I G Petrochemicals Limited

24th Annual Report 2012-13

Innovating Today

Transforming Tomorrow

BOOK CLOSURE
23rd July 2013 to 27th July 2013
(both days inclusive)

24TH ANNUAL GENERAL MEETING
Saturday 27th July 2013 at 3.00 p.m.

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

Tomorrow has its beginning in today. What we do today is going to shape our tomorrow.

Today, we are one of the largest producers of Phthalic Anhydride (PA) at a single location in the world.

Tomorrow, we will become one of the lowest-cost producer in the world.

In a business that is driven by commodity approaches and mindset, at IG Petrochemicals, we have always strived to improve, innovate and create that unique competitive advantage based on size, scale and scope to transform into a company that dominates the PA space both in volume as well as value.

At IG Petrochemicals, we are

Innovating Today
Transforming Tomorrow

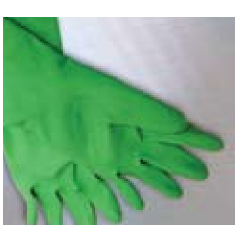
Our journey so far

Strong Foundation

At IG Petrochemicals, we are one of the very few companies in our space built on strong and solid foundations. The promoters of the Company are the Dhanukas of the H.P. Dhanuka Group, pioneers in the PA space with an unmatched experience of more than four decades. The Company was founded through Mysore Petrochemicals Limited, and started production in 1992-93 as a 100 per cent EOU. A strong technical collaboration with the German engineering giant Lurgi GmbH with an experience of over a century, ensured that the plant was built to latest international standards and systems.

PA – The Product

Phthalic Anhydride (PA), is a white crystalline compound. It is an intermediate of organic chemistry and a versatile industrial chemical. The primary use of PA is as a chemical intermediate for plasticisers in Poly Vinyl Chloride (PVC), which is used for manufacture of diverse consumer and industrial products ranging from bags to back-packs, from cables to credit cards, from dashboards to door panels, furniture to food containers, pipes to plastic utensils, and shoes to shower curtains. PA is also used as an intermediate for Alklyd Resins which is used in manufacture of paints as solvent borne protective coating. It is estimated that PA is the second most important raw material for manufacture of paints in terms of input costs. Another use of PA is in the manufacture of Unsaturated Polyster Resins (UPR) which are used as thermosets to produce fibreglass reinforced plastics used extensively in construction, marine and transportation industries.






Unique Strengths

IG Petrochemicals has several advantages over its competitors that ensure it leads and dominates the PA space in India.These advantages combine to create unique strengths that are difficult for competitors to replicate and therefore, create high entry barriers for new players.

One of the critical success factors is location. An ideal location should be close to both the source of raw material as well as customers. The Company's plant is located at Taloja, about 50 kms. from Mumbai, the commercial capital of India. This location results in multiple advantages for the Company. On the supply side, the major source of raw material for manufacture of PA comes from the same region, creating compelling cost savings in transportation. On the demand side, more than 70 per cent PA produced in India is used in western India. With 90 per cent sales locally, the plant's location just 50kms. from Mumbai enables the Company to be in close proximity to its customers. Moreover, the port of Mumbai is a gateway to all major export markets for the Company, ensuring quicker transit times for its products. Complementing an ideal location is the judicious procurement strategy for Ortho-xylene (OX) - the singe raw material required for the manufacture of PA. The Company has a tie-up with the largest petrochemicals company in the country for almost 70 per cent of its requirement of OX. This insulates the Company from international fluctuations in prices as well as currency fluctuations and at the same time, ensures a steady and uninterrupted supply. The balance 30 per cent of OX is procured from other sources, giving the Company a unique procurement advantage of steady supply and best prices. Further, with a daunting capacity of 1,16,110 metric tonnes per annum from its two plants in the same location, IG Petrochemicals has one of the world's largest capacity for PA. Not only is the Company one of the largest single location producer of PA in the world, it is also one of the lowest cost producers of PA in the world. In a business that is increasingly becoming commoditised, the Company has the dual advantage of volumes and costs, making it a leading player in the PA space in the country.

Efficient and Environment Friendly

The Company has obtained ISO 9001:2008 and ISO 14001:2004 certificates. With a rigorous six-sigma programme, the operational efficiency is optimised at the plants. This has resulted in the Company having one of the lowest power cost to sales ratios in the industry.

All plants of the Company follow strict safety norms and procedures, and are environment friendly. The Company believes in reducing emission and in re-cycling its waste to produce value added products.

Our journey ahead

The PA business, because of its very nature as being an intermediate chemical product, is largely a commodity business. Value addition happens at the end-user stage. And like in any other commodity business, the most important competitive advantage accrues from leveraging economies of not only size, but also of scale and scope.

PA is obtained through a process of conversion of OX, and as such, it is this conversion cost that becomes the single most important component of both the selling price as well as operating margin. Clearly, expansion of plant and increasing capacities is an ideal way ahead to lower costs and gain an advantage.

However, being a commodity business, the capex cost are very high and the margins are low. This deters and discourages new entrants into the field.

It is here that IG Petrochemicals is leveraging its innovation.

The Company is in the process of expanding its capacity at the same location with a third PA plant as a brown-field expansion. Compared to a green-field expansion, there will be no additional capex required for land and other utilities.

The additional capacity will be to the tune of 50,000 tonnes per annum. At a cost of ₹ 225 crores, funded partly with internal accruals and low cost overseas debt, this expansion will result in the Company having one of the lowest conversion cost in the world.

The third plant is expected to commence production during the second quarter of the current financial year 2013-2014.

At the heart of this lowest conversion cost advantage is innovation. While we are all used to front-end, visible innovation that can be seen, touched and experienced, innovation also happens in processes and systems. Even though these are not tangible, the benefits flowing from such innovation lead to unique advantages.

One of the major innovations made by the Company is optimum utilisation of surplus steam. After expansion there will be higher generation of steam due to which the Company will become self-sufficient in its power needs and in turn help in substantial savings in energy costs.

The Company is also innovatively re-engineering certain areas in plants for better efficiency and cost reduction. This has enabled the Company to recover Benzoic Acid from wash water, thereby creating value and enhancing the profitability of the Company.

The additional capacity will be to the tune of 50,000 tonnes per annum. At a cost of ₹ 225 crores, this expansion will result in the Company having one of the lowest conversion cost in the world.

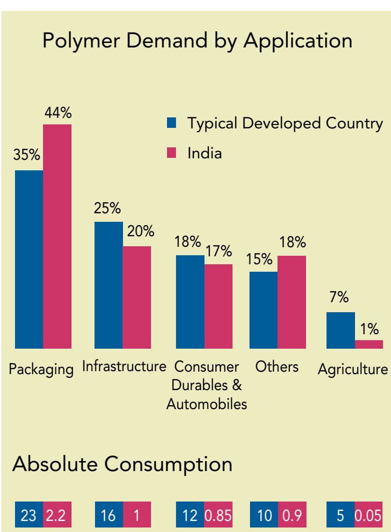
Transforming tomorrow

We are living in a world surrounded by plastics. Technological advances are creating newer applications for plastics that are entering our lives and our lifestyles like never before.

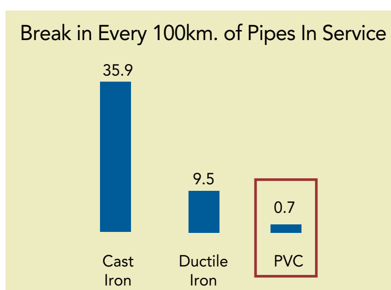
From bibs to boots and from skirts to shoes, plastics are becoming indispensible in the modern society and increasingly making their presence in areas like medical supplies to office supplies. The demand for plastics is growing and is expected to remain buoyant in the foreseeable future.

In spite of a seemingly unending array of applications and an unprecedented range of products, India is still amongst the lowest per capita consumers in the world. The per capita consumption of plastics in India is merely 5 kgs. compared to a global average of 25 kgs. In south-east Asia and China, it is 30 kgs. and 10 kgs. respectively.

This clearly indicates that plastics are still largely under-utilised in India. Consider this :



Certainly, there is a huge potential for growth and it is expected that demand from the infrastructure and agricultural sectors will be the key drivers of growth in the future. In the infrastructure space, plastics and polymers have immense utilisation opportunities in the form of pipes, cables as well as geo-synthetics. PVC pipes are superior as they have a much longer life span of over 100 years, and also because of their obvious advantages in light-weight leading to reduced handling and transportation costs. The water distribution systems in cities like London and Shanghai are being modified with plastic pipes.



Technological advances are opening up new application areas for plastics. One promising application is currency notes. Australia and Singapore already have plastic currency. In India, the Reserve Bank of India has plans to introduce one billion ₹ 10 notes in polymer/ plastic on a trial basis in Kochi, Mysore, Jaipur, Bhubaneswar and Shimla.

As demand for plastics in India is set to grow at a very attractive pace, and it is this

growth in the plastics and polymers that underpins the growth of PA in the country. High capex, long-gestation periods and competitive markets, all combine to create high entry barriers for new entrants into this space.

And IG Petrochemicals is ideally placed with a unique combination of strategic location, cost-advantages and brown-field capacity expansion to capitalise on this opportunity and

TRANSFORM TOMORROW!

Chairman's Message

In spite of the strong global and domestic headwinds, the Company has delivered an outstanding performance for the year.

Dear Shareholders,

As you are all aware, the year 2012-13 was another challenging year for the global economy. The debt-repayment crisis in Eurozone dominated world headlines, particularly in the middle of 2012 as Greece dangerously tottered towards bankruptcy. While the heads of governments in Europe did a commendable job of ensuring that the Euro did not collapse, the crisis again returned in March 2013 with banks in Cyprus. One bright spot was the rebounding of the US economy, led by a resurgent corporate sector. Brent crude oil prices remained over US$ 100 per barrel for most part of 2012, averaging US$ 111.67 per barrel, slightly higher than an average of US$ 111.26 per barrel in 2011.

In India, the year 2012-13 was a year that saw growth come down to 5 per cent, the lowest in the last decade. The Indian Rupee continued to weaken against the US Dollar, breaching the psychological barrier of 57.12 on 22nd June 2012. Inflation continued to cast a long shadow on the monetary policy of the government.

In spite of the strong global and domestic headwinds, the Company has delivered an outstanding performance for the year. The total production during the year was 1,06,662 MT. The plant achieved a capacity utilisation of 91.86 per cent during the year. For the first time, we crossed the RUPEES ONE THOUSAND CRORE milestone – our Revenue from Operations (Gross) for the year was ₹ 1067.18 crores compared to ₹ 955.37 crores for the previous year, an improvement of 11.7 per cent.

The outlook for the PA industry continues to remain positive with new application areas being discovered. In spite of its phenomenal growth in the last decade, India still has one of the lowest per capita consumption of plastics in the world. There is a tremendous scope of use of plastics and polymers in industries like infrastructure, irrigation, electrical, paints, pigments and many more. End-users of all these industries are making substantial investments to ramp up their capacities in anticipation of higher demands. This augurs extremely well for the PA industry in general and IG Petrochemicals in particular. Our brown-field expansion of an additional 50,000 MT capacity is progressing on schedule, and we are expecting this to commence in the second quarter on this year.

We are also looking at opportunities where we can forward integrate processes and align our additional capacities to create more value added products. Not only would this result in mitigation of risks, but would also open up new avenues for growth and contribute handsomely to the bottom-line of the Company.

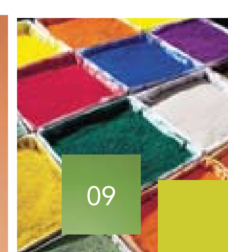
I would like to take this opportunity to express my heartfelt gratitude to all employees of the Company for their sincere efforts and hard-work. I would also like to thank all our suppliers, customers, bankers and investors for their trust and faith in the Company.

Thank you,

Yours sincerely,

MM Dhanuka

Chairman



Managing Director's Message

Dear Shareholders,

It is my pleasure to present before you the 24th Annual Report of IG Petrochemicals, and share with you key highlights of how the Company fared in 2012-13 and its plans for the coming year.

As you will recall, we had started on a capacity expansion project in the year 2011. I am now extremely happy to inform you that this plant will commence production in the second quarter of the current financial year 2013-2014. It is a very proud moment for all of us at IG Petrochemicals that we have completed the project within stipulated timeline of 24 months. Heartiest congratulations to the entire team who worked tirelessly on this project.

With this expansion, IG Petrochemicals will emerge as a leading PA player not only in India, but will also become one of the largest producer of PA in the world. In fact, economies of scale, scope and size will ensure that we have the envious advantage of having one of the lowest conversion cost from orthoxylene to PA in the world! This will, no doubt, contribute immensely towards improving margins in the years to come.

As far as the performance of the Company is concerned, I am happy to report that the Company delivered excellent performance for the year. Total Revenues from Operations (Net) for the year were ₹ 970.33 crores compared to ₹ 886.07 crores in the previous year, indicating an improvement of 9.51 per cent. Profit before tax for the year stood at ₹ 31.54 crores against ₹ 16.59 crores for the previous year, an increase of 90 per cent. However, Net Profit for the year stood at ₹ 3.07 crores against ₹ 13.29 crores for the previous year due to adjustment of extraordinary item pertaining to Depreciation for earlier years of ₹ 27.65 crores.

At IG Petrochemicals, we have always been leading innovations even in a commoditised industry like PA. We firmly believe that even though PA as a chemical intermediate does not have

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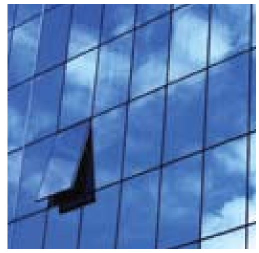


much scope for innovation, there is a lot of scope as far as processes are concerned. We have successfully re-engineered our process to recover Benzoic Acid. Another initiative we have taken on this front is in ensuring that the excess steam generated during the production process is used to generate power, and make the plant self-sufficient in its power requirement. Not only do these innovations ensure zero wastage, but also directly add to the bottom-line of the Company. We are consistently investing in Research & Development to create more downstream products and new products.

The outlook for the Company looks very promising. The Indian economy is expected to improve and grow between 6-7 per cent in 2013-14. The use of plastics and polymers is on the rise, and demand is expected to remain on a high-growth trajectory as most end-users are increasing their capacities to meet growing consumption needs of the country. At IG Petrochemicals, we are committed and focussed to capitalise on this with our sustained efforts in maintaining quality and highest levels of service to our customers.

I would like to take this opportunity to thank all the stakeholders in the Company for their continued support and faith, and ensure that we will leave no stone unturned to keep bettering our performance in the years to come.

Expect more!

Yours sincerely,

Nikunj Dhanuka

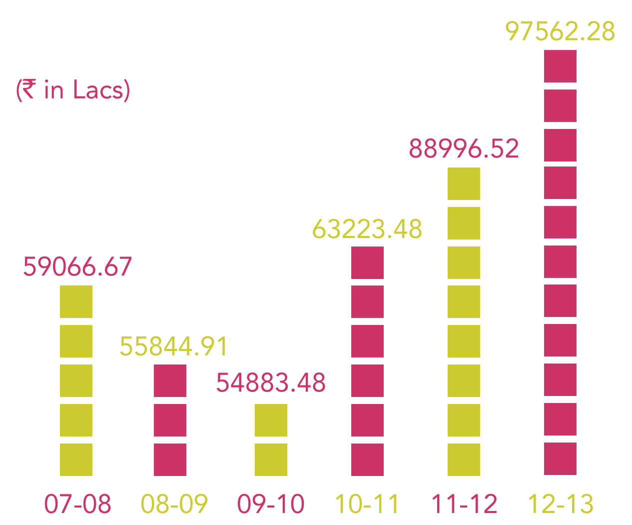
Managing Director

Financial Highlights

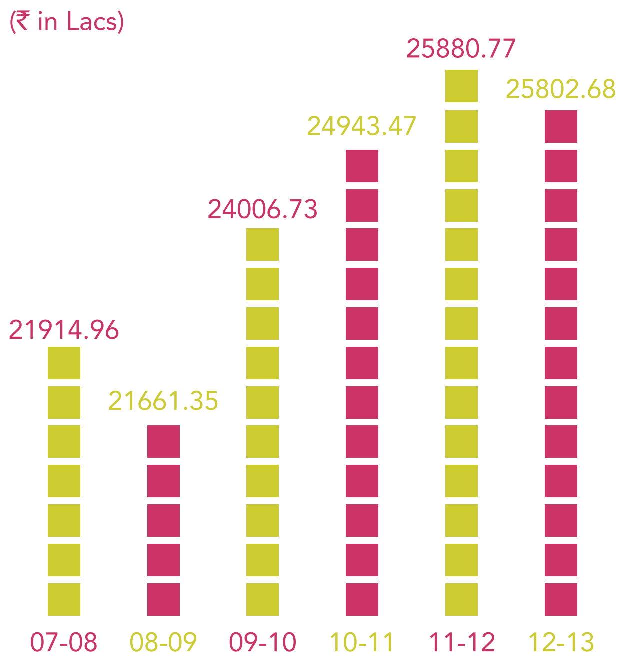
(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Production (Qty)	106662	115673	109147	97870	106471	110720
% of Installed Capacity	91.86	99.62	94.00	84.29	91.70	95.36
*Total Revenue (Net)	97562.28	88996.52	63223.48	54883.48	55844.91	59066.67
Total Expenses	91365.20	84381.56	58734.78	48776.60	52190.68	52370.90
Gross Profit/EBIDTA	6197.08	4614.96	4488.70	6106.88	3654.23	6695.77
Finance Cost	1667.30	1464.94	1415.76	1451.32	2135.55	1931.19
Depreciation & Amortisation	1375.02	1490.18	1420.59	1364.59	1343.47	1298.39
Profit before Extraordinary item & Tax	3154.76	1659.84	1652.35	3290.97	175.21	3466.19
Profit before Tax	* 388.98	1659.84	1652.35	3290.97	175.21	3466.19
Tax Expenses	81.09	330.81	329.32	559.30	42.53	409.96
Profit after Tax	307.89	1329.03	1323.03	2731.67	132.68	3056.23
Equity Share Capital	3079.81	3079.81	3079.81	3079.81	3079.81	3079.81
Net worth	25802.68	25880.77	24943.47	24006.73	21661.35	21914.96
Earnings per Share of ₹10 each (₹)	1.00	4.32	4.30	8.87	0.43	10.68

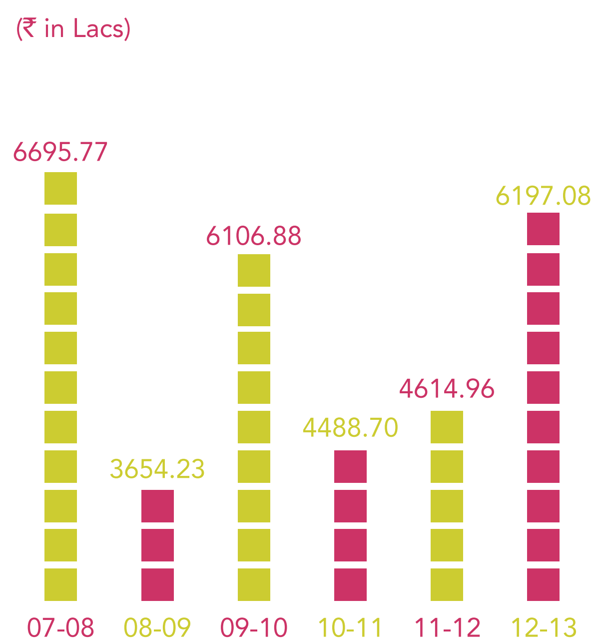
* Profit before Tax is after adjustment of Depreciation for earlier years of ₹ 2765.78 lacs.



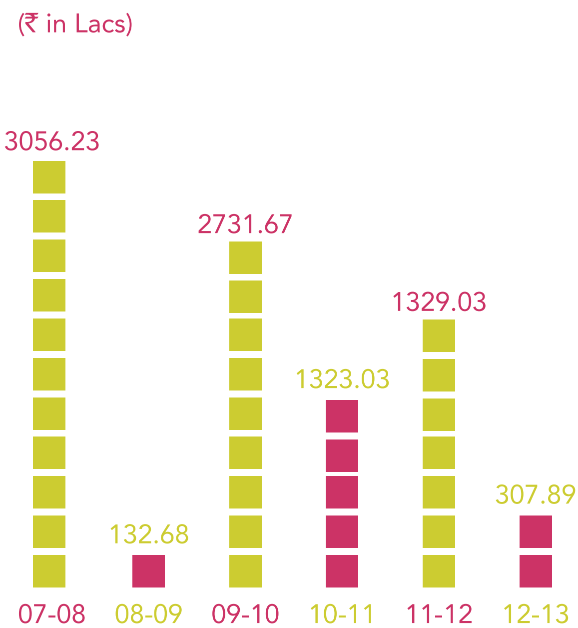
Total Revenue (Net)



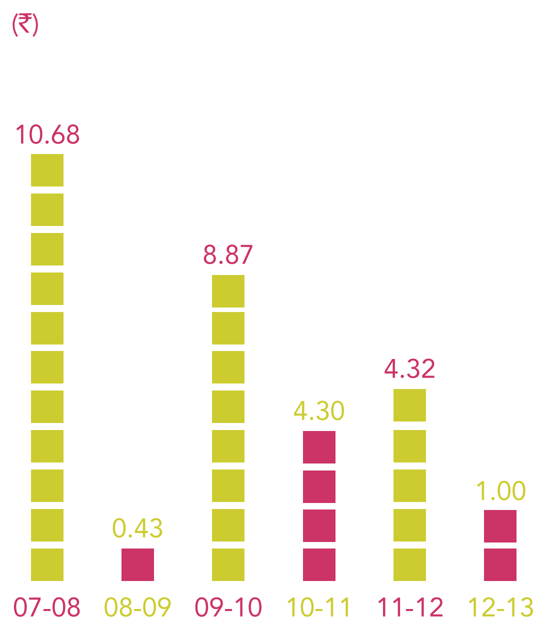
Net Worth



Gross Profit /EBIDTA



Profit After Tax



Earning Per Share

Making a Difference

CSR Initiatives

At IG Petrochemicals, we believe in making a positive difference to the society and the community we live and work in.

As a responsible corporate citizen, the Company carries out numerous CSR activities through various Trusts formed for public charitable purpose with benefits accruing across class and community.

The Trusts regularly provide funds for medical relief to hospitals, dispensaries, naturopathy homes etc. In the field of education, the Tursts support advancement and propagation of education and learning through the establishment, maintenance and support to schools, colleges, hostels, and by sponsoring scholarships and prizes in commercial and technical institutions.

The Trusts also support certain institutions for relief and eradication of any form of poverty, distribution of food and medical relief to the weaker sections of the society.

At IG Petrochemicals, we are privileged to be associated with the following schools and hostels for the last two decades:

Parmeshwari Devi Dhanuka Saraswati Vidya Mandir Higher Secondary School for Boys in Vrindaban (Mathura) was founded in the year 1992 and has about 1400 boys and 40 teachers.

Saraswati Balika Vidya Mandir Senior Secondary School for Girls in Vrindaban (Mathura) was founded in the year 1996 and has about 1200 girls and 40 teachers.

Both the schools are affiliated to the CBSE and have latest infrastructure and other facilities.

Shyam Sundar Dhanuka Chatravas is a hostel supported by the Trusts and have a capacity to house 100 students. The hostel has 25 rooms and all kinds of facilities are available

in order to make the students comfortable and their overall development.

Corporate Information

BOARD OF DIRECTORS

Shri M M Dhanuka, Chairman
Shri Nikunj Dhanuka, Managing Director
Shri Rajesh Muni
Dr. A K A Rathi
Shri P H Ravikumar
Shri J K Saboo, Executive Director

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

REGISTERED OFFICE

T-10, 3rd Floor, Jairam Complex
Mala, Neugi Nagar
Panaji, Goa – 403 001
Tel. No. 0832-2434973

CORPORATE OFFICE

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

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
Maharashtra
Tel : 022-39289100/146
Fax : 022-2741 0192
Email : igpetro.talojapa@gems.vsnl.net.in

REGISTRARS & SHARE TRANSFER AGENTS

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

Notice *To the Shareholders*

NOTICE is hereby given that the 24th Annual General Meeting of the members of **I G PETROCHEMICALS LIMITED** will be held on Saturday, the 27th day of July, 2013 at 3.00 p.m. at Hotel Mandovi, D B Bandodkar Road, Panaji, Goa – 403 001, to transact the following business :

As Ordinary Business

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31st March, 2013.
2. To appoint a Director in place of Shri Rajesh Muni 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.

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

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date : 20th May 2013

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 register of members and share transfer books of the Company will remain closed from Tuesday, 23rd July 2013 to Saturday, 27th July 2013 (both days inclusive) in connection with the Annual General Meeting (AGM).
3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the AGM along with the copy of the Annual Report. Copies of Annual Report will not be distributed at the Meeting.
4. 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.
5. Members holding shares in physical form are requested to advice any change in address /bank mandates immediately to the Company/ Registrar & Share Transfer Agent (RTA). Members holding shares in electronic form must send the advise about change in address to their respective depository participants.
6. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.

7. A member desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Corporate Office of the Company at least seven days before the date of the AGM, so that the information requested by them may be made available.

8. 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.

9. 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, Goa in the prescribed form which will be furnished on receipt of request by the Registrar & Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd.

10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the year 1995-96 to the Investor Education and Protection Fund. Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.

11. 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.

12. The Securities and Exchange Board of India (SEBI) has mandated the intimation of Permanent Account Number (PAN) by every participant in the securities market and members holding shares in physical form are requested to submit their PAN to the Company or its RTA.

13. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, members who have not registered their e-mail addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email-id. Members holding shares in dematerialised form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will be available on the Company's website - www.igpetro.com and the same shall also be available for inspection, during office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.

14. Particulars of Directors reappointed/appointed

    The information pertaining to Shri Rajesh Muni and Shri P H Ravikumar to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are 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 : 20th May 2013

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

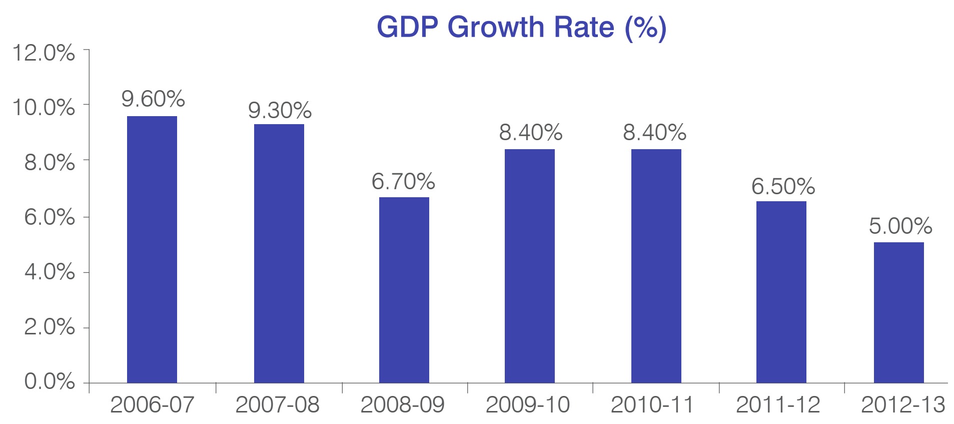
Management Discussion and Analysis

Economic Overview

The global economy continued to struggle during the year 2012-13. The crisis in Europe and slowdown in growth in developed economies were primary reasons for this sluggishness. The world output grew by 3.2 per cent during 2012 as compared to 3.9 per cent in 2011 (IMF). One of the major causes of concern in the previous financial year was that unlike 2011-12, in 2012-13 the emerging markets also experienced a slowdown in growth under pressure from challenging global headwinds. Europe and America continued to reel under global financial stress which began in late 2008. During the year, there were some significant political events which were closely monitored across the globe. The presidential elections in the USA was one such event which was closely scrutinised world over out of fears on how would the new administration deal with the country's towering fiscal deficit. In Europe, the economic situation took turn for the worse with countries like Greece, Spain and Cyprus came to the brink of bankruptcy.

In the emerging market economies, China felt the pressures of global slowdown and witnessed a weak export demand for most of its major industries. However, in spite of this, it almost achieved its targeted growth of 7.5 per cent for the year, with actual growth being pegged at 7.4 per cent. During the year, China saw their decade long leadership changing hands with Xi Jingping becoming China's new premier.

The Indian economy grew by a sluggish 5% during fiscal year 2012-13. This was the slowest growth rate in the last decade.



Last two years have been tough for the domestic economy. Global economic unrest along with policy inaction from the government has resulted in a contraction in the economy. Further, unstable political climate in the country has also kept fresh investments at bay. Rising cost of imports, especially oil and gold, combined with a weakening rupee against the US dollar has led to an alarming current account deficit (CAD) level.

Inflation has been another worrying issue for the government. To keep a right reign on inflation, the government resorted to a tight monetary policy. The WPI (Wholesale Price Index) based inflation continued to remain high throughout the previous year reaching a peak of above 10 per cent during the financial year end. However, the peak inflation moderated to 5.96 per cent by March, 2013 leading to hopes for a cut in interest rates expected to revive the investor sentiments.

Industry overview:

Global industry:

Globally, the petrochemical industry today has become an indispensable part of the manufacturing and consuming sectors, churning out value added final products which include paint, plastic, rubber, detergents, dyes, fertilisers, textiles and even solvents. The 21st century is seeing a paradigm shift from the West to East in the petrochemicals business, with the Middle

East emerging as global production hub with natural advantages of low cost feedstock. Major consumption centres are shifting to Asia, driven by rapid growth in China and India, particularly for the value added products. Chemical industry is the largest manufacturing industry in the world with sales approximating US$ 2.55 trillion. The petrochemical segment is the largest segment within this industry with revenues aggregating to US$ 600 billion (comprising roughly 60 per cent of the industry).

Phthalic Anhydride (PA):

One of the output of processing crude oil and natural gas is a chemical called Phthalic Anhydride (PAN). The commercial form of this chemical is used as an intermediate for the production of plasticizers (40-45 per cent), paints (8-10 per cent), pigments (5-10 per cent) and CPC (20-25 per cent).

The global demand for PAN is 3.84 million MT per annum which is expected to grow at 4 per cent per annum, whereas the demand in China and India is expected to grow at double the pace which is 7 to 8 per cent per annum.

The PAN industry is highly fragmented with top three players in the world accounting for only 0.5 million MT per annum capacity which aggregates to a total of 13 per cent of the total world demand. In recent times, plants with a manufacturing capacity of less than 40,000/45,000 MT per annum are rendered uneconomical because of various environmental and ecological issues. Further, with the tightening of the carbon emission norms, some of these old manufacturing facilities would require major ramp ups in order to comply with these emission norms. As a result of this, the industry is expected to witness a spate of consolidation and closures in the near future. This will help the industry to improve the demand-supply scenario in the market. Plant shutdowns have already being reported in Japan and Europe (eg. Feluy, Taragana, Bergama, Hull).

Domestic industry:

In India, the petrochemical industry is the fastest growing manufacturing segment. The PAN segment is expected to witness sustained growth in demand driven by expansion in capacities of all downstream users of PAN in the country. PAN is an important chemical intermediary for a variety of industries like paints, PVC, transportation, construction and marine, plastic products, textile dyes and printing inks. The Indian consumption story remains strong and robust, and is expected to be the key driver of growth in the coming years. Consequently, the demand for PAN is also expected to reflect this overall growth in consumption, and remain healthy in the near to mid-term future.

The demand of 280,000 TPA in India is highly concentrated in the states of Maharashtra and Gujarat, which consume about 224,000 TPA (80 per cent) and the balance are being clustered in the rest parts of the states in India.

Company profile:

I G Petrochemicals Ltd is the manufacturer of Phthalic Anhydride (PAN) with a capacity of 1,16,110 MT per annum, which is one among the largest plants in the world. I G Petrochemicals Ltd. earlier was a 100 per cent Export Oriented Unit (EOU) and has been converted into Domestic Tariff Area (DTA) Unit from 6th November 2008.

Your Company is engaged in manufacturing of Phthalic Anhydride (PAN), an important industrial chemical used in a variety of applications. Phthalic Anhydride is an important industrial chemical required for the manufacture of:

a) Phthalate Plasticizers – used for the production of flexible PVC products such as cables, pipes and hoses, leather, cloth, shoes, film for packaging etc.

b) Alkyd Resins – used in the manufacture of paints.

c) Dyes and Pigments – used in the manufacture of textiles and printing inks.

d) Unsaturated Polyester Resins – used in the manufacture of building materials and plastic products.

e) Miscellaneous Chemicals.

All the end-user industries, with the exception of textiles, are on a high growth path as a result of which the demand for PAN is expected to grow unabated in the years to come, especially in China and India.

Further and more significantly, there being no substitute for PAN, the product has assured demand.

Raw material advantage:

IGPL has only one raw material, namely, Orthoxylene, which is the third derivative of crude oil. Till 1999, IGPL was importing its entire raw material requirement. From 2000 onwards, 75-85 per cent of the raw material is being procured domestically from suppliers who are in close proximity to the Company's plant whereas the balance is being imported. This gives the Company a unique benefit of assured supply as well as ability to take advantage of best prices.

Strategically located plant:

The Company's registered office is at Panaji, Goa whereas the corporate office is in Mumbai. The plant is located at M.I.D.C. Industrial Area, Taloja, District Raigad, Maharastra, which is 50 kilometres from Mumbai.

The plant offers immense geographic advantages. The close proximity to the Mumbai Port and the Jawaharlal Nehru Port (JNPT) led to compelling cost-advantages in transportation which was a critical factor in exports till 2008 when the Company was an EOU. This came as a huge advantage to the Company as compared to its peers as this arrangement augmented the operating margins of the Company. The location of the plant continues to render strategic advantages to the Company. Currently, the Company also imports 25 per cent of its raw material and exports 15 per cent of its finished product. The major indigenous suppliers of Orthoxylene, the raw material used for the manufacture of PA, are also located in the western part of the country. On the consumption side too, 85 per cent of demand for PA emanates from western India. Being close to the source of raw materials as well as major customers results in an unmatchable competitive advantage for the Company in terms of logistics costs as well as delivery times. The total installed capacity in the country stands at 302,900 MT per annum. The Company has a strategic advantage with its plant located close to the port as well as the domestic raw material suppliers. As a result of this, the Company saves a significant percent of its transportation costs as compared to its peers.

Expansion plan:

With tremendous opportunity in sight the Company has taken concrete steps to ensure that it is well placed in order to tap the increase in the market share with the demand for the product increasing at a steady pace. During the previous year, the Company had achieved the financial closure for its expansion plans enhancing the capacity of Phthalic Anhydride (PA) by 50,000 MT thereby increasing its installed capacity from 1,16,110 MT to 1,66,110 MT per annum at a cost of Rs. 225 Crores. Commercial production is slated in the second quarter of the current financial year 2013-2014. The required funding arrangements have been made by way of term loans and external commerce borrowings (ECB) to the extent of Rs. 140 Crores and Rs. 75 Crores would be met through internal accruals. Post expansion, the Company targets to be the lowest cost producer in the world. .

Furthermore, as this industry is a commodity centric industry, it faces tremendous risks due to fluctuation in the prices. The price of Orthoxylene (the basic raw material for the manufacture of PAN) has been fluctuating because of the volatility in crude oil prices throughout the previous year. In order to mitigate this risk and minimize its impact on the overall spread and the profitability, the Company has entered into annual contract with its customers in India for about 40% of its production which in turn is assured of a fixed margin.

Quality Policy, ISO Systems, if any accreditations received:

I G Petrochemicals Limited is committed towards improving the quality of the product and customer service to world class standards by consistently striving to:

- Deploy Quality improvement tools
- Develop skilled Human Resources by providing training.
- Achieve mutually beneficial supplier relationship.

The Company aims for total satisfaction of its customers by adopting and implementing the ISO 9001:2000 Quality Management System, understanding the changing customer requirements and continually improving its processes to meet them.

The Company is following all the automated systems in order to maintain quality and hence, the quality related issues are very minimal. Further, the Company is accredited with ISO 9001 by BVQI. The Company also has in place 6 Sigma and has implemented ERP SAP system for its accounting. IGPL has been accredited with ISO 14001:2004 on 12th March 2009 by Bureau Veritas for maintaining better environment.

Opportunities and threats:

India is one of the fastest growing economies in the world. The Indian economy is expected to grow between 6 per cent to 7 per cent in the current year with continued thrust on infrastructure which would result in increased activities in the construction and allied industries. As a result, the user industries like paints, plasticisers, resins and UPR sectors are expected to grow consistently in the current year. The PAN industry is expected to grow in tandem with the user industries.

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

Risks and concerns:

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

Future Outlook:

In spite of challenging circumstances in the last few years, the larger Indian consumption story remains robust and strong. The economic growth is expected to pick up during the current year. India still has one of the lowest per capita consumption of plastics and PVC products in the world. Even in the paints industry, India has a per capita consumption of 1.5kgs, which is way below the per capita consumption of 20 kgs. in developed countries.

Global Per capita consumption of Plastics (in Kgs)

World Average	26
North America	90
West Europe	65
East Europe	10
China	12
India	5
South East Asia	10
L. America	18

Commodity	Indian consumption (Kg)	World average (Kg)
Polyesters	1.4	3.0
Plastics	3.0	17.0
Synthetic Rubber	0.2	2.1
Synthetic Fiber	1.6	4.0
Polymer	1.8	17.0

With demand led consumption, rapid urbanisation as well as growing rural consumptions, the industry is poised for a positive future.

Financials:

₹ in Lacs

Particulars	2012-2013	2011-2012
Revenue from Operations (Gross)	**106,718.64**	95,537.44
Revenue from Operations (Net)	**97,033.91**	88,607.20
Profit before Extraordinary item & tax	**3,154.76**	1,659.84
Extraordinary item – Depreciation relating to earlier years	**2,765.78**	—
Tax Expense – Current Tax Net (MAT)	**79.68**	330.81
Tax provision for earlier years	**1.41**	—
Profit for the year after extraordinary item & Tax	**307.89**	1,329.03

Internal control systems and their adequacy:

The Company has internal controls to commensurate with its size. It has also adopted standard operating procedures, policies and process guidelines. These guidelines are well documented with clearly defined authority limits corresponding with the level of responsibility for each functional area. They are designed to ensure that transactions are conducted and authorised within their framework. Further, the Company's reporting guidelines ensure that transactions are recorded and reported in conformity with generally accepted accounting principles. These guidelines are regularly reviewed and updated to meet the current business environment. The Company's Code of Business Conduct lays down ethical standards expected from each of its employees and business associates in their day to day actions. The Company has a robust internal audit program which works to conduct a risk-based audit not only tests the adherence to laid down policies and procedures but also to suggest improvements in the current processes and systems. Their audit program is agreed upon with the Audit Committee. Internal Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

Material developments in human resources:

Your Company places utmost importance in its people. It firmly believes that its people are its greatest assets and most unique source of sustained competitive advantage. The Company's Human Resources continuously endeavours to make sure that the people working for the Company are at cutting edge of skill-sets development. The Company strives to maintain a safe, healthy and happy work-place environment. Talent is nurtured and developed through various developmental programmes and it encourages its employees to undertake these for both professional and personal development.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of I G Petrochemicals Limited, which are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis.

Directors' Report

To

The Members

Your Directors hereby present the Twenty Fourth Annual Report, together with Audited Accounts of the Company for the year ended 31st March 2013:

1. FINANCIAL RESULTS

₹ in Lacs

	2012-2013	2011-2012
Revenue from Operations (Gross)	106,718.64	95,537.44
Less: Excise duty	9,684.73	6,930.24
Revenue from Operations (Net)	97,033.91	88,607.20
Other Income	528.37	389.32
Total Revenue	97,562.28	88,996.52
Gross Profit	6,197.08	4,614.96
Less:		
Finance Cost	1,667.29	1,464.94
Depreciation and Amortisation Expenses	1,375.02	1,490.18
Profit/(Loss) before extraordinary item & Tax	3,154.76	1,659.84
Extraordinary item – Depreciation relating to earlier years	2,765.78	—
Profit before Tax	388.98	1,659.84
Tax Expenses:		
Current Tax Net (MAT)	79.68	330.81
Tax provision for earlier year	1.41	—
Profit for the year	307.89	1,329.03
Balance brought forward from previous year	17,386.73	16,057.70
Profit available for appropriation	17,694.62	17,386.73

2. DIVIDEND

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

3. OPERATIONAL REVIEW

The Company has delivered a sustainable and healthy performance during the year with Gross Revenue from Operations crossing the ONE THOUSAND CRORE MARK amounting to ₹ 1,067.18 Crores as against ₹ 955.37 Crores during the previous year 2011-2012 recording a growth of 11.70%. The production of Phthalic Anhydride (PA) was 1,06,662 MT at 91.86% during the year, as against 1,15,673 MT at 99.62% during 2011-2012. The production was marginally less during the year due to closure of Plants on a couple of occasions. Net Profit before extraordinary item was higher at ₹ 3,154.76 Lacs as against ₹ 1,659.84 Lacs in the previous year 2011- 2012. The Net Profit after extraordinary item was ₹ 307.89 Lacs.

The operating margins increased during first half of the year on account of improved realizations due to healthy growth in the domestic market as imports become dearer due to Safeguard duty from January 2012 for one year. However due to high international crude oil prices the downstream products including the raw material prices rose to exponential heights and the margins for PA saw declining trends especially during the third quarter of the year. Though there is some easing of raw material prices the current situation remains sluggish due to huge dumping of PA from Korea, Israel, Taiwan and other countries.

The export market remains subdued though there are some signs of the international markets gradually picking up.

In furtherance to the efforts taken by the PA manufacturers association for making representation to the Government for imposing anti-dumping duty, the Government has during December 2012 implemented the anti-dumping duty for a period of five years on PA originating/exported from Korea RP, Taiwan and Israel.

The Company has sold 1,06,065 MT of PA during the year, of which 82,982 MT is sold in DTA, 12,641 MT in exports and 10,442 MT in deemed exports. The Company sells nearly 75% in the local market and rest is sold in export and deemed export market.

The Company continues to avail the Working Capital limits from various banks of around ₹ 170 Crores (both fund based and non-fund based) during the year.

4. CONTRIBUTION TO THE EXCHEQUER

The Company has contributed ₹ 16,405 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

The Indian economic environment during the year has been tough and the growth has moderated due to various internal and external factors. The uncertainty and recessionary trends in the global economies has affected and compounded the complexity in the domestic environment. The GDP growth rate remained positive despite of economic sentiment remaining subdued on account of widening fiscal deficit, spiraling inflation and high interest rates. The emerging focus on corruption issues has further dampened the sentiments. These are the areas of serious concern but the general consensus remains optimistic about the long term growth.

The Company anticipates that the growth rates will show steady recovery and the momentum will revive soon. The Governments thrust on infrastructure development continues with the result that the construction industry and all the related industries should grow steadily. PA is the raw material for various industries, such as paints, PVC, plasticizers, resins, transportation, construction and marine, plastic products, textile dyes, printing inks and other chemicals. The major demand for PA is in the western and northern India as the users are clustered in these areas. The Company has the advantage of procuring raw material and selling finished goods in this area due to which the conversion cost is one of the lowest in the world.

The Company's expansion project for increase in capacity by 50,000 MT. is progressing as per schedule and the commencement of commercial production of the Plant is expected during the second quarter of the current financial year 2013-2014. After expansion the Company would be the largest producer of PA in India and one of the largest in the world at a single location. It would be one of the lowest cost producers of PA in the world and the profitability is expected to considerably improve due to optimum utilization of the existing facilities.

As a forward integration measure the Company is looking to add certain value added products to captively utilize the large capacities which would be available after expansion to fuel growth and help in derisking the 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

Shri Premjit Singh resigned from the directorship of the Company. The Directors wish to place on record their appreciation of the valuable services rendered by Shri Premjit Singh during his long association as Director of the Company.

Shri P H Ravikumar has been appointed as a Director in the casual vacancy caused by the resignation of Shri Premjit Singh.

Shri Rajesh Muni 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 and no material departures have been made from the same;

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 2013 and of the profit of the Company for that year;

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

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

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

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance, along with Auditors' Certificate on its compliance, 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 Schedule 5 - Fixed Assets Note No. 4(b).

15. COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. Krishna S (Membership No. 27415), Practising Cost Accountant, Mumbai has been appointed to conduct audit of cost records of Phthalic Anhydride for the financial year ending 31st March 2014.

The Compliance Report for Phthalic Anhydride for the year ended 31st March 2012 was filed with the Central Government on 11th January, 2013. The Cost Audit Report for the year ended 31st March 2013 shall be filed with the Central Government within the stipulated time.

16. ACKNOWLEDGEMENT

The Directors wish to thanks all the employees of the Company for their dedicated service during the year and also like to place on record their appreciation for the continued co-operation and support received during the year from bankers, financial institutions, business partners and other stakeholders.

For and on behalf of the Board

Place : Mumbai
Date : 20th May 2013

M M Dhanuka
Chairman

ANNEXURE 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 31st March 2013.

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

1. Electrical :

   High efficiency low power consumption lighting systems are installed.

   To reduce power consumption variable speed controllers are installed at suitable drives as per process service areas.

   Automatic power factor control (APFC) had been installed to control the power factor towards unity.

   Automatic voltage regulator (AVR) had been installed to avoid trips/fluctuation in voltage.

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.

6. Steam traps functioning survey had been carried out. List of traps which are to be cleaned were opened and cleaned. Secondly, the traps which are non-functional are replaced with cost effective and high performance steam traps resulting in improvement especially in steam jacketed process lines functioning.

7. Monitoring carbon monoxide at regular intervals of PA-1/PA-2 HT heaters, flue gas chimney and ensuing 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

	2012-2013	2011-2012
1. Electricity		
a. Purchased (Units)	**262,720**	109,442
Total Amount (₹)	**2,288,796**	1,172,063
Rate/Unit (₹)	**8.71**	10.71
b. Own Generation		
i. Through Diesel Generator	**477,280**	202,740
Units per Ltr. of Diesel Oil	**3.61**	3.12
Cost/Unit (₹)	**11.19**	13.37
ii. Through Steam Turbine	**27,846,720**	29,002,650
Generator (Unit)	—	—
Units per litre of Fuel/Oil/Gas	—	—
2. Coal is not used in Manufacturing process	—	—
3. Furnace Oil quantity (KL)	**5,248**	4,083
Total Amount (₹)	**206,752,609**	150,299,166
Average rate/KL (₹)	**39,395**	36,807
Others/Internal generation	—	—

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

		2012-2013	2011-2012
Phthalic Anhydride	Standard		
Electricity – Units	Not Specified	**268**	253
Furnace Oil – Litres	Not Specified	**49**	35

B) TECHNOLOGY ABSORPTION

Research & 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 ₹ 30.51 Lacs.
   Total R&D expenses as a % of turnover : 0.03%

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	2012-2013	2011-2012
Total Foreign Exchange Earnings	**10,989.70**	12,982.36
Total Foreign Exchange Outgo	**26,687.49**	16,222.52

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 is committed to good corporate governance. The Company's business objective and that of its management and employees is to manufacture products of highest standard so as to create value that can be sustained over a long term for customers, shareholders, employees, business partners and the national economy. The Company is conscious of the fact that the success of a corporation is the reflection of the professionalism, conduct and ethical values of its management and employees. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

- **Composition and size of the Board**

  The present strength of the Board is six Directors. The Board comprises of Executive and Non-Executive Directors. Two Directors including the Managing Director are Executive Directors. There are four Non-Executive Directors out of which three are Independent Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions.

- **Board Meetings and attendance**

  During the financial year under review, four Board meetings were held i.e. on 14th May 2012, 10th August 2012, 30th October 2012 and 4th February 2013.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 28th July 2012	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	3	No	1	—	1
Shri Nikunj Dhanuka Managing Director	Executive Director	4	No	1	—	1
Shri Premjit Singh (Upto 30.10.2012)	Independent & Non-Executive Director	2	Yes	—	—	—
Shri Rajesh R Muni	Independent & Non-Executive Director	3	No	—	—	—
Dr. A K A Rathi	Independent & Non-Executive Director	3	No	—	—	—
Shri P H Ravikumar (Since 30.10.2012)	Independent & Non-Executive Director	1	Not Applicable	8	3	4
Shri J K Saboo Executive Director	Executive Director	3	Yes	2	—	—

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

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

- Details of Directors retiring and being re-appointed:

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

Shri Rajesh Muni

Shri Rajesh Muni, aged 62 years, is a Practising Chartered Accountant and Senior Partner of M/s. R R Muni & Co., Chartered Accountants, Mumbai. He has more than 30 years experience in Auditing and Taxation areas. He is also a past President of Bombay Chartered Accountant's Society. He is associated as an Independent Director of the Company since 2002. He holds 5500 shares (0.02%) in the Company.

Shri P H Ravikumar

Shri P H Ravikumar, aged 61 years, is a Bechelor of Commerce and Certified Associate of London Institute of Bankers, Certified Associate of Indian Institute of Bankers, Fellow of Securities Investments Institute and Senior Diploma in French.

Shri P H Ravikumar has more than four decades of experience in the financial sector of which more than three decades in the banking sector. He was a part of the core team of Bank of India and ICICI Bank and had headed the corporate banking functions, treasury, retail and agri business verticals. He was associated with National Commodity & Derivatives Exchange Ltd. (NCDEX) as Managing Director & CEO for five years and Head of the project team for establishing the Commodity Exchange and then leading and growing it as a national level institute.

He has been a member of several committees set up by regulatory bodies/ Government of India and also a member of several national level policy/regulatory committees set up by Government of India. He is currently the member and Chairperson of the advisory committee of Securities Investment Institute (India), the largest derivatives training institute in U.K.

He is the recipient of Gold Medal for excellence in Banking by French Chamber of Commerce, Industry and Economy, Paris, the first Indian Banker to be so felicitated.

He is a Director of the following Public Limited Companies and Chairman/Member of Mandatory Committees of the Board as under –

Directorship in other Companies	Committee positions
Bharat Forge Ltd	Member – Audit Committee
Eveready Industries Ltd	Chairman – Audit Committee Member – Remuneration Committee
Federal Bank Financial Services Ltd.	Chairman – Audit Committee
BOB Capital Markets Ltd.	Member – Audit Committee
McNally Bharat Engineering Ltd.	--
SICOM Investments and Finance Ltd.	--
SKS Microfinance Ltd.	Chairman – Audit Committee
Titan Energy Ltd.	Member – Audit Committee

He is associated with the Company since October 2012. He does not hold any shares of the Company.

- **Shareholding of Directors :**

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

Name	No. of ordinary shares held	% of Paid-up Capital
Shri M M Dhanuka	104804	0.34
Shri Premjit Singh (Upto 30.10.2012)	Nil	—
Shri Rajesh R Muni	5500	0.02
Dr. A K A Rathi	Nil	—
Shri P H Ravikumar (Since 30.10.2012)	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 20th May 2013.

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 2012-2013. 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 14th May 2012, 10th August 2012, 30th October 2012 and 4th February 2013.

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

Name of Director	Position	Category	No. of Meetings	
			Held	Attended
Shri Rajesh R Muni	Chairman	Independent & Non-Executive Director	4	3
Shri M M Dhanuka	Member	Non-Executive Director	4	3
Shri Premjit Singh (Upto 30.10.2012)	Past Chairman	Independent & Non-Executive Director	4	2
Dr. A K A Rathi	Member	Independent & Non-Executive Director	4	3
Shri P H Ravikumar (Since 30.10.2012)	Member	Independent & Non-Executive Director	4	1

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 past Chairman of the Audit Committee Shri Premjit Singh was present at the last Annual General Meeting of the Company held on 28th July 2012.

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 Rajesh Muni is the Chairman and Shri M M Dhanuka, Dr. A K A Rathi and Shri P H Ravikumar 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 2012-2013.

The past Chairman of the Remuneration Committee Shri Premjit Singh was present at the last Annual General Meeting held on 28th July 2012.

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 2012-2013 is given below :

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Chairman	—	70,000.00	70,000.00
Shri Nikunj Dhanuka	Managing Director	53,61,883.00	—	53,61,883.00
Shri Premjit Singh (Upto 30.10.2012)	Director	—	45,000.00	45,000.00
Shri J K Saboo	Executive Director	31,18,338.00	—	31,18,338.00
Shri Rajesh R Muni	Director	—	65,000.00	65,000.00
Dr. A K A Rathi	Director	—	65,000.00	65,000.00
Shri P H Ravikumar (Since 30.10.2012)	Director	—	20,000.00	20,000.00

SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE

The committee comprises of Shri. Rajesh Muni, Chairman and other members viz. Shri. M M Dhanuka, Shri. Nikunj Dhanuka and Dr. A K A Rathi.

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 14.05.2012 & 30.10.2012 & Attended
Shri Rajesh Muni	Chairman	Non-Executive & Independent Director	Attended on 30.10.2012
Shri Premjit Singh (Upto 30.10.2012)	Past Chairman	Non-Executive & Independent Director	Attended on 14.5.2012
Shri M M Dhanuka	Member	Executive Director	Yes
Shri Nikunj Dhanuka	Member	Executive Director	Yes
Dr. A K A Rathi	Member	Non-Executive & Independent Director	Attended on 30.10.2012

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 113 letters from shareholders including 17 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
28.7.2012	2012	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	3.00 p.m.
24.9.2011	2011	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	3.00 p.m.
21.8.2010	2010	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	2.30 p.m.

No Extraordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2012-2013.

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. 26 of Notes to Accounts in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the previous three financial years.
- The Board members and senior management personnel of the Company have affirmed their compliance with the code and a declaration signed by the Managing Director and CEO within the meaning of Clause 49-V of the Listing Agreement forms part of this report.
- Qualification in the Auditors' Report for the year ended 31st March 2013

  Attention is invited to Note No. 4(b) of Fixed Assets Schedule of the financial statements wherein, for the Plant and Equipments installed in Phthalic Anhydride Plant-2, the company continued to provide the Depreciation with effect from 01.04.2006 on Staight Line method based on 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 Stright Line method based on the rates specified in Schedule XIV of the Companies Act 1956, the depreciation charged for the year would have been higher by ₹ 280.19 Lacs and accumulated depeciation would have been higher by ₹ 1,830.91 Lacs (Previous year ₹ 1,550.72 Lacs) with its equivalents impact on the profits for the year and accumulated reserves.

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

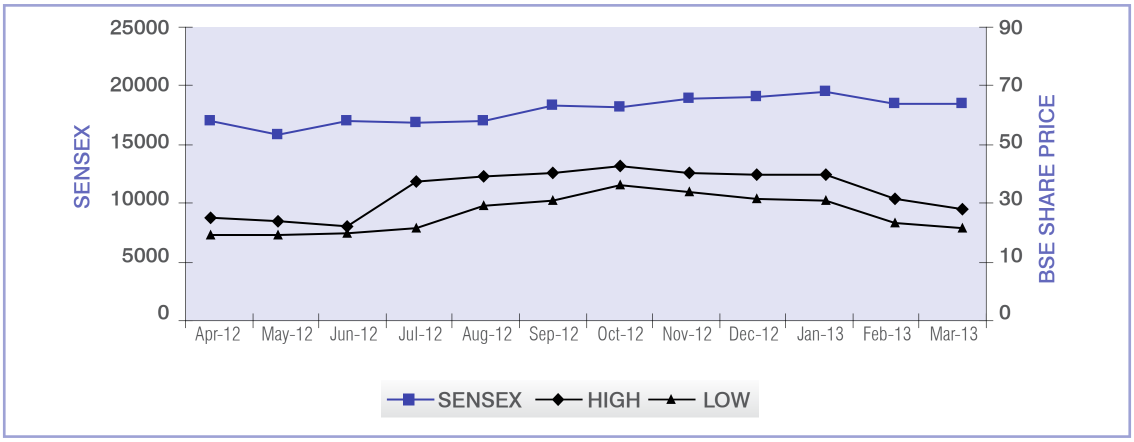
Annual General meeting Date, Time and Venue.	Saturday, 27th July 2013 at 3.00 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji, Goa - 403 001
Date of Book Closure	The share transfer books and the Register of Members will be closed from Tuesday, 23rd July 2013 to Saturday, 27th July 2013 (both days 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 2012-2013.
Stock Exchange Listing	Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange (NSE). The listing fees payable to BSE & NSE for 2013-2014 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 share	92.20 % of the shares have been dematerialised by the members as on 31.3.2013.
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.

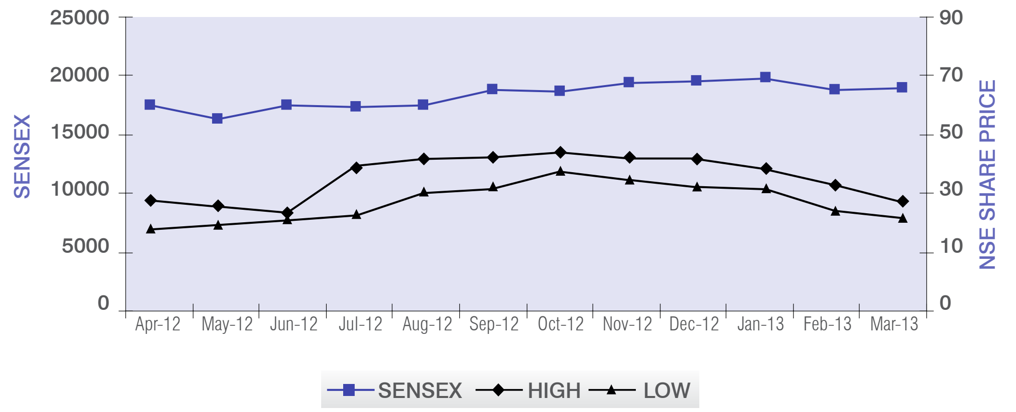
MARKET PRICE DATA DURING THE YEAR ENDED 31ST MARCH, 2013 (MONTH-WISE)

	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-2012	25.90	19.95	26.90	17.20
May-2012	24.95	20.00	25.00	18.35
Jun-2012	22.85	20.05	22.80	20.10
July-2012	38.35	22.05	38.70	21.80
Aug-2012	40.50	30.25	41.00	30.00
Sep-2012	41.50	32.00	42.00	31.10
Oct-2012	44.00	37.10	43.70	37.00
Nov-2012	41.30	34.80	41.50	34.40
Dec-2012	41.00	32.40	42.00	32.50
Jan-2013	41.00	32.10	38.25	31.65
Feb-2013	32.80	24.30	33.00	24.30
Mar-2013	28.75	22.05	27.10	22.00

PERFORMANCE OF IGPL SHARE PRICE IN COMPARISION WITH SENSEX.



PERFORMANCE OF IGPL SHARE PRICE IN COMPARISION WITH SENSEX.



SHARE HOLDING PATTERN AS ON 31.3.2013

Sl. No.	Category	No. of shares	% of Holding
1	Promoters & Persons acting in Concert	22090199	71.73
2	Mutual funds / Banks / FIs	18000	0.06
3	Private Corporate Bodies – Indian & Foreign	994451	3.23
4	NRIs	487695	1.58
5	Indian Public	7204505	23.40
	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.

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 :-

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

20th May 2013

Dear Sirs,

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

Thanking you.

Yours faithfully,
For **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 year ended 31st March 2013 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 year ended 31st March 2013, 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 : 20th May 2013

Auditors' Report

To The Shareholders

I G PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of I G PETROCHEMICALS LIMITED as at 31st March, 2013, the Statement of Profit and Loss and also the Cash Flow 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, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

   vi) Attention is invited to Note 5 (4b) wherein the Company has been, with effect from April 01, 2006, providing depreciation on plant and equipments stated therein 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 ₹ 280.19 Lacs and accumulated depreciation lower charged as at March 31, 2013 is ₹ 1,830.91 Lacs. Had the impact of above been considered, the Profit before tax for the year would have been ₹ 108.79 Lacs instead of the reported profit before tax of ₹ 388.98 Lacs, net block of fixed assets as at March 31, 2013 would have been ₹ 15,346.02 Lacs instead of reported figure of ₹ 17,176.93 Lacs and Profit and Loss account balance as appearing in "Reserves & Surplus" would have been ₹ 15,863.71 Lacs instead of reported figure of ₹ 17,694.62 Lacs.

vii) Without qualifying our opinion, we draw attention to Note 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 31st March 2013.

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 : 20th May 2013

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 quotations 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) We have broadly reviewed the books of account maintained by the company in respect of manufacture of chemicals pursuant to the order made by the Central Government for the maintenance of cost records prescribed under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund or Employees State Insurance, Income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have 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	3,732.68	670.60	Various Years from 1997 to 2009	CESTAT
Central Excise Act, 1944	Excise Duty	13,159.18	—	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	2,127.91	—	1998-99, 2005-06 to 2009-10	Karnataka High Court / CIT (Appeals)

(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 : 20th May 2013

Balance Sheet

as at March 31, 2013

(₹ in Lacs)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	3,079.81	3,079.81
Reserves and Surplus	2	22,722.87	22,800.96
		25,802.68	25,880.77
Non Current Liabilities	3		
Long Term Borrowings	3 (a)	12,307.45	3,504.48
Long Term Provisions	3 (b)	170.30	107.32
		12,477.75	3,611.80
Current Liabilities	4		
Short Term Borrowings	4 (a)	3,587.50	1,564.08
Trade Payables	4 (b)	18,384.90	13,993.11
Other Current Liabilities	4 (c)	1,979.39	696.96
Short Term Provisions	4 (d)	0.83	16.36
		23,952.62	16,270.51
TOTAL		62,233.05	45,763.08
ASSETS			
Non Current assets			
Fixed Assets (Net)			
Tangible Assets	5	17,171.27	21,558.03
Intangible Assets	5	5.66	8.96
Capital Work-In-Progress	5	17,161.11	1,847.08
		34,338.04	23,414.07
Non-Current Investments	6	6.91	6.91
Long Term Loans and Advances	7	618.63	1,452.06
		34,963.58	24,873.04
Current Assets			
Inventories	8	8,222.41	5,751.45
Trade Receivables	9	12,430.75	10,326.57
Cash and Bank Balances	10	3,458.94	3,004.37
Short Term Loans and Advances	11	3,157.18	1,807.47
Other Current Assets	12	0.19	0.18
		27,269.47	20,890.04
TOTAL		62,233.05	45,763.08
Significant Accounting Policies	A		
Notes on Financial Statements	1- 32		

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 : 20th May, 2013

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

M. M. Dhanuka
Chairman

P. H. Ravikumar
Director

Dr. A.K.A. Rathi
Director

R Chandrasekaran
Chief Financial Officer & Secretary

Nikunj Dhanuka
Managing Director

Rajesh Muni
Director

J. K. Saboo
Executive Director

Statement of Profit and Loss

for the year ended March 31, 2013

(₹ in Lacs)

	Note	2012-2013	2011-2012
REVENUE			
Revenue from Operations (Gross)	13	106,718.64	95,537.44
Less : Excise Duty		9,684.73	6,930.24
Revenue from Operations (Net)		97,033.91	88,607.20
Other Income	14	528.37	389.32
Total Revenue		97,562.28	88,996.52
EXPENDITURE			
Cost of Material Consumed	15	82,994.86	75,403.94
Decrease / (Increase) in Inventories	16	(622.07)	436.86
Purchases of Traded Goods	17	—	196.79
Employees Benefits Expense	18	2,444.14	1,867.71
Other Expenses	19	6,548.27	6,476.26
Depreciation and Amortisation Expenses	5	1,375.02	1,490.18
Finance Cost	20	1,667.30	1,464.94
Total Expenses		94,407.52	87,336.68
Profit before extraordinary item & tax		3,154.76	1,659.84
Extraordinary item - Depreciation relating to earlier year (Refer Sr. No. 4 (a) to Note 5)		2,765.78	—
Profit before Tax		388.98	1,659.84
Tax Expenses			
Current Tax Net (MAT)	21	79.68	330.81
Tax Provision for Earlier Year		1.41	—
Profit for the year		307.89	1,329.03
Earning per share:			
Face value of shares ₹ 10 each, (Previous Year ₹ 10 each)			
Basic & Diluted	22		
Before extraordinary item		10.24	5.39
After extraordinary item		1.00	4.32
Significant Accounting Policies	A		
Notes on Financial Statements	1- 32		

As per our report of even date
For Hariharan & Co.
Chartered Accountants
K. Nagarajan
Partner
Membership No: 16398
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Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Cash Flow Statement

for the year ended March 31, 2013

(₹ in Lacs)

		2012-2013	2011-2012
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax and Extraordinary Items	3,154.76	1,659.84
	Non-cash Adjustment to reconcile profit before tax to net cash flow:		
	Depreciation / Amortisation Expenses	1,375.02	1,490.18
	Loss / (Profit) on Sale / Write off of Fixed Assets	(2.74)	49.48
	Foreign Exchange Translation Difference Loss (Net)	469.38	874.29
	Sundry Balances / Excess Provision Written Back	57.34	(3.70)
	Interest Expense	534.59	438.30
	Interest Income	(527.14)	(215.99)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5061.21	4292.40
	Movements in Working Capital		
	Increase / (decrease) in Trade Payables / Other Current liabilities	4,304.53	1,681.96
	Decrease / (increase) in Trade receivables	(2,151.05)	(4,131.08)
	Decrease / (increase) in Inventories	(2,470.96)	2,718.66
	Decrease / (increase) in loans and advances	(496.84)	(1,132.62)
		(814.32)	(863.08)
	CASH GENERATED FROM/(USED IN) OPERATIONS	4,246.89	3,429.32
	Direct Taxes Paid (Net of refunds)	(59.00)	(203.11)
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	4,187.89	3,226.21
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets, including intangible assets,CWIP	(13,860.26)	(1,990.10)
	Proceeds from Sale of Fixed Assets	11.28	26.17
	Purchase of Investments	—	(1.00)
	Interest Received	485.60	159.50
	NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES	(13,363.38)	(1,805.43)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds / (Repayments) of Long-term borrowings (Net)	8,779.93	2,394.50
	Proceeds / (Repayments) of Short -term borrowings (Net)	2,024.81	(1,159.50)
	Interest Paid	(1,174.68)	(407.70)
	Dividend Paid	—	(0.01)
	NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES	9,630.06	827.29
	NET INCREASE / (DECREASE) (A+B+C)	454.57	2,248.07
	CASH AND BANK BALANCES AS AT 1.4.2012 (Opening Balance)	3,004.37	756.30
	CASH AND BANK BALANCES AS AT 31.3.2013 (Closing Balance)	3,458.94	3,004.37

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 : 20th May, 2013

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

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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 & Equipments (historical cost) for the year is provided on Straight line Method as per rates specified in schedule XIV of the Companies Act, 1956 / the balance useful life of 12 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 straight line 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.

Significant Accounting Policies

(Contd.)

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 historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction

Significant Accounting Policies
(Contd.)

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 Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

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

iv. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss 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 writesdown 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 writedown 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.

Significant Accounting Policies
(Contd.)

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.

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 : 20th May, 2013

For and on behalf of the Board of Directors of

I G Petrochemicals Limited

M. M. Dhanuka
Chairman
P. H. Ravikumar
Director
Dr. A.K.A. Rathi
Director
R Chandrasekaran
Chief Financial Officer & Secretary

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

Notes
on Financial Statements

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ 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 18,33,528 (Previous Year 18,33,528)		
Gembel Trade Enterprises Ltd. No. of Shares 24,31,489 (Previous Year 17,91,089)		
Kamrup Enterprises Ltd. No. of Shares 18,94,884 (Previous Year 18,94,884)		
Mysore Petrochemicals Ltd. No. of Shares 40,75,000 (Previous Year 40,75,000)		
Savita Investment Co.Ltd.No. of Shares 19,33,414 (Previous Year 19,33,414)		
Shekhawati Investment Corp. Ltd. No of Shares 40,78,210 (Previous Year 40,78,210)		
Vincent (India) Ltd No.of Shares 25,65,716 (Previous year 25,65,716)		
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	3,022.98	3,414.71
Less: Transferred to the Statement of Profit and Loss (Refer Serial No. 3 to Note 5)	385.98	385.98
Reversal on account of Sale / Disposal of Fixed Assets	—	5.75
	2,637.00	3,022.98
Surplus in the Statement of Profit and Loss		
Opening Balance at the beginning of the year	17,386.73	16,057.70
Add : Profit for the year	307.89	1,329.03
	17,694.62	17,386.73
	22,722.87	22,800.96

Notes

on Financial Statements (Contd.)

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 3 : NON-CURRENT LIABILITIES		
a. **Long Term Borrowings**		
Secured Loans		
Rupee Term Loan from Banks	4,097.56	992.50
External Commercial Borrowing	6,221.87	547.00
Hire Purchase Finance	51.97	28.93
	10,371.40	1,568.43
Unsecured Loans		
From Bodies Corporate	1,936.05	1,936.05
Total Long Term Borrowing	12,307.45	3,504.48
b. **Long Term Provisions**		
Provision for Gratuity	16.74	—
Provision for Leave Encashment	153.56	107.32
	170.30	107.32

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 Rupee Term Loans are further secured by personal guarantee of two directors of the company.The Term Loans are payable in 20 equal quarterly / 60 equal monthly instalments from commencement of commercial production of new Phthalic Anhydride Plant.

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. The ECB is payable in 17 equal semi annual instalments from 15.09.2013.

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	673.01	612.63
Factoring Facility	2,871.90	907.47
Current Maturities of Finance Lease Obligations (Secured by the assets so acquired)	42.59	43.98
	3,587.50	1,564.08

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, stores & spares and book debts on first pari passu basis amongst Working Capital lenders under consortium banking arrangement excluding receivables pertaining to specific customers assigned for Factoring facilities. It is further secured by hypothecation of movable properties and equitable mortgage of immovable properties of the Company on second charge basis.

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

ii. Factoring facility is secured by way of exclusive first charge on receivables factored and subservient charge on other Current Assets. Further they are secured by personal guarantee of two directors of the Company.

Notes
on Financial Statements (Contd.)

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
b. Trade Payables		
Acceptances	11,769.80	8,956.59
Sundry Creditors		
Total outstanding dues of Micro, Medium and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	6,615.10	5,036.52
	18,384.90	13,993.11
c. Other Current Liabilities		
Advance from Customers	74.27	120.50
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	6.50	6.50
Security Deposits	1.50	1.50
Current maturities of long term Secured debts		
– Rupee Term Loan from Banks	455.28	—
– External Commercial Borrowing	829.58	—
Interest Accrued But not Due on Loans	226.15	190.07
Other Liabilities	386.11	378.39
	1,979.39	696.96
d. Short Term Provisions		
Provision for Income Tax (Net of Advance Tax & Tax Deducted at Source)	—	15.69
Provision for Wealth Tax	0.83	0.67
	0.83	16.36

NOTE 5: FIXED ASSETS

(₹ in Lacs)

Description	Gross Block				Depreciation / Amortisation					Net Block	
	As at 01.04.12	Additions	Deductions	As at 31.03.13	As at 01.04.12	For the year	Arreas	Deletions/ Adjustments	As at 31.03.13	As at 31.03.13	As at 31.03.12
Tangible Assets											
Freehold Land	1.45	—	—	**1.45**	—	—	—	—	**—**	**1.45**	1.45
Leasehold Land	1,029.29	—	—	**1,029.29**	147.88	11.10	—	—	**158.98**	**870.31**	881.41
Buildings	2,122.55	—	—	**2,122.55**	631.23	65.19	—	—	**696.42**	**1,426.13**	1,491.32
Plant & Equipments	49,437.65	17.36	—	**49,455.01**	30,565.54	1,603.53	2,765.78	—	**34,934.85**	**14,520.16**	18,872.11
Office Equipments	237.66	17.94	—	**255.60**	184.18	11.22	—	—	**195.40**	**60.20**	53.48
Furniture & Fixtures	335.37	5.00	0.18	**340.19**	276.16	8.65	—	0.17	**284.64**	**55.55**	59.21
Vehicles	408.78	103.68	28.88	**483.58**	209.73	56.73	—	20.35	**246.11**	**237.47**	199.05
	53,572.75	**143.98**	**29.06**	**53,687.67**	**32,014.72**	**1,756.42**	**2,765.78**	**20.52**	**36,516.40**	**17,171.27**	**21,558.03**
Intangible Assets	39.89	1.28	—	**41.17**	30.93	4.58	—	—	**35.51**	**5.66**	8.96
Software											
TOTAL	**53,612.64**	**145.26**	**29.06**	**53,728.84**	**32,045.65**	**1,761.00**	**2,765.78**	**20.52**	**36,551.91**	**17,176.93**	**21,566.99**
Previous year	51,779.77	2026.25	193.38	53,612.64	30,281.47	1,876.16		111.98	32,045.65	21,566.99	

Note :

1. Land, Buildings at factory site and Plant & equipments 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 & equipments 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 ₹ 312.96 Lacs (Previous Year ₹ 223.03 Lacs) and Net book value of ₹ 185.01 Lacs (Previous year ₹ 136.09 Lacs) acquired on Hire Purchase contracts.
3. Details of depreciation are as follows.

Particulars	2012-2013	2011-2012
Depreciation for the year as above	**1,761.00**	1,876.16
Less: Transferred from Revaluation Reserve	**385.98**	385.98
Depreciation as per Statement of Profit and Loss	**1,375.02**	1,490.18

4. a. During the year the company had provided the Depreciation for the Plant and Equipments installed in Phthalic Anhydride Plant-1, on Straight Line Method based at the rates specified in Schedule XIV of the companies Act' 1956 as against in earlier years from April 2006 under Straight Line method based on the balance useful life of the assets as determined by an approved valuer. Accordingly the shortfall amounting to ₹ 2,765.78 Lacs is accounted under Extra Ordinary item in the Statement of Profit and Loss.

   b. The company continued to provide the Depreciation on the Plant and Equipments installed in Phthalic Anhydride Plant - 2 with effect from 01.04.2006 on Staight Line method based on 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 the rates specified in Schedule XIV of the Companies Act 1956, the depreciation charged for the year would have been higher by ₹ 280.19 Lacs and accumulated depreciation would have been higher by ₹ 1830.91 Lacs (Previous year ₹ 1,550.72 Lacs) with its equivalent impact on the profits for the year and accumulated reserves.
5. Capital work in progress includes Plant & Equipments under construction ₹ 15330.81 Lacs (Previous Year ₹ 2129.87 Lacs), Building under construction ₹ 211.60 Lacs (Previous Year ₹ 465.36 Lacs), Employees benefits expenses of ₹ 176.36 Lacs (Previous Year ₹ 194.25 Lacs), Interest & Finance charges ₹ 959.86 Lacs (Previous Year ₹ 651.22 Lacs), Power Fuel & Water Charges ₹ 99.84 Lacs (Previous Year Nil) and Other expenses ₹ 382.64 Lacs (Previous Year ₹ 299.71 Lacs), less capitalised during the year ₹ Nil (Previous Year ₹ 1893.33 Lacs).

Notes
on Financial Statements (Contd.)

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ 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		
1200 (Previous Year: 1200) shares of ₹ 10 each fully paid in Blue Circle Fine-Chem (P) Ltd	**3.60**	3.60
1000 (Previous Year: 1000) shares of ₹ 100 each fully paid in Cosmos Co-operative Bank Ltd.	**1.00**	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	**6.91**
NOTE - 7 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Deposits – Others	**239.48**	247.75
Capital Advances	**379.15**	1,204.31
	618.63	1,452.06
NOTE - 8 : INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 908.82 Lacs, Previous Year ₹ 498.27 Lacs)	**3,169.82**	1,314.68
Stores and Spares	**1,273.82**	1,474.32
Work-in-Progress	**638.62**	698.42
Finished Goods (including stock in transit ₹ Nil, Previous Year ₹ 30.03 Lacs)	**2,850.70**	2,079.40
Catalyst (at cost less amortisation)	**289.45**	184.63
	8,222.41	**5,751.45**

Notes
on Financial Statements (Contd.)

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 9: TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	29.98	109.53
Unsecured, Considered Doubtful	—	229.48
Other debts		
Unsecured, Considered Good	12,400.77	10,217.04
	12,430.75	10,556.04
Less : Provision for Doubtful Debts	—	229.48
	12,430.75	10,326.57
NOTE - 10: CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	4.91	4.20
Balance with Scheduled Banks		
In Current Accounts	805.28	25.10
In Margin Money Accounts	—	0.16
	810.19	29.46
Other Bank Balances		
In Fixed Deposits (Held with Scheduled Banks as Margin)	2,640.95	2,967.21
In Fixed Deposits (Held with Government Department as Security)	1.30	1.20
In Unpaid Dividend Account	6.50	6.50
	2,648.75	2,974.91
	3,458.94	3,004.37
NOTE - 11 : SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Considered Good	908.83	508.70
Balance with Custom, Excise Authorities including Deposits	1,608.10	673.77
Security Deposit – Related Party	625.00	625.00
Income Tax Deducted at Source/Advance Tax (Net of Provision)	15.25	—
	3,157.18	1,807.47
NOTE - 12 : OTHER CURRENT ASSETS		
Interest Accrued on Investment	0.19	0.18
	0.19	0.18

Notes
on Financial Statements (Contd.)

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
NOTE - 13: REVENUE FROM OPERATIONS		
Sale of products		
Phthalic Anhydride	106,187.71	94,841.84
Traded Goods (Phthalic Anhydride)	—	203.76
Other Sale	530.93	471.22
Other Operating Income		
Sale of Power	—	20.61
Revenue from Operations (Gross)	**106,718.64**	**95,537.44**
NOTE - 14 : OTHER INCOME		
Interest		
Bank Deposits (TDS ₹ 30.52 Lacs Previous year ₹ 12.98 Lacs)	301.79	129.43
Others (TDS ₹ 22.52 Lacs Previous year ₹ 7.73 Lacs)	225.35	86.56
Insurance Claim Received	—	6.90
Sundry Balances / Excess Provision Written Back	—	3.70
Miscellaneous Income	1.23	162.73
	528.37	**389.32**
NOTE - 15: COST OF MATERIAL CONSUMED		
Orthoxylene		
Inventories as at March 31, 2012	1,314.68	3,889.23
Add: Purchases (Net)	84,850.00	72,829.39
	86,164.68	76,718.62
Less: Inventories as at March 31, 2013	3,169.82	1,314.68
	82,994.86	**75,403.94**
NOTE - 16 : DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2012		
Work-in-Progress	698.42	**549.33**
Finished Goods	2,079.40	**2,666.00**
Inventories as at March 31, 2012		
Work-in-Progress	638.62	698.42
Finished Goods	2,850.70	2,079.40
	(711.50)	437.51
Differential Excise duty in respect of Closing Stock & Opening Stock (Refer Note below)	89.43	(0.65)
	(622.07)	**436.86**

In accordance with AS 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales has been reduced from sales in the Statement of Profit & Loss and Excise duty on increase/decrease in stock amounting to ₹ 89.43 Lacs, (Previous Year ₹ (0.65) Lacs has been considered as expense / (income) as above.

Notes

on Financial Statements (Contd.)

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
NOTE - 17 : PURCHASE OF TRADED GOODS		
Phthalic Anhydride	—	196.79
NOTE - 18 : EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,883.41	1,396.06
Contribution to Provident and Other Funds	119.32	95.81
Gratuity Expenses	62.67	22.99
Workmen and Staff Welfare Expenses	378.74	352.85
	2,444.14	1,867.71
NOTE - 19: OTHER EXPENSES		
Consumption of Stores, Spares and Consumables	174.41	155.88
Consumption of Packing Materials	392.87	438.30
Power, Fuel and Water charges	2,461.14	1,925.24
Amortisation of Catalyst cost	205.64	321.23
Repairs and Maintenance		
Plant and Equipments	543.39	400.24
Buildings	24.07	18.76
Others	82.94	92.78
Insurance Premium	138.26	153.19
Rent	5.61	5.39
Rates and Taxes	54.39	57.14
Selling Expenses		
Brokerage and Commission	77.29	58.93
Freight outward	1,167.62	1,348.94
Port charges	37.29	51.61
Other selling expenses	50.50	59.49
Loss / (Profit) on Sale/Write off of Fixed Assets (Net)	(2.74)	49.48
Bad Debts Written off	229.48	801.54
Less : Reversal of Provision	(229.48)	(801.54)
Directors' Sitting Fees	2.65	3.50
Payment to Auditors (Refer Note 19.1)	12.31	12.56
Travelling & Conveyance	258.44	167.00
Legal & Professional fees	105.19	87.39
Foreign Exchange Translation Difference	469.38	874.29
Communication Cost	29.35	32.12
Donations and Contributions to Charitable Institutions	26.92	29.18
Miscellaneous Expenses	231.35	133.62
	6,548.27	6,476.26

Notes
on Financial Statements (Contd.)

	2012-2013 ₹ in Lacs	2011-2012 ₹ 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 ₹ 1.48 Lacs)	12.00	12.00
Reimbursement of Expenses	0.31	0.56
	12.31	**12.56**
NOTE - 20 : FINANCE COST		
Interest		
- on Term Loans	**121.28**	119.89
- on Others	**413.31**	318.41
Bills Discounting and Bank Charges	**1,132.71**	1,026.64
	1,667.30	**1,464.94**

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.

NOTE - 22: EARNING PER SHARE OF ₹ 10 EACH (EPS)		
Profit after tax as per the Statement of Profit & Loss	**307.89**	1,329.03
Profit before extraordinary item	**3,154.76**	1,659.84
Weighted average No. of Shares in calculating basic and diluted EPS	**30794850**	**30794850**
Basic & Diluted EPS - ₹		
Before extraordinary item	**10.24**	5.39
After extraordinary item	**1.00**	4.32

	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
NOTE - 23: CAPITAL COMMITMENT		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	**1,202.98**	8,677.57
NOTE - 24: CONTINGENT LIABILITIES		
Contingent Liabilities not provided for		
a. Bills of Exchange Discounted		
– with Banks	**374.45**	551.16
– with Others	**—**	1,306.51
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 ₹ 670.60 Lacs (Previous Year ₹ 665.35 Lacs)	**1,969.97**	2,004.10

Notes
on Financial Statements (Contd.)

		Marcsh 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
	iii) Show Cause Notices received	12,030.53	14,509.57
	The Management is confident that the matters will be in favour of the company as per legal opinion obtained / legal precedents.		
c)	Claim against the Company not acknowledged as Debt in respect of Electricity Duty on internal power generation.	29.63	29.63
d)	Custom Duty on Raw Material under Advance Licence pending Export Obligation. (Includes Cenvat Credit available ₹ 208.42 Lacs (Previous Year ₹ 1,362.55 Lacs).	273.14	1,785.65
e)	The Income tax assessments of the Company have been completed upto the assessment year 2010-2011 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:	2,127.91	1,597.89

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 (prevoius 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.

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, 2013			Year ended March 31, 2012		
	India	Outside India	Total	India	Outside India	Total
Revenue (Gross Sales)	95,728.94	10,989.70	106,718.64	82,555.08	12,982.36	9,5537.44
Carrying amount of segment assets	60,632.36	1,600.69	62,233.05	45,064.48	698.60	45,763.08
Carrying amount of segment liabilities	29,378.91	7,051.46	36,430.37	19,335.31	547.00	19,882.31
Additions to fixed assets	145.26	—	145.26	2,026.25	—	2,026.25

Notes
on Financial Statements (Contd.)

NOTE - 26 : 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. No.	Nature of Transaction	(₹ in Lacs)		
		Related parties referred to in		
		ii(a) above	ii(b) above	ii(d) above
	Income			
1.	Sale of Goods *			130.14
				(64.38)
	Expenses			
2.	Remuneration			
	Mr.Nikunj Dhanuka	53.61		
		(53.26)		
	Mr. J. K. Saboo	31.18		
		(29.55)		
	Mr.Umang Dhanuka		5.23	
			(5.41)	
3.	Rent			
	Mrs.Rajkumari Dhanuka		3.00	
			(3.00)	
4.	Amount Receivable at year end			
	Security Deposit			625.00
				(625.00)
	Trade Receivables			171.62
				(9.78)

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 - 27 : EMPLOYEE BENEFITS

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

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a

Notes
on Financial Statements (Contd.)

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, 2013	Gratuity (funded) March 31, 2012
Current service cost	29.71	23.11
Interest cost on benefit obligation	25.06	21.91
Expected return on plan assets	8%	8%
Net actuarial (gain) / loss recognized in the year	38.92	3.70
Actual return on plan assets	31.02	25.73
Net Benefit / Cost	62.67	22.99

b. **Balance Sheet**

Details of Provision for gratuity

(₹ in Lacs)

	Gratuity (funded) March 31, 2013	Gratuity (funded) March 31, 2012
Defined benefit obligation	399.24	313.29
Fair value of plan assets	382.50	318.97
Less: Unrecognized past service cost		
Plan asset / (liability)	(16.74)	5.68

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2013	Gratuity (funded) March 31, 2012
Opening defined benefit obligation	313.29	273.86
Interest cost	25.06	21.91
Current service cost	29.71	23.11
Benefits paid	7.74	9.29
Actuarial (gains) / losses on obligation	38.92	3.70
Closing defined benefit obligation	399.24	313.29

Notes
on Financial Statements (Contd.)

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

	Gratuity (funded) March 31, 2013	Gratuity (funded) March 31, 2012
Opening fair value of plan assets	**318.97**	262.64
Expected return	**8%**	8%
Contributions by employer	**32.51**	32.53
Benefits paid	**—**	1.93
Actuarial gains / (losses)	**(38.92)**	(3.70)
Closing fair value of plan assets	**382.50**	318.97
Actual Return on plan Assets	**31.02**	25.73
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.

	2012-2013 ₹ In Lacs	2011-2012 ₹ 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 2013 and no provision has been made.

ii. **Defined Contribution Plan**

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

	2012-2013 ₹ In Lacs	2011-2012 ₹ In Lacs
Contribution to Provident and Other Funds		
Contribution to Provident Fund	**99.73**	76.27
Employees Pension Fund	**18.36**	18.37
EDLI	**1.23**	1.17
Total	**119.32**	95.81
Workmen and Staff Welfare fund		
ESIC	**1.41**	1.46
Labour Welfare Fund	**0.10**	0.11
Total	**1.51**	1.57

Notes

on Financial Statements (Contd.)

NOTE - 28: 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, 2013		March 31, 2012	
	Amount in Foreign currency US$	₹ in Lacs	Amount in Foreign currency US$	₹ in Lacs
Forward currency contract	3,303,660	1,827.23	2,000,000	1,023.13

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

	March 31, 2013		March 31, 2012	
	Amount in Foreign currency US$	₹ in Lacs	Amount in Foreign currency US$	₹ in Lacs
Amount Receivable				
USD	—	—	1,365,609	698.60
Amount Payable				
USD	15,173,811	8,252.93	7,690,205	3,934.04
EURO	15,196,647	10,568.32	5,942,582	4,061.18

NOTE - 29 : SUPPLEMENTARY STATUTORY INFORMATION

	2012-2013 ₹ In Lacs	2011-2012 ₹ In Lacs
i. **Earnings in foreign currency (Accrual basis)**		
FOB value of goods exported	10,989.70	12,982.36
ii. **Expenditure in foreign currency (Accrual basis)**		
Travelling	90.37	49.88
Brokerage and Commission	28.25	17.11
Interest & Finance Charges	155.17	—
Others	22.90	141.67
Total	296.69	208.66
iii. **Value of imports calculated on CIF basis**		
Raw Materials	19,082.57	15,324.51
Stores & Spares	66.25	127.55
Catalyst	—	281.10
Capital goods	7,241.98	280.70
Total	26,390.80	16,013.86

Notes
on Financial Statements (Contd.)

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

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

Product	2012-2013		2011-2012	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	20	16,414.58	22.00	16,596.29
Indigenous	80	66,580.28	78.00	58,807.65
Total	100	82,994.86	100.00	75,403.94

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

Product	2012-2013		2011-2012	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	18	47.54	16	55.44
Indigenous	82	213.44	84	298.40
Total	100	260.98	100	353.84
Part cost of Imported Catalyst amortised		205.64		321.23

NOTE - 31 : RESEARCH & DEVELOPMENT

Research & Development Expenditure of ₹ 30.51 Lacs (Previous Year ₹ 21.74 Lacs) have been accounted for in the respective heads of the Statement of Profit and Loss.

NOTE - 32 : PREVIOUS YEAR COMPARATIVES

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

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

Place : Mumbai
Date : 20th May, 2013

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

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
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 **24th Annual General Meeting** of the Company, to be held on Saturday, the 27th July, 2013 at 3.00 p.m. and any adjournment(s) thereof.

Signed this ____________ day of ________ 2013.

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 **24th Annual General Meeting** of the above named Company being held on Saturday, the 27th July, 2013 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