the Company enjoys one of the lowest power cost to sales ratio in the industry.

THE SCALE OF I G PETRO'S MANUFACTURING FACILITY IS OPTIMISED TO DELIVER SUPERIOR AND SUSTAINABLE EARNINGS.

On the path to become the lowest cost producer in the world

The Company has planned a brown-field expansion project of 50,000 metric tonnes per annum and as the volume increases economies of scale will push the per tonne cost further down. The new capacity will also entail lower operating and maintenance cost as compared to the competitors and further provide a sharp cost edge.

The Company has done so by its innovative expansion strategy. Being a brown-field expansion, the capex required is far lower as against a green-field expansion, the expansion does not entail fresh investment in land nor will new manpower be required. Further, a major portion of the capex required to build the additional capacities has been raised at a low interest costs from overseas.

In addition, the increased production will yield surplus steam which will provide an additional revenue thrust through selling of surplus power to the grid.

In addition, the increased production will yield surplus steam which will provide an additional revenue thrust through selling of surplus power to the grid.

As a part of capacity expansion, the re-engineering will also enable it to recover Benzoic acid from waste material which will add to the bottomline.

THUS, WITH THE ADDITIONAL CAPACITY, I G PETROCHEMICALS WILL CATAPULT TO THE 3RD LARGEST MANUFACTURER OF PA (AT A SINGLE LOCATION) IN THE WORLD AND THE ENHANCED CAPACITY WILL INFUSE FURTHER ECONOMIES OF SCALE AND WILL RESULT IN FURTHER REDUCTION OF MANUFACTURING COST PER TONNE OF PA PRODUCTION – NEARLY THE LOWEST COST PRODUCER IN THE WORLD.

Geared to address an expanding demand horizon

Phthalic Anhydride is an important chemical intermediate in the manufacture of important industrial and consumer products, is found in almost everything from PVC products to shoe soles, from cables to the paint on the walls, polyester resins for building materials to the plastic products used the world over, from textiles and printing inks to films for packaging.

It is estimated that over half of the PA produced globally is converted to phthalate esters for use as plasticisers in polyvinyl chloride (PVC), commonly used to make door frames, window frames, pipes and cables. Companies add PA to paints and rubber products. They also use it to tan and cure leather products. End user industries in India are expected to grow by around 8-10% per annum and this augurs well for the PA industry.

India's per capita consumption of plastics continues to be a fraction of the global average. Compared to per capita consumption of plastics in US at 109 kg. China at 29 kg. and Brazil at 32 kg. India stands at ~7 kg. The low level of per capita plastic consumption in India is indicative of the growth potential of the plastic industry. As PA is a vital intermediate for the manufacture of plastic, this is a favourable scenario for the PA industry.

According to Goldman Sachs, over the next 30-50 years, India is likely to grow the fastest among the BRIC economies and have the world's fifth largest consumer market by 2025 with about 583 million people forming its middle class. This would give a big boost to the plastic and other consumer-oriented industries and fuel the demand for PA even in the long run.

We also foresee future opportunity from the possibility of introduction of plastic-based currency notes which will necessarily require PA in the production process. Similar plastic-based currency notes are currently being used in Australia.

Looking at it from another angle, the huge capital costs required for setting up a green-field PA plant act as an entry barrier, thereby limiting market supply, while the demand for the product is on the rise. The domestic industry has not seen any new entrant after IGPL. Producers in developed countries are unable to match the costs of the emerging countries and are expected to close down which will further constrain supplies. A scenario which augurs well for the Company.

I G PETROCHEMICALS WITH ITS ADDITIONAL CAPACITIES IN PLACE WILL BE WELL POISED TO CATER TO THE DEMAND IN INDIA AND ACROSS THE GLOBE, GIVEN THE LIMITED CAPACITY ADDITIONS WORLDWIDE.

> *“According to Goldman Sachs, over the next 30-50 years, India is likely to grow the fastest among the BRIC economies and have the world's fifth largest consumer market by 2025 with about 583 million people forming its middle class.”*

"Our planned expansion project is well on stream and we expect it to be completed within the targeted period of the first quarter of Financial Year 2013-14."

Dear Shareholders,

I write to you in the backdrop of a particularly challenging year for the Indian economy in the midst of recession in the Euro zone, muted domestic investment demand and limited fiscal and monetary space to stimulate the economy. Further the hike in crude oil price and the depreciation of the rupee has also impacted the industry and the overall business sentiments. The country's economic growth projections continue to be scaled down and there are expectations that the year 2012-13 would be the second consecutive year of lowest growth, in the past decade, as per the latest CRISIL report on the state of the economy. However, declining global crude oil prices and normal monsoon are positive factors that would help in improving growth rate. The interest rate cycle has been reversed by the RBI.

For I G Petro, the PA market was sluggish especially during the third quarter of the year as the market condition was unfavourable due to heavy dumping in the local markets. The PA manufacturers association made a representation to the Government for imposing Safeguard duty on PA to avoid dumping of PA at cheap rates in order to ease the margin pressure and achieve sustainability. The Government imposed the Safeguard duty of 10% ad-valorem during January 2012 for a period of one year due to which the imports became dearer and the industry started showing some signs of improvement.

However, despite the challenging scenario and difficult conditions, I am happy to share that the Company has delivered good performance by achieving a production of 1,15,673 MT working at 99.62% capacity during the year as against 1,09,147 MT at 94% during the previous year 2010-11.

2011-12

1,15,673 MT
of production

99.62%
capacity utilisation

Moving forward, we believe that our focussed strategy to expand capacities and our existing strengths will be the foundation for sustainable future growth. Our planned expansion project is well on stream and we expect it to be completed within the targeted period of the first quarter of Financial Year 2013-14. The total expanded PA capacity would be 1,66,110 MT. The expanded capacity would mitigate itself against the increasing cost pressures arising out of volatile raw material prices, thus strengthening our gross margins. The Company is also exploring certain opportunities to captively utilise the huge capacity which would be available after expansion as a forward integration process and add certain value-added products to de-risk its existing business.

On this positive note of optimism, before I end, I would like to thank all members of the staff for their contribution to the Company's growth and all stakeholders, bankers for the faith reposed in us. We assure you of our best and continue to work to deliver value to our customers and shareholders.

Yours Sincerely,

M M Dhanuka

Chairman

2013-14

1,66,110 MT
will be total expanded PA capacity

> *Our planned brownfield expansion of 50,000 metric tonnes per annum will catapult the Company to the third largest producer of PA in the world and improve profit margins induced by economies of scale.*

Dear Shareholders,

On behalf of the Board of Directors of I G Petrochemicals Ltd., it is my pleasure to present the Annual Report for the financial year 2011-12. In the past year, we had to face a challenging business environment characterised by high inflation, escalating crude oil prices and weakening of the Indian rupee. To add to the Company's woes, we had to grapple with a steep increase in the price of our principal raw material. Another area of concern was the dumping of PA by the countries of Korea, Taiwan and Israel in India which eroded our profit margins. However, despite the challenging environment, it gives me immense pleasure to state that the Company successfully managed to navigate through the hurdles and performed reasonably well. Total Revenues from Operations in 2011-12 was up by 40.31% at ₹ 95,537.44 lacs as against ₹ 68,088.29 lacs in 2010-11. However, net profit at ₹1,329.03 lacs, remained at levels similar to 2010-11 on the back of excess volatility in input prices.

Our policy of long term tie-ups for procuring our principal raw material and a wise mix of inputs from imports and local market enabled us to maintain our profit margins, while global competitors have suffered losses and even shut down plants. Timely representation made to the Government, in association with other domestic producers, for a Safeguard duty to avoid dumping of PA at cheap rates has resulted in a Safeguard duty from January 2012 making imports dearer. Signs of improvements were visible in the last quarter of the previous financial year and we are confident of improved profitability in the current year.

Looking ahead, our key objective is to augment our manufacturing

2011-12

+ 40.31%

₹ 95,537.44 lacs

capacity and seize growth opportunities resulting from an increase in demand for PA. Our planned brownfield expansion project of 50,000 metric tonnes per annum which will commence in the forthcoming year will catapult the Company to the third largest producer of PA in the world. This will infuse economies of scale and better operational efficiencies and thus improve profit margins. The Company has already arranged for the capex of ₹ 225 crore through a judicious mix of domestic loans, external commercial borrowing, funds infused by the promoters and internal accruals.

Besides increased production resulting from expansion, the Company is always on the lookout for measures to increase its sustainability. Revenue earned by selling the excess power generated, via the production process, to the grid, should show an increase in the coming year on the back of increase in manufacturing capacity. Also, re-engineering carried out as part of capacity expansion will enable us to recover Benzoic Acid, a compound used in the production of resins and aromatic chemicals. This will ensure zero wastage and also be an additional source of revenue taking it a long way forward in its quest for achieving sustainable growth.

We are cognizant of the fact that investment in Research & Development will be of paramount importance to generate downstream and new products. We remain committed to developing downstream products and are confident that this will drive our success moving forward.

The Company at this juncture stands on an inflection point where the execution of our strategic expansion plan and R&D initiatives will widen our opportunity horizon. Thus, we remain optimistic about the long-term potential of our business even in the face of extremely challenging and volatile times. And as we embark on this journey of growth, I would like to take this opportunity to thank our employees for their unstinted support and commitment. I would also like to sincerely express our gratitude to our customers, bankers, suppliers and all stakeholders for the unwavering faith reposed in the Company and I solicit your continued support, co-operation and trust even in the future. On behalf of the Board, I would like to assure you all that we will continue to strive hard to usher a better tomorrow. Thank you.

Yours Sincerely,

Nikunj Dhanuka

Managing Director

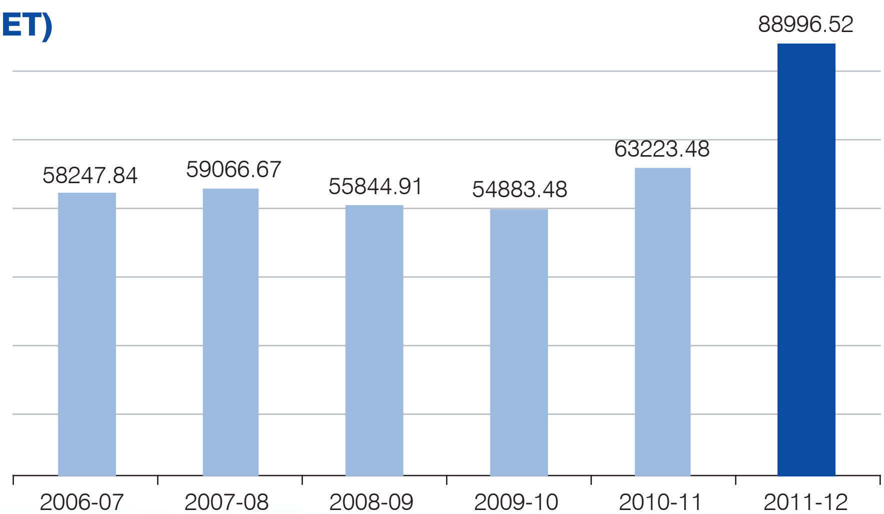
Financial Highlights

(₹ In Lacs)

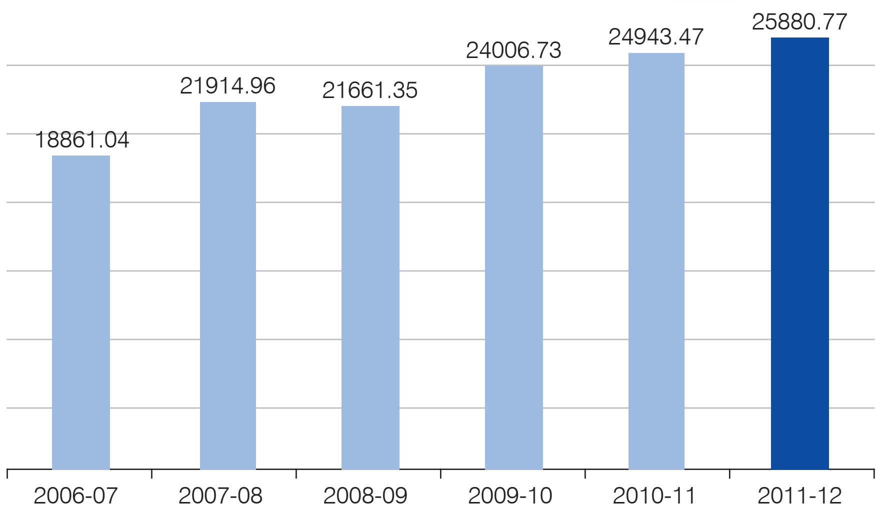
Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Production (Qty)	115673	109147	97870	106471	110720	105709
% of Installed Capacity	99.62	94.00	84.29	91.70	95.36	91.04
*Total Revenue (Net)	88996.52	63223.48	54883.48	55844.91	59066.67	58247.84
Total Expenses	84381.56	58734.78	48776.60	52190.68	52370.90	51523.13
Gross Profit	4614.96	4488.70	6106.88	3654.23	6695.77	6724.71
Finance Cost	1464.94	1415.76	1451.32	2135.55	1931.19	2174.33
Depreciation & Amortisation Expenses	1490.18	1420.59	1364.59	1343.47	1298.39	1276.77
Profit before Tax	1659.84	1652.35	3290.97	175.21	3466.19	3273.61
Tax Expenses	330.81	329.32	559.30	42.53	409.96	304.68
Profit after Tax	1329.03	1323.03	2731.67	132.68	3056.23	2968.93
Equity Share Capital	3079.81	3079.81	3079.81	3079.81	3079.81	2629.81
Net worth	25880.77	24943.47	24006.73	21661.35	21914.96	18861.04
Earnings per Share of ₹10 each (₹)	4.32	4.30	8.87	0.43	10.68	11.29

* Total Revenue (Net) for 2011-2012 at ₹ 88996.52 lacs up by 40.76%

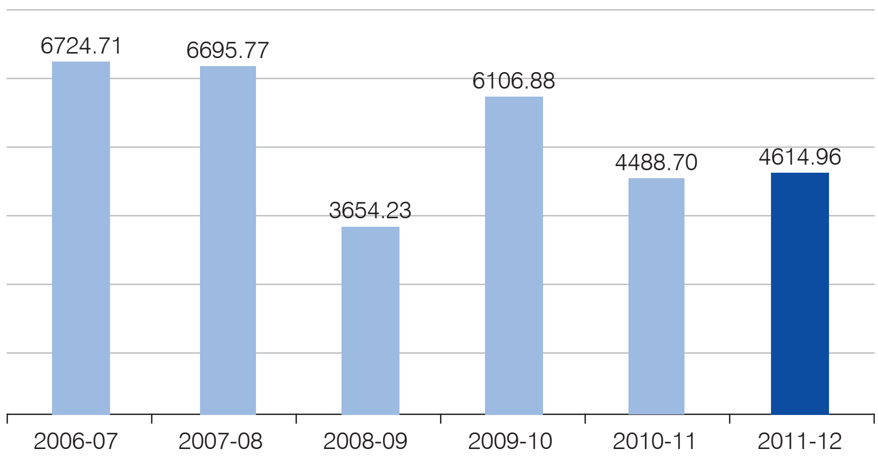
TOTAL REVENUE (NET)
(₹ In Lacs)



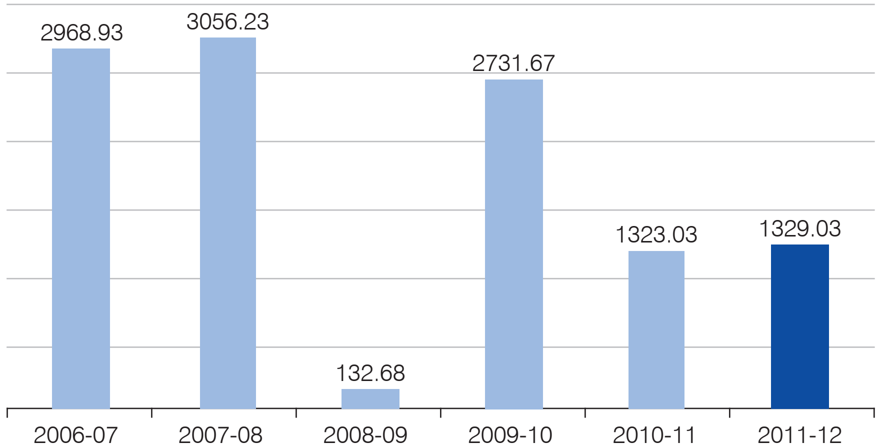
NET WORTH
(₹ In Lacs)



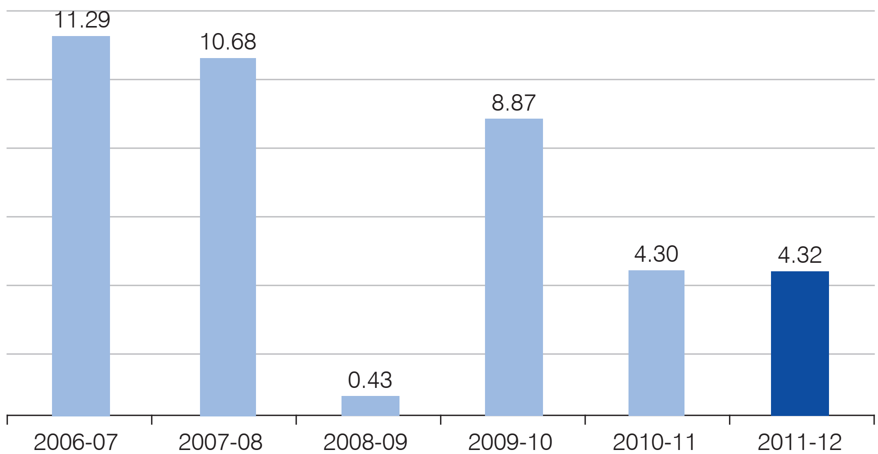
GROSS PROFIT
(₹ In Lacs)



PROFIT AFTER TAX
(₹ In Lacs)



EARNING PER SHARE
(₹)



Company Information

BOARD OF DIRECTORS

Shri M M Dhanuka, Chairman

Shri Nikunj Dhanuka, Managing Director

Shri Premjit Singh

Shri Rajesh Muni

Dr. A K A Rathi

Shri J K Saboo, Executive Director

CHIEF FINANCIAL OFFICER & SECRETARY

Shri R Chandrasekaran

AUDITORS

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

INTERNAL AUDITORS

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

REGISTERED OFFICE

T-10, 3rd Floor, Jairam Complex
Mala, Neugi Nagar, Panaji, Goa – 403 001.
Tel. No. (91) 0832-2434973
CIN: L51496GA1988PLC000915

CORPORATE OFFICE

401, Raheja Centre, 214, Nariman Point
Mumbai – 400 021.
Tel. Nos. (91) 022-30286100/132/133
Fax : (91) 022-22040747/22836392
E-Mail : igpetro@vsnl.com
Website : www.igpetro.com

EXECUTIVE OFFICE

D/4, Jyothi Complex, 134/1, Infantry Road
Bengaluru – 560 001.
Tel. Nos. (91) 080-22868372/8778
Fax : (91) 080-22868778

BANKERS

The Lakshmi Vilas Bank Ltd.
State Bank of India
YES Bank Ltd.
The Cosmos Co-operative Bank Ltd.
Andhra Bank

FACTORY

T-2, MIDC Industrial Area
Taloja - 410 208
Dist. Raigad, Maharashtra
Tel : (91) 022-39289100/146
Fax : (91) 022-2741 0192

REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate
Sakivihar Road, Sakinaka
Andheri (E), Mumbai – 400 072
Tel : (91) 022-40430200 / 294
Fax : (91) 022-28475207
E-Mail : info@bigshareonline.com

AUDIT COMMITTEE

Shri Premjit Singh (Chairman)

Shri M M Dhanuka

Shri Rajesh R Muni

Dr. A K A Rathi

REMUNERATION COMMITTEE

Shri Premjit Singh (Chairman)

Shri M M Dhanuka

Shri Rajesh Muni

Dr. A K A Rathi

SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

Shri Premjit Singh (Chairman)

Shri Rajesh Muni

Shri M M Dhanuka

Shri Nikunj Dhanuka

BOOK CLOSURE

24th July 2012 to 28th July 2012
(both days inclusive)

23RD ANNUAL GENERAL MEETING

Saturday 28th July 2012 at 3.00 p.m.

Venue :

Hotel Mandovi, D.B. Bandodkar Road
Panaji, Goa - 403 001.

Notice *To the Shareholders*

NOTICE is hereby given that the 23rd Annual General Meeting of the members of **IG PETROCHEMICALS LIMITED** will be held on Saturday, 28th July, 2012 at 3.00 p.m. at Hotel Mandovi, D B Bandodkar Road, Panaji, Goa – 403 001, to transact the following business :

As Ordinary Business

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31 March 2012.

2. To appoint a Director in place of Dr. A K A Rathi who retires by rotation and being eligible offers himself for reappointment.

3. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

   RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Hariharan & Co., Chartered Accountants, 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

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

   "RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions and other investing agencies to secure Rupee/Foreign currency Loans and Working capital facilities availed or proposed to be availed by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of ₹ 1,000 Crores.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution".

By Order of the Board
For **I G Petrochemicals Limited**

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date : 14th May 2012

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

Notes

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.***
2. 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.
3. Explanatory Statement pursuant to Section 173(2) of the Companies, Act 1956 in respect of the Special Resolution set out in Item No. 4 is annexed hereto.
4. The register of members and share transfer books of the Company will remain closed from 24.7.2012 to 28.7.2012 (both days inclusive) in connection with the Annual General Meeting.
5. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. Members holding shares in physical form may write to the Company/ Registrar & Share Transfer Agent (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
8. 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.
9. 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.
10. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate the risk associated with physical shares. Members can contact the Company's Registrar and Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd., for assistance in this regard.
11. The Company has already transferred unclaimed dividend upto the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those members who have so far not claimed or collected their dividend upto the financial year 1994-95 may claim their dividend from the Registrar of Companies, Bengaluru in the prescribed form which will be furnished on receipt of request by the Registrar & Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd.
12. 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.
13. Please encash your dividend declared for the year 2007-2008 immediately 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.
14. Please note that The Securities and Exchange Board of India (SEBI) has made it mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer/transmission/deletion/transposition of securities. Members holding shares in electronic form are requested to submit their PAN to the Depository Participant with whom they are maintaining their demat accounts.

15. Particulars of Directors reappointed/appointed:

    The information pertaining to Dr. A K A Rathi 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 **I G Petrochemicals Limited**

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date : 14th May 2012

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

As per the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Public Company cannot sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking without the consent of the shareholders in the General Meeting.

As the Company is in the process of expanding the existing facilities and exploring some forward integration projects, the Company is required to raise funds from Banks/Financial Institutions in the form of Rupee/Foreign Currency loans and Working Capital facilities and shall have to create further mortgage/ hypothecation or charges on the present and future assets of the Company in favour of Banks/Financial Institutions or any other Lenders.

As the mortgage/charge/hypothecation by the Company on its assets as aforesaid in favour of the Banks and Financial Institutions may be regarded as disposal of the Company's properties/undertaking in certain events of default, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of the said mortgage/ hypothecation/charge.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

By Order of the Board
For **I G Petrochemicals Limited**

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date : 14th May 2012

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

Management Discussion and Analysis

ECONOMIC OVERVIEW

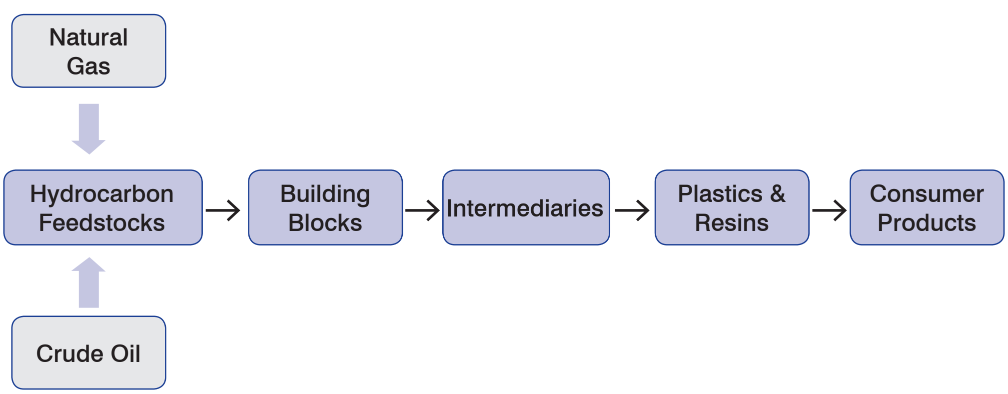
Despite a bright economic outlook at the beginning of the year 2011 and growth expectations in excess of 9%, the Indian economy failed to grow to its full potential in fiscal 2011-12. The growth rate fell to 6.9% after recording 8.4% in each of the two preceding years. On the global front, economic performance continued to be extremely fragile, with industrial production recording a sideways growth characterised by a cycle of rebounds only to face further headwinds. The crisis in the Eurozone area and near recessionary conditions prevailing in Europe, sluggish growth in many industrialised countries and hardening of international crude prices contributed to the external factors negatively impacting the Indian economy.

Notwithstanding these global and domestic factors, the prospects for the coming year look bright, with a forecasted growth rate of 7.5% to 8% for fiscal 2012-13. Better fiscal conditions, improvement in savings and capital formation, along with easing of inflationary pressure, are expected to dilute the pressures on the Indian economy in the coming months.

INDUSTRY STRUCTURE & KEY DEVELOPMENTS

Petrochemical Industry

Petrochemicals dominate the global chemicals with an estimated market share of almost 40%. Petrochemicals are the downstream products of the oil and gas industry - an industry whose products find common place in everyday life. They are an integral hidden component of a variety of products including textiles, plastic bottles, fertilizers, tyres, paints, pharmaceuticals and many other applications.



From the demand perspective, in past few years a slower off take was witnessed as the market was adversely impacted by the global recession. Europe and North America lowered import of finished goods which in turn impacted the off take of PA. However, the Asian markets particularly China, India and in the rest of Asia demand remained firm. Asia is also emerging as the manufacturing hub for various end products which require various petrochemicals. By 2018, it is estimated that 60 % of the petrochemical growth is likely to take place in Asia, with China accounting for about one-third of the growth.

The Petrochemicals industry is an integral component of the Indian economy due to its linkages with various domestic manufacturing industries, such as pharmaceuticals, construction, agriculture, textiles, cables, plastics, etc. The most distinctive feature of the industry is its “enabling” character as it supplies more than 80,000 products which are used virtually in every field. The importance of this industry can be gauged from the fact that today, 96% of all manufactured products require the use of at least some form of chemical.

Phthalic Anhydride

IG Petrochemicals (the Company) specialises in the production of Phthalic Anhydride (PA), a commercial form of Phthalic acid. PA, a chemical intermediate, is broadly used in four segments: production of plasticizers (about 40-45%), in paints (about 8-10%), in pigments (5-10%) and CPC (20-25%).

Key developments in the PA industry

Besides being produced by a few domestic companies, PA is also imported into India from Republic of Korea, Indonesia, Israel, Iran, Taiwan and Pakistan. In the year under consideration, the slowdown in global industrial productivity led to weakened demand. Thus, global production surplus found an attractive market in India where demand prospects were favourable even in the negative global environment.

As a safeguard against excessive overflow of PA into their countries, China and Pakistan introduced anti-dumping duty for a period of 5 year. This move ensured that importer found India as a market of last resort to flood it with excess supply. Specifically imports were significantly high from producers in Korea and Taiwan. This led to the domestic PA industry losing their market share and sales volume dipped as they had to face problems of accumulated inventories.

The domestic PA industry players appealed for safeguard against such import dumping. To protect the interests of the domestic producers, India imposed a Safeguard Duty of 10% ad-valorem during January 2012 for one year on the import of PA from Korea, Taiwan and Israel.

To add to this bleak scenario for PA manufacturers, the raw material prices also increased.

Petrochemicals get their raw material - known as feedstocks - from the refinery: naphtha, components of natural gas such as Butane, and some of the byproducts of oil refining processes, such as Ethane and Propane. These feedstocks are then cracked to obtain the building blocks of the petrochemical industry: Olefins, that is, mainly Ethylene, Propylene, and the C4 derivatives, including Butadiene - and Aromatics, mainly Benzene, Toluene, and the Xylenes. These products are then processed to produce a wide variety of consumer and industrial products.

A sharp increase in the price of Orthoxylene (OX), also put pressure on the domestic PA producers as producers of OX shifted to the production of Para-Xylene, to get the benefit of better price. The limited availability of OX led to an upward increase in its prices without a corresponding increase in the price of PA. As a result, the year saw the performance of PA industry getting affected.

The Company obtains 70% of its raw materials domestically while 30% is through imports. However, the price increase impacted the Company's EBIDTA which also bore the brunt of currency fluctuations.

OPPORTUNITIES

Strong Economy: India's economic growth is expected to remain robust in FY12-13, despite likely headwind in Europe and the US. Demand growth in the petrochemical industry is linked to the economic development and domestic demand for various goods and products.

Construction: Over half of the PA produced globally is converted to phthalate esters for use as plasticizers in polyvinyl chloride (PVC), commonly used to make door frames, window frames, pipes and cables. Construction in India is on a steady growth path. The Government has announced an infrastructure development program of over Rs 1 trillion which will lead to construction growth around key large scale infrastructure areas. Increased urbanisation will also increase the demand for PVC.

Other key end user industries: The largest users of PA domestically are manufacturers of phthalate plasticizers, unsaturated polyesters, and alkyd resins. Companies add PA to paints and rubber products. They also use it to tan and cure leather products. End user industries are expected to grow by around 8-10% per annum and this augurs well for the PA industry.

Low per capita consumption of plastic: India's per capita consumption of plastics continues to be a fraction of the global average. Compared to per capita consumption of plastics in US at 109 Kg, China at 29 Kg and Brazil at 32 Kg, India stands at ~7 Kg. This low level of per capita plastics consumption in India is indicative of the massive potential of the plastic industry.

Additionally, with growth in population and improvements in living standards, the use of plastic is certain to increase. As PA is a vital intermediate for the manufacture of plastic, this is a favourable scenario for the PA industry.

RISKS AND CONCERNS

Economic policies: The growth of the PA industry is in direct relation to the growth of the domestic economy. Thus, any government policy not finding favour with industries, or a slowdown in decision making may negatively impact the Company's growth story as well.

The Indian government has shown a big commitment to addressing the challenges faced by the domestic industry and is working on mechanism to boost the contribution of manufacturing in India's GDP from 16% to 25% by 2020. This is a significant step and will see significant investments moving into the chemical sector. There are proposals also for the creation of sustainable chemical parks.

Crude oil: Another area of concern is the rising crude oil prices, which always has a major trigger effect on the Indian economy, and consequently the end-user industries. If this price hikes continues, it can be a major concern to the industry. The feedstock outlook is no better. In the upstream OX market, prices are expected to remain high during FY 12. Key OX producers in Korea and Taiwan are expected to maximize Para-Xylene (PX) output at the cost of OX production.

Demand: Demand for PA globally is particularly sensitive to conditions in construction. Construction in China has weakened as well, and the situation is likely to persist, given monetary policies instituted in the country to cool off the overheated real estate market. The Company with a more intense domestic focus does not foresee weakness in global construction industry as a major obstacle to its growth path.

Import dumping: The biggest source of concern to the domestic PA industry is the rapid surge of import of PA from countries like Korea, Taiwan, and Israel. Competing with imported PA being dumped at lower prices has affected the profitability of the domestic industry as was evident during the fiscal year under review. However the imposition of Safeguard Duty during January 2012 has mitigated the situation and the imports have become dearer.

Currency fluctuation: Like any other industry, exchange rate risk is concern to the industry. It can inflate the raw material costs which could technically be offset by exports, however, as the transaction time for export-import differ, the natural hedge risk in the business operations is not available to easily mitigate foreign currency risk. The Company continues to closely monitor market development and accordingly books its forex transactions.

Others: Other technical and environmental risks also continue to put pressures on the industry and may pose a risk to its operations.

The Company has a risk identification and management policy, whereby periodic assessment of the risks is done resulting in minimization of the risks involved.

THREATS AND CHALLENGES

Besides the external risks and concern, the Company also faces challenges while conducting its own business operations.

One such challenge foreseen in the future is the post-expansion, the ability to sell the additional production as volume of PA will jump by additional 50000 MT per annum.

However, the Company is confident of steady demand due it long standing customer base in the country. By virtue of being a 100 % EOU earlier until 2008, the Company is a renowned player in the international market. Further, economies of scale and various efficiencies will make the product costs very attractive and provide it a competitive edge.

The Company is a single product manufacturer and R&D activities for developing downstream products is in progress.

INTERNAL CONTROL SYSTEM

The Company conducts its business with integrity and in compliance with the laws and regulations that govern the business. The Company has an established framework of internal controls in operation, including suitable monitoring procedures and self-assessment exercises. In addition to external Audit, the financial and operating controls at various locations are reviewed by the Internal Auditors who report their findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored. Additionally, the Directors and Senior management personnel are required to certify on an annual basis the adherence to the Code of Conduct adopted by the Company.

HUMAN RESOURCES

Your Company's employees have played a key role in contributing to the sustained growth and maintenance of its status as a leading player of repute in the PA industry. Recognizing the role of employees in the Company's evolution and progress, IG Petrochemicals is committed to developing world-class leadership and is continually working towards enhancing the effectiveness of its personnel. On the industrial front, the Company had a cordial and harmonious relationship with its employees and their Unions throughout the year. The total staff strength is 275 as on 31st March, 2012.

OUTLOOK

India's economic growth is expected to remain robust over the forseable future and this augurs well for the near term.

Looking at the demand potential, the Company has also planned its own capex expansion. The Company has raised the financial funding for the planned brown field expansion of 50,000 metric tonnes PA. The Company has achieved financial closure for the estimated capex of ₹ 225 crore of which ₹ 65 crores is through domestic loan, ₹ 75 crore by way of External Commercial Borrowings (ECB) and balance through Promoters/Internal accruals.

Post expansion, I G Petrochemical will emerge as the world's third largest plant at a single location and also be amongst the lowest cost producer. Being a brown field expansion project, the incremental capex costs are low and with further economies of scale setting in, it will catapult the Company into a distinctly advantageous position as volumes will usher even higher cost competitiveness. Thus, while capex expansion across the industry can be a challenge, the overall cost competitive nature of the expansion, will enable it to mitigate this risk and instead provide it a sharply competitive edge.

Increased production will help the company leverage advantages and increase the plant's efficiency. Benefits from the Captive Power Production and improved waste utilisation will also add to the bottom line. The Company is also optimistic of developing new products downstream which would help to open a new window of opportunity for future growth prospects.

Given the scenario, the Company maintains a positive outlook for the long term.

Directors' Report

To

The Members

Your Directors hereby present the Twenty Third Annual Report, together with Audited Accounts of the Company for the year ended 31st March 2012:

1. FINANCIAL RESULTS

₹ in lacs

	2011-2012	2010-2011
Revenue from Operations (Gross)	**95,537.44**	68,088.29
Less: Excise duty	**6,930.24**	4,958.77
Revenue from Operations (Net)	**88,607.20**	63,129.52
Other Income	**389.32**	93.96
Total Revenue	**88,996.52**	63,223.48
Gross Profit	**4,614.96**	4,488.70
Less:		
Finance Cost	**1,464.94**	1,415.76
Depreciation/Amortisation Expenses	**1,490.18**	1,420.59
Profit before Taxation	**1,659.84**	1,652.35
Tax Expenses:		
Current Tax (MAT)	**330.81**	329.32
Profit for the year	**1,329.03**	1,323.03
Balance brought forward from previous year	**16,057.70**	14,734.67
Profit available for appropriation	**17,386.73**	16,057.70

2. DIVIDEND

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

3. OPERATIONAL REVIEW

It has been a good year for the Company, which has delivered a stellar performance by achieving a production of 115673 MT at 99.62% during the year, as against 109147 MT at 94% during 2010-2011. This performance came despite the closure of one of the PA plants for about 10 days during November 2011, causing production losses. The Net Revenues were higher at ₹ 88,607.20 lacs as against ₹ 63,129.52 lacs. Net Profit was ₹ 1,329.03 lacs as against ₹ 1,323.03 lacs.

Though the Company operated at nearly 100% and sold almost all its produce, the PA market was sluggish, especially during the third quarter of the year, as the market conditions were unfavourable due to heavy dumping in the local markets. This led to a squeeze on margins, thereby affecting profitability for the first three quarters. Further, the high international crude oil price caused prices of downstream products including, Orthoxylene (OX) to be on the rise throughout the financial year. The declining rupee rate added to the Company's woes.

In an effort to combat the problem, the PA manufacturers association made a representation to the Government for imposing Safeguard duty on PA to avoid dumping of PA at cheap rates, and to ease the margin pressure and achieve sustainability. Responding to the PA manufacturers' plea, the Government introduced a Safeguard Duty, in January 2012, of 10% ad-valorem for a period of one year. This resulted in imports becoming dearer and the industry started showing some signs of improvement. Boosted by these developments, the Company expects sustainable growth with improved margins in the current year.

The Company has sold 117207 MT of PA during the year, of which 82052 MT is sold in DTA, 18863 MT in exports and 16292 MT in deemed exports. The Company sells nearly 70% in the local market and rest is sold in export and deemed export market.

The Company has been sanctioned the Working Capital limits from various banks of ₹ 14,900 lacs (both fund based and non-fund based) during the year.

4. CONTRIBUTION TO THE EXCHEQUER

The Company has contributed ₹ 10,450.81 lacs to the Central and State exchequer by way of Excise Duty, Sales Tax (including Surcharge), Income Tax, Wealth Tax, Professional Tax and Customs Duty.

5. OPPORTUNITIES, CONCERNS AND FUTURE OUTLOOK

With greater and continued thrust on infrastructure, the Indian economy is expected to grow at 7% in the current year. The macro-economic environment continues to cause concern on account of various factors, such as high fiscal deficit, widening Balance of Payment position, inflationary pressures, forex volatility, etc. which pose a serious threat and challenge to sustained growth. The Company hopes that the Government will address these issues suitably.

Till the time, however, that strong policy decisions are taken to tackle these challenges, the overall industrial scenario, and the PA industry in particular, faces a tough and challenging situation. On the positive side, however, the Safeguard Duty on PA would help tide over the crisis and enable the industry to sail through smoothly. In the long term, the macro-economic fundamentals are conducive for business growth and sustainability. There is a strong demand for PA, which we are well placed to leverage on the back of our focused strategies to expand capacities. This, going forward, shall form the foundation for the Company's sustainable growth.

The Company's expansion project is well on stream and should be completed within the targeted timeline of first quarter of the Financial year 2013-2014. On completion of the project, the total expanded PA capacity of the Company would be 166110 MT. This would help the Company mitigate some of the challenges of the increasing cost pressures arising out of volatile raw material prices, thus strengthening our gross margins. With this expanded capacity, the Company would be one of the largest and the lowest cost producers of PA in the world. Besides, the Reserve Bank has softened the interest rates to fuel growth in the economy and the commercial banks are expected to follow suit, thereby improving the margins.

PA is a vital industrial material and is growing steadily at 8-10% in tandem with the growth of user industries viz. plasticizers, resins, paints, unsaturated polyster resins and dyes/pigments and other industries.

The Company is also exploring certain opportunities to captively utilize the huge capacity which would be available after expansion as a forward integration process, and add certain value added products to de-risk its existing business.

6. CORPORATE SOCIAL RESPONSIBILITY

A strong pillar of the Company's foundation, its Social Responsibility initiatives are focused on activities related to customers, employees, shareholders, communities and the environment in all aspects of its operations.

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

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

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

ISO 14001 (2004): Environment Management System certification acquired by the Company is an endorsement of its continuous and relentless environmental initiatives.

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

7. LISTING OF SHARES

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

8. ISO 9001 : (2008) AND ISO 14001 (2004) CERTIFICATIONS

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

9. DIRECTORS

Dr. A K A Rathi retires by rotation and, being eligible, has offered himself for reappointment.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, all the applicable accounting standards have been followed;

b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2012 and of the profit or loss of the Company for that year;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

12. PARTICULARS OF EMPLOYEES

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

13. CORPORATE GOVERNANCE

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

14. AUDITORS AND AUDITOR'S REPORT

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

Observations made in paragraphs 4(vi) have been dealt with in Note No. 5 of Notes on Financial Statements.

15. COST AUDITORS

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company is required to maintain the cost accounting records relating to Phthalic Anhydride for the year 2011-2012 and submit Compliance Report for that year. Accordingly the Company had appointed M/s. Krishna S & Associates, Cost Accountants, Mumbai as Cost Accountant for the year 2011-2012 who shall submit the Compliance Report for that year by 30th September 2012.

Further in terms of the Notification No. G S R 430(E) dt. 3rd June 2011 issued by the Central Government, the Company is required to carry out an audit of cost records relating to Phthalic Anhydride every year commencing 2012-2013. Subject to the approval of the Central Government, the Company has appointed M/s. Krishna S & Associates, Cost Accountants, Mumbai as Cost Auditors to audit the cost accounts of the Company for the financial year 2012-2013.

16. ACKNOWLEDGEMENT

The Directors express their appreciation for the support received from the Central and State Governments, banks, stakeholders including shareholders, customers, suppliers and business partners and the contribution made by the employees at all levels in the operations of the Company.

For and on behalf of the Board

Place : Mumbai
Date : 14 May 2012

M M Dhanuka
Chairman

ANNEXURE ‘A’ TO THE DIRECTORS’ REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors’ Report to the members for the year ended 31 March 2012.

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

1. Electrical :

   Protection batteries replaced in both the plants.

   To reduce power consumption of both the plants, inefficient drives have been identified and replaced with efficient FLP drives.

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

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

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

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

6. Thermal Insulation :

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

   Surface temperatures over cladded surfaces.

   Type of insulation and cladding used.

   Thickness of existing insulation.

   Immediate ambient conditions of Dry Bulb temperature and wind velocity.

   Process parameters such as operating temperatures of the fluid inside pipeline and equipment etc.

   Physical state of insulating system (for level of damage/deterioration if any).

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

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

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

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

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

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

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

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

Power & Fuel Consumption

	2011-2012	2010-2011
1. Electricity		
a. Purchased (Units)	**109,442**	92,676
Total Amount (₹)	**1,172,063**	1,010,792
Rate/Unit (₹)	**10.71**	10.91
b. Own Generation		
i. Through Diesel Generator	**202,740**	257,120
Units per Ltr. of Diesel oil	**3.12**	3.40
Cost/Unit (₹)	**13.37**	11.48
ii. Through Steam Turbine	**29,002,650**	28,766,730
Generator (Unit)	—	—
Units per litre of Fuel/Oil/Gas	—	—
2. Coal is not used in Manufacturing process	—	—
3. Furnace Oil quantity (KL)	**4,083**	5,082
Total Amount (₹)	**150,299,166**	131,274,339
Average rate/KL (₹)	**36,807**	25,831
Others/Internal generation	—	—

(ii) Energy consumption per Unit (MT) of product

Phthalic Anhydride	Standard		
Electricity –	Units Not Specified	**253**	267
Furnace Oil –	Litres Not Specified	**35**	47

B) TECHNOLOGY ABSORPTION

Reasearch & Development (R&D)

1. Specific area in which R&D carried out by the Company:
   The Company is conducting its R&D activities for developing the process of Phthalic Anhydride downstream value added products.
2. Benefits derived as a result of above R&D:
   Benefits in terms of better quality and increased productivity.
3. Future plan of action:
   All the efforts are being continued in the direction of product/process development as mentioned above.
4. Expenditure incurred on R&D:
   The Company has incurred expenditure to an extent of ₹ 24.64 lacs.
   Total R&D expenses as a % of turnover : 0.03%

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	2011-2012	2010-2011
Total Foreing Exchange Earnings	**12,982.36**	7,157.34
Total Foreign Exchange Outgo	**16,222.52**	11,716.55

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and has set its growth path on the foundation of fair business, efficient, safe and trusted financial policies and assures maintenance of highest standard of accountability and excellence in service of all stakeholders. The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

- **Composition and size of the Board**
  The present strength of the Board is six Directors. The Board comprises of Executive and Non-Executive Directors. Two Directors including the Managing Director are Executive Directors. There are four Non-Executive Directors out of which three are Independent Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.
- **Board Meetings and attendance**
  During the financial year under review, four Board meetings were held i.e. on 10 May 2011, 3 August 2011, 11 November 2011 and 14 February 2012.
- 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 24th September 2011	Number of directorships in other Companies (excluding Directorships in foreign & private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Chairman	Non-Executive Director	4	No	1	—	1
Shri Nikunj Dhanuka* Managing Director	Executive Director	3	No	1	—	1
Shri Premjit Singh	Independent & Non-Executive Director	4	Yes	—	—	—
Shri Rajesh R Muni*	Independent & Non-Executive Director	4	No	—	—	—
Dr. A K A Rathi	Independent & Non-Executive Director	4	Yes	—	—	—
Shri J K Saboo Executive Director	Executive Director	4	Yes	2	—	—

- Apart from the above Shri Nikunj Dhanuka is Director in two private limited companies and Shri Rajesh Muni is Director of in one Private Limited Company.

- Directors with materially significant related party transactions, pecuniary or business relationship with the Company :

  There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company at large.

- Details of Directors retiring and being re-appointed:

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

Dr. A K A Rathi

Dr. A K A Rathi, aged 62 years is M.E. (Chem)., Ph.D (Chem) and Diploma in Management and Integrated Coastal Zone Management. He is associated with the Company since 2009. He has worked in the Industries Department as Chief Technical Advisor and as Director (Environment) in the Forest and Environment Department in the Government of Gujarat. He has contributed a number of articles on various aspects of industrial development, management, safety and environment in different journals, periodicals etc. and is a visiting professor to various Engineering and Management colleges.

He is neither a Director nor a Committee member in any other Company. He does not hold any shares of the Company.

- **Shareholding of Directors :**

  Shareholding of Non-Executive Directors as on 31 March 2012 are as under :

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

CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the Certificate from Shri Nikunj Dhanuka, Managing Director & CEO and Shri R Chandrasekaran, Chief Financial Officer & Secretary was placed before the Board of Directors at their meeting held on 14 May 2012.

CODE OF CONDUCT

The Company has adopted the Code of Conduct for all the Board Members and Senior Management personnel. All the Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year 2011-2012. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

AUDIT COMMITTEE

Terms of Reference :

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.

The Audit Committee comprises mainly of Independent Directors and their meetings were held on 10 May 2011, 3 August 2011, 11 November 2011 and 14 February 2012.

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

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

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

The Chairman of the Audit Committee Shri Premjit Singh was present at the last Annual General Meeting of the Company held on 24 September 2011.

REMUNERATION COMMITTEE

Composition, Number of meetings and Attendance :

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

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

Terms of Reference

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

Meetings & Attendance

There was no Remuneration Committee meeting during the year 2011-2012.
Shri Premjit Singh, Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 24 September 2011.

Remuneration Policy

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

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

The details of the remuneration paid to all the Directors during the year 2011-2012 is given below :

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Chairman	—	90,000.00	90,000.00
Shri Nikunj Dhanuka	Managing Director	51,22,840.20	—	51,22,840.20
Shri Premjit Singh	Director	—	90,000.00	90,000.00
Shri J K Saboo	Executive Director	29,54,769.00	--	29,54,769.00
Shri Rajesh R Muni	Director	--	90,000.00	90,000.00
Dr. A K A Rathi	Director	--	80,000.00	80,000.00

SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE

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

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

MEETINGS & ATTENDANCE

Name of Director	Position	Category	Held on 10.5.2011 & 11.11.2011 & Attended
Shri Premjit Singh	Chairman	Non-Executive & Independent Director	Yes
Shri Rajesh Muni	Member	Non-Executive & Independent Director	Yes
Shri M M Dhanuka	Member	Non-Executive Director	Yes
Shri Nikunj Dhanuka	Member	Executive Director	Attended on 11.11.2011

Name and Designation of the Compliance Officer :

Mr. R Chandrasekaran
Chief Financial Officer & Secretary
401, Raheja Centre
214 Nariman Point
Mumbai – 400 021.
Tel.: (91) 022-30286100
Fax : (91) 022-22040747
Email : igpetro@vsnl.com

The company had received 143 letters from shareholders including 24 letters in the nature of complaints with regard to non-receipt of shares after transfer, revalidation of dividend warrants, demat queries and non-receipt of annual reports, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

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

GENERAL BODY MEETINGS

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

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

Date	Year	Type of Meeting	Venue	Time
24.9.2011	2011	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa - 403 001.	3.00 p.m.
21.8.2010	2010	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa - 403 001.	2.30 p.m.
27.6.2009	2009	Annual General Meeting	Hotel Nova Goa, Panaji , Goa - 403 001.	4.00 p.m.

No Extra Ordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2011-2012.

DISCLOSURES

- There were no materially significant related party transactions entered into by the Company with its promoters, directors or the management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- Transactions with the related parties are disclosed in Note No. 27 of Notes on Financial Statements in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the previous three financial years.
- The Board members and senior management personnel of the Company have affirmed their compliance with the code and a declaration signed by the Managing Director and CEO within the meaning of Clause 49-V of the Listing Agreement forms part of this report.
- Qualification in the Auditors' Report for the year ended 31 March 2012
- Attention is invited to Note No. 5 of Notes on Financial Statements wherein, depreciation on Plant & Equipment for the year is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to the life as per Schedule XIV of the Companies Act, 1956. This has caused the auditors to qualify their audit report for the year ended 31 March 2012. The management believes such alternative treatment is more representative of the true and fair view of the underlying transaction as the Depreciation is charged over the useful life of the asset.

MEANS OF COMMUNICATION

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

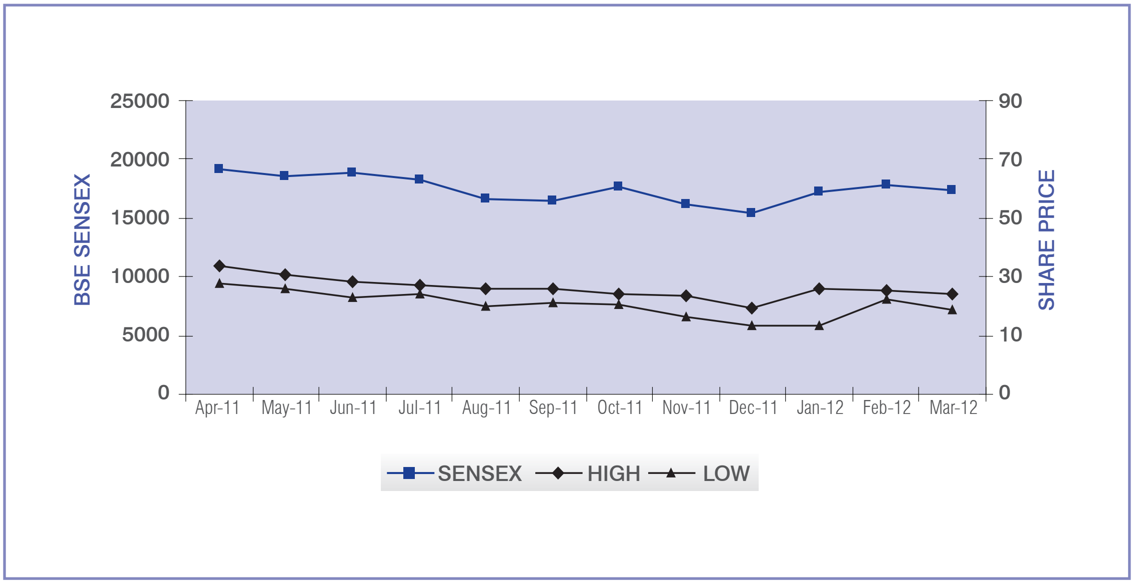
GENERAL SHAREHOLDERS INFORMATION

Annual General meeting Date, Time and Venue.	Saturday, 28th July, 2012 at 3.00 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji, Goa - 403 001.
Date of Book Closure	The share transfer books and the Register of Members will be closed from 24.7.2012 to 28.7.2012 (both days inclusive). The financial year of the Company is from 1st April to 31st March each year.
Dividend Payment	No dividend has been recommended by the Board for the year 2011-2012.
Stock Exchange Listing	Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange (NSE). The listing fees payable to BSE & NSE for 2012-2013 have been paid in full by the Company.
Stock Code	500199 on BSE and IGPL on NSE.
ISIN Code	INE 204A01010
Share Transfer System	Being done by the Registrars & Transfer Agents in compliance of the provisions in this regard.
Dematerialisation of shares	92.01 % of the shares have been dematerialised by the members as on 31.3.2012.
Registrars & Transfer Agents	M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072. Contact person – Mr. N V K Mohan / Mr. Kamlesh Singh Tel No.: (91) 022-40430200/40430294 | Fax No.: (91) 022-28475207 E-mail : info@bigshareonline.com

Website	The website of the Company www.igpetro.com contains information about the business activities of the Company and the financial results of the Company.
Dedicated e-mail for Investors	To enable investors to register their grievances, the Company has designated an exclusive e-mail id viz. igpl.complaints@igpetro.com. All investors are requested to avail this facility.
Corporate Office	I G Petrochemicals Limited, 401, Raheja Centre, 214, Nariman Point, Mumbai - 400 021 Phone : (91) 022-30286100 *Contact person :* **Shri R Chandrasekaran** Chief Financial Officer & Secretary E-mail- igpetro@vsnl.com Members holding shares in demat mode should address all their correspondence to their respective Depository Participant.

MARKET PRICE DATA DURING THE YEAR ENDED 31.3.2012

Month	High	Low	Month	High	Low
Apr-2011	33.50	27.50	Oct-2011	24.00	20.40
May-2011	30.50	26.10	Nov-2011	23.60	16.20
Jun-2011	28.50	23.00	Dec-2011	19.55	13.50
July-2011	27.00	24.00	Jan-2012	25.99	13.45
Aug-2011	25.90	20.10	Feb-2012	25.40	22.05
Sep-2011	25.75	21.10	Mar-2012	24.30	18.95



SHARE HOLDING PATTERN AS ON 31.3.2012

Sl. No.	Category	No. of shares	% of Holding
1	Promoters & Persons acting in Concert	22076251	71.69
2	Mutual funds / UTI / Banks / FIs	18000	0.06
3	Private Corporate Bodies – Indian & Foreign	814108	2.64
4	NRIs	497135	1.61
5	Indian Public	7389356	24.00
	Grand Total	**30794850**	**100.00**

PLANT LOCATION

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

ADDRESS FOR CORRESPONDENCE

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

Contact person : Mr. Kamlesh Singh.

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

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

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	:	igplgogreen@igpetro.com
Registrar and Share Transfer Agent	:	info@bigshareonline.com

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 :-

14th May 2012

The Board of Directors
I G Petrochemicals Limited
401, Raheja Centre, 214, Nariman Point
Mumbai – 400 021.

Dear Sirs,

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations for the year ended 31st March, 2012 confirming their compliance of the same.

Thanking you.

Yours faithfully,
For **I G Petrochemicals Limited**

Nikunj Dhanuka
Managing Director and CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
I G Petrochemicals Limited

We have reviewed the relevant records of I G Petrochemicals Limited for the period ended 31st March 2012 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the stock exchanges.

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

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

We state that, in respect of investors grievances received during the period ended 31.03.2012, no investor grievances are pending without a reply from the company for a period exceeding one month as per the records maintained by the share transfer and shareholders / investors grievance committee.

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

For **Hariharan & Co.**
Chartered Accountants

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

Place : Mumbai
Date : 14 May 2012

Financial Statements & Notes

Auditors' Report

To the Shareholders

I G PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of **I G PETROCHEMICALS LIMITED** as at 31 March, 2012 the Statement of Profit and Loss and also the Cashflow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:

   i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   ii) Subject to our comments referred to in paragraph (vi) below, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

   iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) Subject to our comments referred to in paragraph (vi) below, in our opinion, the Statement of Profit and Loss, the Cash flow statement and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.

   v) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors and based on our reliance on the legal opinion obtained from an eminent legal counsel / and on the basis of the judgement (Refer Note 26) stating / held that privately placed debentures cannot be construed to be "Debentures" for the purposes of clauses (g) of Sub section (1) of section 274 of the act, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clauses (g) of sub section (1) of section 274 of the Companies Act, 1956.

vi) **Attention is invited to Note No. 5 wherein the Company has been, with effect from April 01, 2006, providing depreciation on Plant and Equipment based on the balance useful life of the assets as determined by approved valuer instead of providing depreciation at the minimum rates specified in Schedule XIV of the Companies Act, 1956 and as required by Accounting Standard 6 on "Depreciation Accounting". As a result, depreciation charge for the year is lower by ₹ 859.53 lacs and accumulated depreciation lower charged as at March 31, 2012 is ₹ 5,213.19 Lacs. Had the impact of above been considered, the Profit before tax for the year would have been ₹ 800.27 Lacs instead of the reported profit before tax of ₹ 1,659.80 Lacs, net block of fixed assets as at March 31, 2012 would have been ₹ 18,200.90 Lacs instead of reported figure of ₹ 23,414.09 Lacs and Profit and Loss account balance as appearing in "Reserves & Surplus" would have been ₹ 17,587.72 Lacs instead of reported figure of ₹ 22,800.91 Lacs.**

vii) Without qualifying our opinion, we draw attention to Note No. 24 regarding certain disputed excise duty and custom duty matters amounting to ₹ 7,672.89 Lacs pending before the Honourable Supreme Court (Previous Year ₹ 7,672.89 Lacs pending before the Honourable Supreme Court and the Honourable High Court of Mumbai).

viii) In our opinion and to the best of our information and according to the explanations given to us subject to our comments in paragraph (vi) above, the said accounts read together with the Significant Accounting Policies & the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

a. In the case of Balance Sheet, of the State of affairs of the Company as at 31 March 2012.

b. In the case of Statement of Profit and Loss, of the Profit of the Company for year ended on that date.

c. In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

For **Hariharan & Co.**
Chartered Accountants

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

Place : Mumbai
Date : 14 May 2012

ANNEXURE TO THE AUDITORS' REPORT

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

Re: I G PETROCHEMICALS LIMITED

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

(b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

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

(c) The Company is maintaining proper records of inventory and no discrepancies were noticed on verification carried out at the end of the year.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotation are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory & fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management , we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any Deposits from the Public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund or employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education 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, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Disputed (₹ in Lacs)	Amount paid (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 & Customs Act, 1962	Excise & Custom Duty	7,672.89	—	Various years from 1993 to 2006	Supreme Court
Central Excise Act, 1944	Excise Duty	3,321.24	—	Various Years from 1997 to 2009	CESTAT
Central Excise Act, 1944	Excise Duty	16,083.79	665.35	Various years from 1997 to 2009	Commissioner of Central Excise
The Bombay Electricity duty Act, 1958	Cess on Electricity produced	29.63	—	2001 to 2004	Mumbai High Court.
Income Tax Act, 1961	Income Tax	1,597.89	—	1998-99, 2005-06 & 2006-07	Karnataka High Court

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.

(xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Hariharan & Co.**
Chartered Accountants

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

Place : Mumbai
Date : 14 May 2012

Balance Sheet
as at March 31, 2012

(₹ in Lacs)

	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	3,079.81	3,079.81
Reserves and Surplus	2	22,800.96	21,863.66
		25,880.77	24,943.47
Non Current Liabilities			
Long Term Borrowings	3		
Long Term Provisions	3 (a)	3,504.48	1,116.15
	3 (b)	107.32	105.77
		3,611.80	1,221.92
Current Liabilities	4		
Short Term Borrowings	4 (a)	1,564.08	2,730.82
Trade Payables	4 (b)	13,993.11	11,450.48
Other Current Liabilities	4 (c)	696.96	613.52
Short Term Provisions	4 (d)	16.36	0.60
		16,270.51	14,795.42
TOTAL		45,763.08	40,960.81
ASSETS			
Non Current assets			
Fixed Assets (Net)			
Tangible Assets	5	21,558.03	21,484.57
Intangible Assets	5	8.96	13.73
Capital Work-In-Progress	5	1,847.08	1,851.14
		23,414.07	23,349.44
Non-Current Investments	6	6.91	5.91
Long Term Loans and Advances	7	1,452.06	424.41
		24,873.04	23,779.76
Current Assets			
Inventories	8	5,751.45	8,470.11
Trade Receivables	9	10,326.57	6,196.44
Cash and Bank Balances	10	3,004.37	756.30
Short Term Loans and Advances	11	1,807.47	1,758.06
Other Current Assets	12	0.18	0.14
		20,890.04	17,181.05
TOTAL		45,763.08	40,960.81
Significant Accounting Policies	A		
Notes on Financial Statements	1- 33		

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

Place : Mumbai
Date : 14th May, 2012

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

M M Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

Premjit Singh
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Statement of Profit and Loss

for the year ended March 31, 2012

(₹ in Lacs)

	Note	2011-2012	2010-2011
REVENUE			
Revenue from Operations (Gross)	13	95,537.44	68,088.29
Less : Excise Duty		6,930.24	4,958.77
Revenue from Operations (Net)		88,607.20	63,129.52
Other Income	14	389.32	93.96
Total Revenue		88,996.52	63,223.48
EXPENDITURE			
Cost of Material Consumed	15	75,403.94	53,266.81
Decrease / (Increase) in Inventory	16	436.86	(2,180.91)
Purchase of Traded Goods	17	196.79	904.64
Employees Benefits Expense	18	1,867.71	1,580.63
Other Expenses	19	6,476.26	5,163.61
Depreciation and Amortisation Expenses	5	1,490.18	1,420.59
Finance Cost	20	1,464.94	1,415.76
Total Expenses		87,336.68	61,571.13
Profit before Tax		1,659.84	1,652.35
Tax Expenses			
Current Tax (MAT)	21	330.81	329.32
Profit for the year		1,329.03	1,323.03
Earning per share:			
Face value of shares ₹ 10 each, Previous Year: ₹ 10 each			
Basic & Diluted	22	4.32	4.30
Significant Accounting Policies	A		
Notes on Financial Statements	1- 33		

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

Place : Mumbai
Date : 14th May, 2012

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

M M Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

Premjit Singh
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

		2011-2012	2010-2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax and Extraordinary Items	1,659.84	1,652.35
	Non -cash Adjustment to reconcile profit before tax to net cash flow:		
	Depreciation / Amortisation Expenses	1,490.18	1,420.59
	Loss / (Profit) on Sale / Write off of Fixed Assets	49.48	0.51
	Foreign Exchange Translation Difference Loss (Net)	874.29	42.66
	Sundry Balances / Excess Provision Written Back	(3.70)	(19.48)
	Interest Expense	438.30	532.01
	Interest Income	(215.99)	(72.53)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,292.40	3,556.11
	Movements in Working Capital		
	Increase / (decrease) in Trade Payables / Other Current liabilities	1,681.96	5,737.72
	Decrease / (increase) in Trade receivables	(4,131.08)	(1,884.19)
	Decrease / (increase) in Inventories	2,718.66	(4,881.82)
	Decrease / (increase) in loans and advances	(1,132.62)	1,329.19
		(863.08)	300.90
	CASH GENERATED FROM/(USED IN) OPERATIONS	3,429.32	3,857.01
	Direct Taxes Paid (Net of refunds)	(203.11)	(331.76)
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	3,226.21	3,525.25
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets, including intangible assets and CWIP	(1,990.10)	(1,538.46)
	Proceeds from Sale of Fixed Assets	26.17	0.75
	Purchase of Investments	(1.00)	0.01
	Interest Received	159.50	73.38
	NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES	(1,805.43)	(1,464.32)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds / (Repayments) of Long-term borrowings (Net)	2,394.50	(1,444.70)
	Proceeds / (Repayments) of Short -term borrowings (Net)	(1,159.50)	(23.84)
	Interest Paid	(407.70)	(508.10)
	Dividend Paid	(0.01)	(0.06)
	NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES	827.29	(1,976.70)
	NET INCREASE / (DECREASE) (A+B+C)	2,248.07	84.23
	CASH AND BANK BALANCES AS AT 1.4.2011 (Opening Balance)	756.30	672.07
	CASH AND BANK BALANCES AS AT 31.3.2012 (Closing Balance)	3,004.37	756.30

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

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

Place : Mumbai
Date : 14th May, 2012

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

M M Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

Premjit Singh
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Significant Accounting Policies

Note A :

a. Basis of preparation

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

b. Use of estimates

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

c. Fixed Assets

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

d. Depreciation and Amortisation :

i. Leasehold land is amortized over the period of lease.

ii. Intangible assets are amortized over the estimated useful life of 4 years.

iii. Depreciation on Furniture, Office Equipments and Vehicles is provided using written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis with reference to date of acquisition.

iv. Depreciation on Building is provided using straight line method at the rates prescribed in Schedule XIV of the Companies Act 1956, on pro-rata basis with reference to date of acquisition.

v. Depreciation on Plant & Equipment (historical cost) for the year is provided on the balance useful life of 5 to 28 years of the assets as determined by an approved Valuer on pro rata basis with reference to date of acquisition, the useful life is higher than that provided in Schedule XIV of the Companies Act 1956. The continuous process plant as defined therein have been taken on technical assessment and depreciation provided accordingly. The depreciation on incremental revalued amount is provided on straightline method as per the rates in Schedule XIV of the Companies Act 1956.

e. Impairment of Assets

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

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

f. Investments

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

g. Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Stock in Process and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Catalyst	Amortised 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 arised 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

Significant Accounting Policies
(Contd.)

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 of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

j. Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund, in case of certain employees, are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability and Provident Fund, in case of other employees not covered under defined contribution scheme, are defined benefit obligations. Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Provident Fund contribution to the Trust is charged to Profit and Loss Account of the year when the contribution to the fund is due. Any deficit in the fund is provided for and funded.

iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

k. Income taxes

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

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

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

Notes
on Financial Statements

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 1 : SHARE CAPITAL		
Authorised		
4,00,00,000 (Previous Year: 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
10,00,000 (Previous Year: 10,00,000) Preference Share of ₹ 100/- each	1,000.00	1,000.00
	5,000.00	5,000.00
Issued		
3,08,01,350 (Previous Year: 3,08,01,350) Equity Shares of ₹ 10/- each	3,080.14	3,080.14
Subscribed and Paid up		
3,07,94,850 (Previous Year: 3,07,94,850) Equity Shares of ₹ 10/- each	3,079.49	3,079.49
Add: Amount paid up on 6,500 shares forfeited	0.32	0.32
	3,079.81	3,079.81

Shareholders holding more than 5% Shares in the company
Brahamputra Enterprises Ltd. No. of Shares 1833528 (Previous Year 1833528)
Gembel Trade Enterprises Ltd. No. of Shares 1791089 (Previous Year 1791089)
Kamrup Enterprises Ltd. No. of Shares 1894884 (Previous Year 1894884)
Mysore Petrochemicals Ltd. No. of Shares 4075000 (Previous Year 4075000)
Savita Investment Co. Ltd. No. of Shares 1933414 (Previous Year 1933414)
Shekhawati Investment Corp. Ltd. No of Shares 4078210 (Previous Year 4078210)
Vincent (India) Ltd No. of Shares 2565716 (Previous year 2565716)

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 2 : RESERVES & SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	116.25	116.25
Securities Premium Reserve		
Balance as per last Balance Sheet	2,275.00	2,275.00
Revaluation Reserve		
Balance as per last Balance Sheet	3,414.71	3,801.00
Less:Transferred to Statement of Profit and Loss (Refer Serial No. 3 to Note 5)	385.98	386.29
Reversal on account of Sale / Disposal of Fixed Assets	5.75	—
	3,022.98	3,414.71
Surplus in Statement of Profit and Loss		
Opening Balance at the beginning of the year	16,057.70	14,734.67
Add : Profit for the year	1,329.03	1,323.03
	17,386.73	16,057.70
	22,800.96	21,863.66

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 3 : NON-CURRENT LIABILITIES		
a. **Long Term Borrowings**		
Secured Loans		
Term Loan – Banks	992.50	—
– External Commercial Borrowing	547.00	—
Hire Purchase Finance	28.93	35.10
	1,568.43	35.10
Unsecured Loans		
From Bodies Corporate	1,936.05	1,081.05
Total Long Term Borrowing	3,504.48	1,116.15
b. **Long Term Provisions**		
Provision for Gratuity	—	11.21
Provision for Leave Encashment	107.32	94.56
	107.32	105.77

i. The Rupeee Term Loans are secured by Hypothecation of movable properties (other than current assets) and equitable mortgage on immovable properties of the Company on first pari passu charge basis with ECB lender. It is further secured by second charge on the Current Assets of the Company. The Rupeee Term Loans are further secured by personal guarantee of two directors of the company.

ii. The External Commercial Borrowings (ECB) is secured by Hypothecation of movable properties (other than current assets) and registered mortgage on immovable properties of the Company on first pari passu charge basis with Rupee Term Loan lenders.

iii. Hire Purchase finance are secured by the assets acquired through such finance.

NOTE - 4 : CURRENT LIABILITIES		
a. **Short Term Borrowings - Secured**		
Working Capital facilities from Banks	612.63	948.23
Term Loan - Others	—	3.55
Factoring Facility	907.47	1,727.82
Current Maturities of Finance Lease Obligations (Secured by the assets so acquired)	43.98	51.22
	1,564.08	2,730.82

i. Working Capital facilities are secured by Hypothecation of current assets of the company i.e. stock of raw materials, stock in process, finished goods and book debts. It is further secured by hypothecation of movable properties and equitable mortgage of immovable properties of the Company on second and subservient charge basis.

Working Capital facilities are further secured by Personal Guarantee of two Directors of the Company.

ii. Factoring facility is secured by respective book debts & personal guarantee of two directors of the Company.

		As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
b.	**Trade Payables**		
	Acceptances	**8,956.59**	3,790.55
	Sundry Creditors		
	Total outstanding dues of Micro, Medium and Small Enterprises	—	—
	Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	**5,036.52**	7,659.93
		13,993.11	11,450.48
c.	**Other Current Liabilities**		
	Advance from Customers	**120.50**	202.54
	Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	**6.50**	6.51
	Security Deposits	**1.50**	1.50
	Interest Accrued But not Due on Loans	**190.07**	109.58
	Other Liabilities	**378.39**	293.39
		696.96	613.52
d.	**Short Term Provisions**		
	Provision for Income Tax (Net of Advance Tax & Tax Deducted at Source)	**15.69**	—
	Provision for Wealth Tax	**0.67**	0.60
		16.36	0.60

NOTE 5: FIXED ASSETS

(₹ in lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.11	Additions	Deductions	As at 31.03.12	As at 01.04.11	For the year	Deletions/ Adjustments	As at 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Freehold Land	1.45	—	—	**1.45**	—	—	—	**—**	**1.45**	1.45
Leasehold Land	1,029.29	—	—	**1,029.29**	136.78	11.10	—	**147.88**	**881.41**	892.51
Buildings	1,863.10	390.83	131.38	**2,122.55**	647.12	59.74	75.63	**631.23**	**1,491.32**	1,215.98
Plant & Equipment	47,935.15	1,502.50	—	**49,437.65**	28,841.91	1,723.63	—	**30,565.54**	**18,872.11**	19,093.24
Office Equipments	212.61	25.05	—	**237.66**	177.28	6.90	—	**184.18**	**53.48**	35.33
Furniture & Fixtures	309.54	26.35	0.52	**335.37**	265.24	11.32	0.40	**276.16**	**59.21**	44.30
Vehicles	389.15	81.11	61.48	**408.78**	187.39	58.29	35.95	**209.73**	**199.05**	201.76
	51,740.29	**2,025.84**	**193.38**	**53,572.75**	**30,255.72**	**1,870.98**	**111.98**	**32,014.72**	**21,558.03**	**21,484.57**
Intangible Assets										
Software	39.48	0.41	—	**39.89**	25.75	5.18	—	**30.93**	**8.96**	13.73
TOTAL	**51,779.77**	**2,026.25**	**193.38**	**53,612.64**	**30,281.47**	**1,876.16**	**111.98**	**32,045.65**	**21,566.99**	**21,498.30**
Previous year	50,801.95	980.84	3.02	51,779.77	28,476.35	1,806.88	1.76	30,281.47	21,498.30	

Note :

1. Land, Buildings at factory site and Plant & Equipment as on 30.09.99 were revalued on the basis of net replacement value determined by an approved valuer resulting in an increase in value of Land by ₹ 666.95 lacs, Buildings by ₹ 35.53 lacs and Plant & Equipment by ₹ 7,330.20 lacs which was credited to Revaluation Reserve .
2. Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of ₹ 223.03 lacs (Previous Year ₹ 257.54 lacs) and Net book value of ₹ 136.09 lacs (Previous year ₹ 158.52 lacs) acquired on Hire Purchase contracts.
3. Details of depreciation are as follows:

Particulars	2011-2012	2010-2011
Depreciation for the year as above	**1,876.16**	1806.88
Less: Transferred from Revaluation Reserve	**385.98**	386.29
Depreciation as per Statement of Profit and Loss	**1,490.18**	1420.59

4. Depreciation on Plant & Equipment w.e.f. 01-04-2006 is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to Schedule XIV of the Companies Act, 1956. Had the depreciation been provided on straight line method based on rates specified in Schedule XIV of the Companies Act 1956 the depreciation charged for the year would have been higher by ₹ 859.53 Lacs (Previous Year ₹ 859.28 Lacs) and accumulated depreciation would have been higher by ₹ 5213.19 Lacs (Previous Year ₹ 4,353.66 Lacs).
5. Capital work in progress includes Plant & Equipment under construction ₹ 2,129.87 lacs (Previous Year ₹ 1,909.86 lacs), Building under Construction ₹ 465.36 lacs (Previous Year ₹ 366.40 Lacs), Employees benefits expenses of ₹ 194.25 lacs (Previous year ₹ 174.70 lacs) and Other expenses ₹ 299.71 lacs (Previous Year ₹ 320.98 lacs), Interest & Finance charges ₹ 651.22 lacs (Previous Year Nil), less capitalized during the year ₹ 1,893.33 lacs (Previous year ₹ 920.80 lacs)

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 6 : NON CURRENT INVESTMENTS		
Long Term Investments, Other than Trade		
Unquoted		
Units		
40537.392 (Previous Year: 40537.392) units of ₹ 10 each fully paid in Principal Mutual Fund	2.00	2.00
Shares		
1,200 (Previous Year: 1,200) shares of ₹ 10 each fully paid in Blue Circle Fine-Chem (P) Ltd	3.60	3.60
1000 (Previous Year: Nil) shares of ₹ 100 each fully paid in Cosmos Co-operative Bank Ltd.	1.00	—
Government Securities		
Six years National Saving Certificates of the face value of ₹ 31,000 (Previous Year: ₹ 31,000) lodged as security with Government Departments	0.31	0.31
	6.91	5.91
NOTE - 7 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Loans - Considered Doubtful	—	150.00
Less: Provision for Doubtful Loans	—	150.00
	—	—
Inter-Corporate Deposits		
Considered Doubtful	—	250.00
Less: Provision for Doubtful Inter Corporate Deposits	—	250.00
	—	—
Advances recoverable in cash or kind or for value to be received		
Considered Doubtful	—	401.54
Less: Provision for Doubtful Advances	—	401.54
	—	—
Deposits – Others	247.75	245.13
Capital Advances	1,204.31	179.28
	1,452.06	424.41
NOTE - 8 : INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 498.27 lacs, Previous Year: ₹ 181.69 lacs)	1,314.68	3,889.23
Stores and Spares	1,474.32	859.69
Work-in-Progress	698.42	549.33
Finished Goods (including stock in transit ₹ 30.03 lacs Previous Year. ₹ 126.70 lacs)	2,079.40	2,666.00
Catalyst (at cost less amortisation)	184.63	505.86
	5,751.45	8,470.11

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 9: TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	109.53	51.29
Unsecured, Considered Doubtful	229.48	229.48
Other debts		
Unsecured, Considered Good	10,217.04	6,145.15
	10,556.05	6,425.92
Less : Provision for Doubtful Debts	229.48	229.48
	10,326.57	6,196.44
NOTE - 10: CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	4.20	4.06
Balance with Scheduled Banks		
In Current Accounts	25.10	17.59
In Margin Money Accounts	0.16	1.13
	29.46	22.78
Other Bank Balances		
In Fixed Deposits (Held with Scheduled Banks as Margin)	2,967.21	726.21
In Fixed Deposits (Held with Government Department as Security)	1.20	0.80
In Unpaid Dividend Account	6.50	6.51
	2,974.91	733.52
	3,004.37	756.30
NOTE - 11 : SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Considered Good	508.70	319.80
Balance with Custom, Excise Authorities including Deposits	673.77	717.51
Security Deposit – Related Party	625.00	625.00
Income Tax Deducted at Source/Advance Tax (Net of Provision)	—	95.75
	1,807.47	1,758.06
NOTE - 12 : OTHER CURRENT ASSETS		
Interest Accrued on Investment	0.18	0.14
	0.18	0.14

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 13: REVENUE FROM OPERATIONS		
Sale of products		
Phthalic Anhydride	94,841.84	67,060.74
Traded Goods (Phthalic Anhydride)	203.77	920.14
Other Sale	471.22	107.41
Other Operating Income		
Sale of Power	20.61	—
Revenue from Operations (Gross)	95,537.44	68,088.29
NOTE - 14 : OTHER INCOME		
Interest		
Bank Deposits (TDS ₹ 12.98 lacs Previous year : ₹ 4.19 lacs)	129.43	41.93
Others (TDS ₹ 7.73 lacs Previous year : ₹ 3.06 lacs)	86.56	30.60
Insurance Claim Received	6.90	—
Sundry Balances / Excess Provision Written Back	3.70	19.48
Miscellaneous Income	162.73	1.95
	389.32	93.96
NOTE - 15: COST OF MATERIAL CONSUMED		
Orthoxylene		
Inventories as at March 31, 2011	3,889.23	1,588.20
Add: Purchases (Net)	72,829.39	55,567.84
	76,718.62	57,156.04
Less: Inventories as at March 31, 2012	1,314.68	3,889.23
	75,403.94	53,266.81
NOTE - 16 : DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2011		
Work-in-Progress	549.33	323.56
Finished Goods	2,666.00	552.27
Inventories as at March 31, 2012		
Work-in-Progress	698.42	549.33
Finished Goods	2,079.40	2,666.00
	437.51	(2,339.50)
Differential Excise duty in respect of Closing Stock & Opening Stock (Refer Note below)	(0.65)	158.59
	436.86	(2,180.91)

In accordance with AS 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Charted 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 ₹ (0.65) Lacs, (Previous Year ₹ 158.59 lacs) has been considered as expense as above.

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 17 : PURCHASE OF TRADED GOODS		
Phthalic Anhydride	196.79	904.64

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 18 : EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,396.06	1,196.28
Contribution to Provident and Other Funds	95.81	77.09
Gratuity Expenses	22.99	10.02
Workmen and Staff Welfare Expenses	352.85	297.24
	1,867.71	1,580.63

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 19: OTHER EXPENSES		
Consumption of Stores, Spares and Consumables	155.88	177.61
Consumption of Packing Materials	438.30	369.51
Power, Fuel and Water charges	1,925.24	1,553.70
Amortisation of Catalyst cost	321.23	280.56
Repairs and Maintenance		
Plant and Machinery	400.24	557.19
Buildings	18.76	14.46
Others	92.78	63.81
Insurance Premium	153.19	143.23
Rent	5.39	5.49
Rates and Taxes	57.14	48.80
Selling Expenses		
Brokerage and Commission	58.93	38.08
Freight outward	1,348.94	1,160.18
Port charges	51.61	37.44
Other selling expenses	59.49	45.70
Loss on Sale/Write off of Fixed Assets (Net)	49.48	0.51
Bad Debts Written off	801.54	309.75
Less : Reversal of Provision	(801.54)	(309.75)
Insurance Claim Written off	—	68.12
Directors' Sitting Fees	3.50	3.75
Payment to Auditors (Refer Note 19.1)	12.56	12.64
Travelling & Conveyance	167.00	263.38
Legal & Professional fees	87.39	106.76
Foreign Exchange Translation Difference	874.29	42.66
Communication Cost	32.12	28.72
Donations and Contributions to Charitable Institutions	29.18	14.29
Miscellaneous Expenses	133.62	127.02
	6,476.26	5,163.61

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 19.1 : PAYMENTS TO AUDITORS		
Audit Fees including Limited Review Fees ₹ 3.00 Lacs (Previous Year ₹ 3.00 Lacs) excluding service tax of ₹ 1.48 Lacs (Previous Year ₹ 1.24 Lacs)	12.00	12.00
Reimbursement of Expenses	0.56	0.64
	12.56	12.64
NOTE - 20 : FINANCE COST		
Interest		
- on Term Loans	119.89	260.81
- on Others	318.41	271.20
Bills Discounting and Bank Charges	1,026.64	883.75
	1,464.94	1,415.76

NOTE - 21 : TAX EXPENSES

The Company has carried forward losses and unabsorbed depreciation as per the Income Tax Act 1961. The deferred tax assets have not been recognized considering the principle of virtual certainty as stated in the Accounting Standard AS-22 – Accounting for Taxes on Income.

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

NOTE - 22 : EARNING PER SHARE (EPS)		
Profit after tax as per Statement of Profit & Loss	1,329.03	1,323.03
Weighted average No. of Shares in calculating basic and diluted EPS	30794850	30794850
Basic & Diluted EPS - ₹	4.32	4.30

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 23: CAPITAL COMMITMENT		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances of ₹ 1204.31 Lacs (Previous Year ₹ 179.28 Lacs)	8,677.57	66.74
NOTE - 24: CONTINGENT LIABILITIES		
Contingent Liabilities not provided for		
a. Bills of Exchange Discounted		
– with Banks	551.16	1,110.36
– with Others	1,306.51	2,084.12
b. i) Cases decided in favour of the Company which are taken further in appeal before the appellate authorities by the department.*	10,564.25	10,564.25
ii) Other Matters for which the Company is in appeal. (Deposits paid under protest ₹ 665.35 Lacs (Previous Year ₹ 665.35 Lacs)	2,004.10	2,138.72

		As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
iii)	Show Cause Notices received	**14509.57**	13424.15
	The Management is confident that the matters will be in favour of the company as per legal opinion obtained / legal precedents.		
c)	Claim against the Company not acknowledged as Debt in respect of Electricity Duty on internal power genration.	**29.63**	109.47
d)	Custom Duty on Raw Material under Advance Licence pending Export Obligation. (Includes Cenvat Credit available ₹ 1,362.55 Lacs (Previous Year ₹ 975.45 Lacs).	**1,785.65**	1,320.59
e)	The Income tax assessments of the Company have been completed upto the assessment year 2009-2010 and while completing the assessments for certain years the Income tax Department had disallowed certain claims of the company which had resulted in reduction of Carried Forward benefits available to the company as per the Income Tax Act 1961 and the additional tax liability that may arise amounts to:	**1,597.89**	1108.47

These matters are in appeal before the Appellate authorities. Based on the interpretation of the relevant provisions of the Income Tax Act, the Company has been legally advised by an eminent Counsel that the matters will be in favour of the Company.

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

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

f) Workmen's Union Demand of the Company at Taloja with effect from 1st June 2011 is under negotiation, amount presently not ascertainable.

NOTE - 25: SEGMENT INFORMATION

Primary Business Segment

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

Geographical Segments

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

Information about Secondary Geographical Segments (₹ in Lacs)

Segment Information	Year ended March 31, 2012			Year ended March 31, 2011		
	India	Outside India	Total	India	Outside India	Total
Revenue (Gross Sales)	**82,555.08**	**12,982.36**	**95,537.44**	60,930.95	7,157.34	68,088.29
Carrying amount of segment assets	**45,064.48**	**698.60**	**45,763.08**	40,544.03	416.78	40,960.81
Carrying amount of segment liabilities	**19,335.31**	**547.00**	**19,882.31**	16,017.34	—	16,017.34
Additions to fixed assets	**2,026.25**	**—**	**2,026.25**	980.84	—	980.84

NOTE - 26 :

The Company had obtained a legal opinion from an eminent legal counsel / also on the basis of judgment by Additional District Judge, Panaji stating / held that privately placed debentures cannot be construed to be "Debentures" for the purpose of Clause (g) of Sub Section (1) of Section 274 of the Companies Act. 1956.

NOTE - 27 : RELATED PARTY DISCLOSURE

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

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

Sr.	Nature of Transaction	(₹ in Lacs)		
		Related parties referred to in		
		ii(a) above	ii(b) above	ii(d) above
	Income			
1.	Sale of Goods *			64.38
				(172.27)
	Expenses			
2.	Remuneration			
	Mr.Nikunj Dhanuka	51.23		
		(25.94)		
	Mr. J. K. Saboo	29.55		
		(20.68)		
	Mr.Umang Dhanuka		5.41	
			(5.14)	
3.	Rent			
	Mrs.Rajkumari Dhanuka		3.00	
			(3.00)	
4.	Amount Receivable at year end			
	Security Deposit			625.00
				(625.00)
	Trade Receivables			9.78
				(2.19)

Note: Amount in bracket represents figures for previous year.

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

NOTE - 28 : EMPLOYEE BENEFITS

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

Gratuity

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

The following tables summarise the components of net benefit expense recognised in the 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 Personnel Expenses in Note 18)

(₹ in Lacs)

	Gratuity (funded) March 31, 2012	Gratuity (funded) March 31, 2011
Current service cost	**23.11**	21.65
Interest cost on benefit obligation	**21.91**	20.06
Expected return on plan assets	**8%**	8%
Net actuarial (gain) / loss recognized in the year	**3.70**	(10.82)
Actual return on plan assets	**25.73**	20.87
Net Benefit / Cost	**22.99**	10.02

b. **Balance sheet**

Details of Provision for gratuity

(₹ in Lacs)

	Gratuity (funded) March 31, 2012	Gratuity (funded) March 31, 2011
Defined benefit obligation	**313.29**	273.86
Fair value of plan assets	**318.97**	262.65
Less: Unrecognized past service cost		
Plan asset / (liability)	**5.68**	(11.21)

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2012	Gratuity (funded) March 31, 2011
Opening defined benefit obligation	**273.86**	250.70
Interest cost	**21.91**	20.06
Current service cost	**23.11**	21.65
Benefits paid	**9.29**	7.73
Actuarial (gains) / losses on obligation	**3.70**	(10.82)
Closing defined benefit obligation	**313.29**	273.86

d. **Changes in the fair value of plan assets are as follows:** (₹ in Lacs)

	Gratuity (funded) March 31, 2012	Gratuity (funded) March 31, 2011
Opening fair value of plan assets	**262.64**	209.45
Expected return	**8%**	8%
Contributions by employer	**32.53**	32.33
Benefits paid	**1.93**	Nil
Actuarial gains / (losses)	**(3.70)**	10.82
Closing fair value of plan assets	**318.97**	262.65
Actual Return on plan Assets	**25.73**	20.87
Estimated contribution to be made in next annual year	**36.00**	36.00

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

(₹ in Lacs)

	Gratuity (funded) %	Gratuity (funded) %
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**	8
Expected rate of return on assets	**8**	8
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.

	2011-2012 ₹ In lacs	2010-2011 ₹ In lacs

Provident Fund

Pending the issuance of Guidance Note from the Actuarial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund Liability. There is no deficit in the fund as at March 31st 2012 and no provision has been made.

ii. **Defined Contribution Plan**

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

Contribution to Provident and Other Funds		
Contribution to Provident Fund	**76.27**	55.43
Employees Pension Fund	**18.37**	20.55
EDLI	**1.17**	1.11
Total	**95.81**	77.09
Workmen and Staff Welfare fund		
ESIC	**1.46**	0.41
Labour Welfare Fund	**0.11**	0.11
Total	**1.57**	0.52

NOTE - 29: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

i. **Forward Contracts of sale outstanding as at the balance sheet date**

	March 31, 2012		March 31, 2011	
	Amount in Foreign currency US$	₹ in Lacs	Amount in Foreign currency US$	₹ in Lacs
Forward currency contract	2,000,000	1,023.13	—	—

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

	March 31, 2012		March 31, 2011	
	Amount in Foreign currency	₹ in Lacs	Amount in Foreign currency	₹ in Lacs
Amount Receivable				
USD	1,365,609	698.60	933,428	416.78
Amount Payable				
USD	7,690,205	3,934.04	4,269,632	1,906.40
EURO	5,942,582	4,061.18	—	—

NOTE - 30 : SUPPLEMENTARY STATUTORY INFORMATION

	2011-2012 ₹ In lacs	2010-2011 ₹ In lacs
i. **Earnings in foreign currency (Accrual basis)**		
FOB value of goods exported	12,982.36	7,157.34
ii. **Expenditure in foreign currency (Accrual basis)**		
Travelling	49.88	121.83
Brokerage and Commission	17.11	6.51
Others	141.67	119.22
Total	208.66	247.56
iii. **Value of imports calculated on CIF basis**		
Raw Materials & Traded goods	15,324.51	11,008.39
Stores & Spares	127.55	135.91
Catalyst	281.10	324.69
Capital goods	280.70	—
Total	16,013.86	11,468.99

iv. **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.

NOTE - 31: IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS & SPARE PARTS CONSUMED.

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

Product	2011-2012		2010-2011	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	**22**	**16,596.29**	17	8,860.48
Indigenous	**78**	**58,807.65**	83	44,406.33
Total	**100**	**75,403.94**	100	53,266.81

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

Product	2011-2012		2010-2011	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	**16**	**55.44**	28	101.44
Indigenous	**84**	**298.40**	72	257.09
Total	**100**	**353.84**	100	358.53
Part cost of Imported Catalyst amortised		**321.23**		280.56

NOTE - 32 : RESEARCH & DEVELOPMENT

Research & Development Expenditure of ₹ 24.64 lacs (Previous Year ₹ 21.74 lacs) have been accounted for in the respective heads of the Statement of Profit & Loss.

NOTE - 33 : PREVIOUS YEAR COMPARISON

The Revised Schedule VI has become effective from April 1, 2012 for the preparation of financial statements. This has significantly changed the disclosure and presentation made in the financial statements. 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
K. Nagarajan
Partner
Membership No: 16398
Firm's Registration No: 001083S

Place : Mumbai
Date : 14th May, 2012

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

M M Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

Premjit Singh
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Notes

TEAR HERE

I G Petrochemicals Limited

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

PROXY FORM

Folio No./Client ID No.________________________ DP-ID No. ____

I/We ____

of ____ being

member(s) of the above named Company hereby appoint ____

of ____ or failing him ____________________________________

of ____

as my/our proxy to attend and vote for me/us on my/our behalf at the **23rd Annual General Meeting** of the Company, to be held on Saturday, the 28th July, 2012 at 3.00 p.m. and any adjournment(s) thereof.

Signed this ____________day of ________ 2012.

Signature __________ Affix 1 Re. Revenue Stamp _____

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

I G Petrochemicals Limited

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

ATTENDANCE SLIP

I hereby record my presence at the **23rd Annual General Meeting** of the above named Company being held on Saturday, the 28th July, 2012 at 3.00 p.m. at Hotel Mandovi, D.B. Bandodkar Road, Panaji, Goa – 403 001.

Folio No. or DP-ID No / Client ID No. ____________________________

No. of Shares held ____

____

Name of the Member (in Block Capitals)

Signature

Member/Proxy/Authorised Representative

Notes :

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

BOOK - POST

If undelivered, please return to :

I G Petrochemicals Limited

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