



mysore petro chemicals limited

*40th Annual Report 2009-2010*



# MYSORE PETRO CHEMICALS LIMITED

## BOARD OF DIRECTORS

(As on 21st May 2010)

Shri M M Dhanuka – Chairman & Managing Director

Shri Nikunj Dhanuka

Shri M M Jayakar

Shri Anil Kochar

Shri S N Maheshwari

Shri Shrikant Somani

## COMPANY SECRETARY

Shri Anand Kadkol

## AUDITORS

M/s. Hariharan & Co.

Chartered Accountants

No. 133, 26th Cross

6th Block, Jayanagar

Bangalore – 560 082

## INTERNAL AUDITORS

M/s. Malpani & Associates

Chartered Accountants

307, Chartered House,

297/299, Dr. Cawasji Hormasji Street,

Near Marine Lines Church

Mumbai – 400 002

## BANKERS

The Saraswat Co-operative Bank Ltd

## REGISTERED OFFICE

D - 4, Jyothi Complex

134/1, Infantry Road

Bangalore – 560 001

Tel : 080 - 22868372

Fax : 080 - 22868778

E-mail : mysore\_petro@vsnl.net

## CORPORATE OFFICE

401, Raheja Centre

214, Nariman Point

Mumbai – 400 021

Tel : 30286100 / 30286133

Fax : 22040747/22836392

Email : igpetro@vsnl.com

## FACTORY LOCATIONS

### PHTHALIC ANHYDRIDE PLANT

Near Chicksugur Railway Station

Dist. Raichur, Karnataka

Tel : 08532 - 246425/246269

Fax : 08532 - 246271

Email : myspetro@sancharnet.in

### MALEIC ANHYDRIDE PLANT

T-1, MIDC Industrial Area

Taloja - 410 208

Maharashtra

Tel : 39289100

Fax : 39289148/149

Email : igpetro.talojapa@gems.vsnl.net.in

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai – 400 072.

Tel.: 40430200

Fax : 28475207

E-mail : info@bigshareonline.com

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# **MYSORE PETRO CHEMICALS LIMITED**

## **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Fortieth Annual General Meeting of the members of MYSORE PETRO CHEMICALS LIMITED will be held at Woodlands Hotel, 5, Raja Rammohan Roy Road, Bangalore – 560 025 on Wednesday the 18th August 2010 at 12.30 p.m. to transact the following business:

### **As Ordinary Business:**

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31 March 2010.
2. To appoint a Director in place of Shri Nikunj Dhanuka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri S N Maheshwari who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Hariharan & Co., Chartered Accountants, Bangalore, (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 **Mysore Petro Chemicals Limited**

Anand Kadkol  
Company Secretary

Mumbai  
21st May, 2010

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

# MYSORE PETRO CHEMICALS LIMITED

## Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. FORM OF PROXY IS ENCLOSED.**
2. The register of members and share transfer books of the Company will remain closed from 12th August, 2010 to 18th August, 2010 (both days inclusive) in connection with the Annual General Meeting.
3. Members/Proxies should bring their Attendance slip duly filled in for attending the meeting.
4. Members are requested to intimate the Registrar & Transfer Agent (RTA) of the Company immediately about any change in their addresses. Where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company/RTA.
5. A member desirous of getting any information in respect of the contents of the Annual Report is required to forward the queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
6. The Company has already transferred unclaimed dividend upto the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those members who have so far not claimed or collected their dividend upto the financial year 1994-95 may claim their dividend from the Registrar of Companies, Bangalore in the prescribed form which will be furnished on receipt of request by the Registrar & Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd.
7. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the years 1995-96 and 1996-97 to the Investor Education and Protection Fund. Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.
8. 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.
9. Corporate members are requested to forward a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. The members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Particulars of Directors re-appointed/appointed  
The information pertaining to Shri Nikunj Dhanuka and Shri S N Maheshwari to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement on Corporate Governance published in this Annual Report.

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

Anand Kadkol  
Company Secretary

Mumbai  
21st May, 2010

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

# MYSORE PETRO CHEMICALS LIMITED

## DIRECTORS' REPORT

Your Directors hereby present the Fortieth Annual Report alongwith audited Accounts of the Company for the financial year ended 31 March 2010.

### 1. Financial Results

	2009-2010	2008-2009
	Rupees in thousands	
Gross Sales	893036	783525
Less : Excise Duty	69372	85640
Net Sales	823664	697885
Other Income	6278	14591
	829942	712476
Gross Profit	71178	70875
Less :		
Interest & Finance Charges	23016	18355
Depreciation/Amortisation	46695	46948
Profit/(Loss) before Taxation	1467	5572
Provision for Taxation		
- Current Tax (MAT)	229	577
- Fringe Benefit Tax	--	492
- Excess provision of Fringe Benefit Tax written back	(14)	(10)
Profit after Taxation	1252	4513
Balance Brought Forward	162090	157577
Amount available for Appropriations	163342	162090

### 2. Financial Performance

The overall performance of the Company was satisfactory with Gross Sales Turnover of the Company higher at Rs. 893036 thousand as against Rs. 783525 thousand during the previous year. Profit before Interest, Depreciation and tax was at Rs. 71178 thousand as against Rs. 70875 thousand during the previous year. After taking into account the Interest, Depreciation and provision for tax there was a Net Profit of Rs. 1252 thousand as against Rs. 4513 thousand in the previous year.

### 3. Dividend

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

### 4. Management's Discussion and Analysis

#### Performance Review

The Company's PA production at Raichur, Karnataka was at 12072 MT. at 100.60 % as against 9604 MT. at 80.03 %. The MA plants at Taloja, Maharashtra operated satisfactorily for most part of the year, the production being

# MYSORE PETRO CHEMICALS LIMITED

2553 MT. as against 2309 MT. during the previous year. The production of MA improved due to better extraction of Maleic acid from wash water.

In order to cater to the working capital requirements the Company has raised Rs. 7 crores (fund based and non-fund based) from Saraswat Co-operative Bank Ltd. against the security of the movable and immovable assets of the Company and personal guarantee of two promoter Directors. The limits are being utilised depending upon the requirement of the Company.

## **Taxes and Duties**

The Company has contributed Rs. 92141 thousand to the Central and State Exchequer by way of Excise Duty, Sales Tax (including Surcharge & Entry Tax), Income Tax, Wealth Tax, Professional Tax and Customs Duty.

## **Opportunities, Concerns and Threats**

The year 2008-2009 witnessed a sharp volatility in crude oil prices due to which there was wide fluctuation in the PA and down stream petro product prices. The prices were at the peak during the first half of 2008 and thereafter there was a steep fall due to sudden global economic recession. However during 2009-2010 the situation started improving with rise in crude oil prices therefore showing signs of economic recovery.

The global economic recession though had its effect in India, the impact was not significant. The domestic prices of PA and MA since the first quarter of 2009 witnessed upward momentum and are now stable resulting in better sales realization and margins. The implementation of Safeguards duty by the Government of 25% and 15% in two tranches from January 2009 to June 2009 and from July 2009 to December 2009 respectively added to further improvement in PA prices. However after December 2009 there was surge in imports and hence there was pressure on local PA prices. But due to increased demand for PA from user industry, the Company hopes that the prices should remain steady during the current year.

The demand for PA is expected to improve in the near future due to substantial and broad based growth in the user industries like PVC, plasticizers, paints, resins, constructions, marine and other speciality chemicals which are expected to grow by nearly 10-12% cumulatively.

The Indian economy is expected to grow well over 8% for the current year with renewed thrust on infrastructure and other related activities. As a result the demand for industrial products would witness good growth and the petrochemical industry is expected to fare better. The Company expects the PA prices to remain stable in the near future with an upward bias.

Our country has been relatively insulated from the global recession without any significant impact on the growth of the industries and the petrochemical industry in particular. There are signs of recovery due to the stable crude oil prices. The PA industry continues to remain under pricing pressures and volatility, demand supply mis-match, government policies, exchange rate risk, imports and other technical and environmental risks. The Board of Directors do a periodic assessment of the risks through a means of properly defined framework resulting in minimization of risks involved.

## **Risk Management**

### *Technical/Operational Risk*

The Company's Plants are continuous process plants which are subject to production and operational hazards viz. accidents and/or occurrence of fire, storage, electricity, insurance, toxic and corrosive nature of chemicals etc. The Company mitigates such issues by adequate insurance of Plants and supply of electricity from State Grid or DG sets and maintenance of plants on day to day basis by trained technical personnel.

# **MYSORE PETRO CHEMICALS LIMITED**

## *Product/Market Risk*

The Company operates in Single Segment i.e. Phthalic Anhydride and Maleic Anhydride and majority of the product is sold in Western Zone and the balance is sold in Northern and Southern Zones. There are no exports at present. Our product is sold to direct customers and trade receivables are normally recovered within 15-30 days and hence the cash flows and profitability is maintained. The sales team manages the delivery of products and recovery of payments is monitored on day to day basis and the cash flows are maintained in order to minimise risk.

## *Raw material procurement Risk*

The main raw material Orthoxylene (OX) is procured locally and if there is any supply problem the same is imported. The Company is vulnerable to price volatility and supply constraints. However the increase in prices of raw material is normally passed on to the customers, but in case the same cannot be passed there is pressure on margins.

The procurement of raw material is done locally on monthly contract basis in order to mitigate the exchange rate risk and uninterrupted supply of material. In case of supply constraints the same is imported.

## *Interest Rate Risk*

The Company has availed working capital facilities from Banks and interest is serviced from current realisations. There are no foreign currency loans and hence there is no exchange rate risk.

## *Economic and Geo Political Risk*

The Company keeps abreast with the various economic developments and regularly reviews the changes in the applicable government policies affecting the operations of the Company.

## **Outlook**

The PA prices improved since January 2009 and are now stable and expected to remain so in the near future. The Company foresees an uninterrupted production and sales and better price realisations in the current year.

## **Postal Ballot**

Under Section 192A of the Companies Act, 1956 the Company conducted the Postal Ballot by issuing a notice dated 18th November, 2009 to the shareholders seeking their approval under Section 17 read with Section 149 (2A) of the Companies Act, 1956 for venturing into Software Development. Shareholders of the Company approved the resolution with requisite majority.

The Company has received the commencement certificate from the Registrar of Companies, Bangalore, Karnataka.

## **Internal Control System**

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

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

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

As of 31st March 2010, the Company had 258 employees on its rolls.



# MYSORE PETRO CHEMICALS LIMITED

## **Cautionary Statement**

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

## **5. Group**

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

## **6. Directors' Responsibility Statement**

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

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

## **7. Fixed Deposits**

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

## **8. Auditors' Report**

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

## **9. Directors**

Shri Nikunj Dhanuka and Shri S N Maheshwari, Directors retire by rotation and being eligible offer themselves for reappointment.

## **10. Particulars of Employees**

Except Shri M M Dhanuka, Managing Director, there is no other employee drawing the requisite remuneration in terms of Section 217(2A) of the Companies Act, 1956. The statement of remuneration of Shri M M Dhanuka is annexed to this report.

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

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

# MYSORE PETRO CHEMICALS LIMITED

## 12. Corporate Governance

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

## 13. Auditors

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

## 14. Cost Auditors

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

## 15. Acknowledgement

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

For and on behalf of the Board

**M M Dhanuka**

Chairman & Managing Director

Mumbai  
21st May, 2010

# MYSORE PETRO CHEMICALS LIMITED

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

### A) Conservation of Energy

#### a. Energy Conservation measures taken :

Steam system monitoring and corrective actions to maintain the efficiency continued. This includes attending on-line sealing of steam leakages, replacement of defective steam traps and re-insulation of hot surfaces.

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

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

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

Specific consumption of energy is expected to improve.

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

#### Power & Fuel Consumption

		2009-2010	2008-2009
1. Electricity			
a. Purchased (Units)		1,131,192	1,110,930
Total Amount (Rs.)		7,494,779	7,516,871
Rate/Unit (Rs.)		6.63	6.77
b. Own Generation			
I Through Diesel Generator		355,275	244,165
Units per Ltr. of Diesel oil		3.27	3.35
Cost/Unit (Rs.)		9.85	9.62
II Through Steam Turbine			
Generator (Units)		1,845,616	1,447,496
Cost/Unit Rs.		--	--
2. Coal is not used in Manufacturing Process			
3. Furnace Oil quantity (KL)		1,122	866
Total Amount (Rs.)		29,113,749	24,318,999
Average rate/KL (Rs.)		25,948	28,082
Other/Internal generation		--	--
(ii) Energy consumption per unit (MT) of Product			
1. Phthalic Anhydride	Standard	2009-2010	2008-2009
Electricity	Not Specified	271 Units	275 Units
Furnace Oil	Not Specified	93 Ltrs.	90 Ltrs.
2. Maleic Anhydride	Standard		
Electricity	Not Specified	23 Units	70 Units
Furnace Oil	Not Specified	--	--

# MYSORE PETRO CHEMICALS LIMITED

## B) Technology Absorption

### Research & Development ( R & D )

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

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

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

Benefits are in terms of better quality and increased productivity.

3. Future Plan of action :

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

4. Expenditure incurred on R & D :

Capital Expenditure incurred Rs. Nil

and Revenue Expenditure Rs.649 thousand

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

### Technology absorption, adaptation and innovation

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

## C) Foreign Exchange Earnings & Outgo

	2009-2010	2008-2009
	(Rs. in thousand)	
Total Foreign Exchange Earnings	--	--
Total Foreign Exchange Outgo	6029	1335

# MYSORE PETRO CHEMICALS LIMITED

## Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March 2010

A. Persons employed for part of the financial year : NIL

B. Persons employed throughout the financial year :

Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Age	Experience (Years)	Date of joining	Previous Employment, Designation, Name of Employer, Period of Service (Years)
Shri M M Dhanuka	Managing Director	24,76,982.00	B.E. (Chem)	62 years	36 years	27.4.2006	Nil

Notes :

- a) Remuneration includes salary and value of perquisites.
- b) The terms of appointment of Shri M M Dhanuka, Managing Director is for a period of five years from 1.12.2008.
- c) The nature of appointment is contractual.
- d) Other terms and conditions : As per Company's rules.

### GROUP

( As referred to in the Directors' Report)

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

1	Madan Mohan Dhanuka	15	Ellenbarrie Steel & Allied Ind. Ltd.
2	Nikunj Dhanuka	16	Gembel Trade Enterprises Ltd.
3	Amishi Dhanuka	17	Kalimpong Produce Co. Ltd.
4	Bina Devi Dhanuka	18	Kamakhaya Enterprises Ltd.
5	Rajkumari Dhanuka	19	Kamrup Enterprises Ltd.
6	Umang Dhanuka	20	Orient Copper Industries Ltd.
7	Mayank Dhanuka	21	Palanpur Traders Ltd.
8	Nidhi Dhanuka	22	Sandarbha Investment Ltd.
9	Neha Dhanuka	23	Sanmarg Investment Ltd.
10	P. D. Dhanuka Family Trust	24	Savita Investment Company Ltd.
11	Bihariji Constructions (I) Ltd.	25	Seasky Investment Ltd.
12	Bihariji Projects Ltd.	26	Shekhavati Investment Corporation Ltd.
13	Blue Sky Petrochem Ltd.	27	Shogun Vinimay Private Ltd.
14	Brahmaputra Enterprises Ltd.	28	Vincent (India) Ltd.

# MYSORE PETRO CHEMICALS LIMITED

## REPORT ON CORPORATE GOVERNANCE

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

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

The Company's philosophy on Corporate Governance is aimed at establishment of good corporate culture and laying emphasis on ethical corporate citizenship which would result in sustained growth and ensure long term benefits to all its stakeholders.

### 2. Board of Directors

#### Composition, number of meetings and attendance

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

The Board of Directors met five times on the following dates during the financial year 2009-2010 : 22 May 2009, 29 July 2009, 30 October 2009, 18 November 2009 and 29 January 2010.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 20th June 2009	Number of Directorships in other Companies (excluding Directorships in foreign and private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Managing Director	Executive Director	5	No	1	--	3
Shri Nikunj Dhanuka	Non-Executive Director	3	No	1	--	1
Shri M M Jayakar	Independent & Non-Executive Director	4	Yes	5	1	4
Shri S N Maheshwari	Non-Executive Director	5	Yes	2	--	--
Shri Anil Kochar	Independent & Non-Executive Director	2	Yes	1	--	--
Shri Shrikant Somani (w.e.f. 22.5.2009)	Independent & Non-Executive Director	4	No	4	--	--

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

# MYSORE PETRO CHEMICALS LIMITED

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

Details of Directors being appointed/re-appointed :

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

A brief resume of Directors re-appointed/appointed alongwith the additional information as required is given hereunder:

## Shri Nikunj Dhanuka

Shri Nikunj Dhanuka, aged 43 years, is a Commerce graduate. He is an industrialist and has vast knowledge of Chemical industry. He is the Managing Director of M/s. I G Petrochemicals Limited and is also a member of the Shareholders/ Investors Grievance Committee of the said Company. He holds 180 shares of the Company.

## Shri S N Maheshwari

Shri S N Maheshwari, aged 53 years, is a Chartered Accountant and has vast knowledge and experience in finance and taxation fields. He is associated with the group for more than 15 years. He is a Director of M/s. Vincent (India) Limited and M/s. Seasky Investments Limited which forms a part of the group companies. He holds 600 shares of the Company.

## Shareholding of Directors

Shareholding of Non-Executive Directors as on 31 March 2010 are as under :

Name	No. of ordinary shares held	% of Paid-up Capital
Shri Nikunj Dhanuka	180	0.002
Shri S N Maheshwari	600	0.009
Shri M M Jayakar	2725	0.041
Shri Anil Kochar	100	0.001
Shri Shrikant Somani (w.e.f. 22.5.2009)	100	0.001

## CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the Certificate from Shri M M Dhanuka, Managing Director & CEO and Shri N K Innani, President - Commercial & CFO was placed before the Board of Directors at their meeting held on 21st May, 2010.

## 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 2009-2010. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

## 3. Audit Committee

### Terms of Reference

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

# MYSORE PETRO CHEMICALS LIMITED

- iii. To look into compliance with Stock Exchange and legal requirements concerning financial statements.
- iv. To review the external and internal management systems and internal control systems.
- v. To discuss with the Auditors periodically about internal control system, the scope of audit including the observations of the Auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control system.

## Composition, Number of Meetings and Attendance

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

During the financial year 2009-2010 under review, four (4) Audit Committee Meetings were held on 22 May 2009, 29 July 2009, 30 October 2009 and 29 January 2010.

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

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

Name of Director	Position	Category	No. of Meetings	
			Held	Attended
Shri M M Jayakar	Chairman	Independent and Non-Executive Director	4	3
Shri Anil Kochar	Member	Independent and Non-Executive Director	4	2
Shri S N Maheshwari	Member	Non-Executive Director	4	4
Shri Shrikant Somani (w.e.f. 22.5.2009)	Member	Independent and Non-Executive Director	4	3

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

The Chairman of the Audit Committee, Shri M M Jayakar was present at the last Annual General Meeting of the Company held on 20th June, 2009.

## Remuneration Committee

### Composition, Number of Meetings and Attendance

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

### Terms of Reference

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



# MYSORE PETRO CHEMICALS LIMITED

## Meeting & Attendance

No Remuneration Committee Meeting was held during the financial year 2009-2010.

Shri Anil Kochar, Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 20th June 2009.

## Remuneration Policy

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

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

The details of the remuneration paid to all the Directors during the year 2009-2010 is given below :

(Amount in Rs.)

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Managing Director	24,76,982.00	--	24,76,982.00
Shri Nikunj Dhanuka	Director	--	3000.00	3000.00
Shri S N Maheshwari	Director	--	11,000.00	11,000.00
Shri M M Jayakar	Director	--	7,000.00	7,000.00
Shri Anil Kochar	Director	--	5,000.00	5,000.00
Shri Shrikant Somani (w.e.f. 22.5.2009)	Director	--	7,000.00	7,000.00

## Notes :

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

## Shareholders/Investors Grievance Committee

### Composition, Number of Meetings and Attendance

During the year 2009-2010 under review, two (2) Shareholders/Investors' Grievance Committee Meetings were held on 22 May 2009 and 30 October 2009.

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

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

# MYSORE PETRO CHEMICALS LIMITED

Name	Position	Category	Attendance during the year 2009-2010	
			Held	Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	2	1
Shri M M Dhanuka	Member	Executive Director	2	2
Shri S N Maheshwari	Member	Non-Executive Director	2	2

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

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

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

During the year 2009-2010, the Company received 135 letters including 25 complaints regarding non-receipt of shares sent for transfer, demat queries and non-receipt of dividend warrants and annual reports from the shareholders, all of which were attended to and resolved. There were no outstanding complaints as on 31st March 2010.

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

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

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

## General Body Meetings

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

AGM for the financial year ended	Date & time of AGM	Venue
2009	20th June, 2009 at 12.30 p.m.	Rohini Hall, Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bangalore – 560 001.
2008	12th July, 2008 at 1.15 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bangalore – 560 025.
2007	21st September, 2007 at 11.30 a.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bangalore – 560 025.

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

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

## Postal Ballot

During the period, Special Resolution was passed through Postal Ballot which related to alteration of Memorandum of Association u/s. 17 read with Section 149(2A) of the Companies Act, 1956 for venturing into Software business. The result was announced on 8th January 2010. As per the report submitted 99.94% of the members voted in favour of the resolution.

# MYSORE PETRO CHEMICALS LIMITED

## Disclosures

- There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- Transactions with the related parties are disclosed in Note No. 8 of Schedule 18 to the financial statements in the Annual Report.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and all other statutory authorities relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

## Means of Communication

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

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

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

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

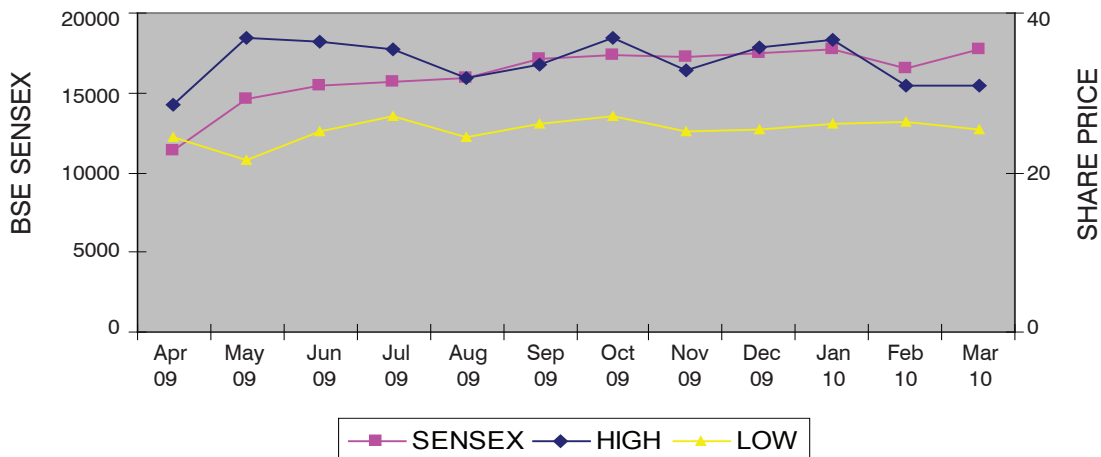
## General Shareholder information

AGM : Day, Date, Time and Venue	: Wednesday, 18th August, 2010 at 12.30 p.m. at Hotel Woodlands, 5, Raja Rammohan Roy Road, Bangalore – 560 025.
Financial calendar	: April to March (financial year). The Quarterly results will be adopted by the Board of Directors as per the following tentative schedule Quarters ending on : June 2010 : 1st/2nd week of August 2010 September 2010 : 1st/2nd week of November 2010 December 2010 : 1st/2nd week of February 2011 March 2011 (Audited results) : before 31 May 2011
Date of Book Closure	: The Share transfer books and the Register of Members will be closed from 12th August, 2010 to 18th August, 2010 (both days inclusive). The Directors have not recommended any Dividend on equity shares for the year ended 31 March 2010.
Listing on Stock Exchanges	: The Company's equity shares are listed on The Bombay Stock Exchange Ltd (BSE).
Stock Code – Mumbai Stock Exchange	: Stock Code No. 506734 on the Bombay Stock Exchange.
ISIN Number for NSDL & CDSL	: INE 741A01011.

# MYSORE PETRO CHEMICALS LIMITED

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

Month (2009-2010)	High	Low
Apr-09	28.50	24.55
May-09	36.85	21.50
Jun-09	36.40	25.05
Jul-09	35.50	27.00
Aug-09	31.85	24.50
Sep-09	33.55	26.00
Oct-09	36.90	27.00
Nov-09	32.80	25.20
Dec-09	35.70	25.35
Jan-10	36.60	26.20
Feb-10	31.00	26.25
Mar-10	31.00	25.50



Address for correspondence for share transfers and related matters :

For shares held in physical form : M/s. Big Share Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Saki Naka  
Andheri (E), Mumbai – 400072.  
Tel : 022-40430200  
Fax : 022-28475207  
E-mail : info@bigshareonline.com

Our Registrars and Transfer Agents M/s. Bigshare Services Private Limited recently launched Gen.Next Investor Module \*Boss the most advanced tool to interact with shareholders. Please login into \*Boss (www.bigshareonline.com) and help them to serve you better.

# MYSORE PETRO CHEMICALS LIMITED

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

## Distribution of Shareholding and Shareholding Pattern as on 31.03.2010

### Shareholding pattern as on 31.3.2010

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters & Persons acting in concert	4496122	68.29
2	Mutual Funds/UTI/Banks/FI's	199235	3.03
3	NRI's/OCB's	9976	0.15
4	Private Corporate Bodies	269905	4.10
5	General Public	1608250	24.43
	<b>TOTAL</b>	<b>6583488</b>	<b>100.00</b>

### Dematerialisation of Shares and liquidity

93.56 % of the paid-up Capital has been dematerialised as on 31.03.2010.

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

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

The Company has not issued any ADR/GDR etc.

### Plant Locations

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

### Address for correspondence

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

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

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

# **MYSORE PETRO CHEMICALS LIMITED**

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

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

21.05.2010

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

Dear Sirs,

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations for the year ended 31st March, 2010 confirming their compliance of the same.

Thanking you.

Yours faithfully,

For **Mysore Petro Chemicals Limited**

**M M Dhanuka**  
Managing Director and CEO

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

To the Members

Mysore Petro Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Mysore Petro Chemicals Limited, for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

For **Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner

Place : Mumbai  
Date : 21 May, 2010

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

# MYSORE PETRO CHEMICALS LIMITED

## AUDITORS' REPORT

To the Shareholders,

MYSORE PETRO CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of MYSORE PETRO CHEMICALS LIMITED as at 31 March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, the Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors and based on our reliance on the legal opinion obtained from an eminent counsel (Refer Note 3 of Schedule 18) stating that privately placed debentures cannot be construed to be 'Debentures' for the purpose of clause (g) of Sub section (1) of section 274 of the act, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in term of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the Accounts read together with the other notes given in Schedule 18 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    1. In the case of Balance Sheet, of the State of affairs of the Company as at 31 March 2010.
    2. In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
    3. In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

For **Hariharan & Co.**  
Chartered Accountants

**K Nagarajan**  
Partner

Mumbai  
21 May, 2010

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

## ANNEXURE TO THE AUDITORS' REPORT

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

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

According to the information and explanation given to us no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us no substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The inventory of the Company (except stock in transit and with Third parties for which subsequent receipts have been obtained in respect of such inventory / certificate) have been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) On the basis of examination of records and according to the information and explanation given to us the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, requirement of clauses (iii, b), (iii, c) and (iii, d) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory & fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of manufacture of Maleic Anhydride pursuant to the order made by the Central Government for maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete, as informed to us the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any other products of the Company.



# MYSORE PETRO CHEMICALS LIMITED

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

For **Hariharan & Co.**  
Chartered Accountants

Mumbai  
21 May, 2010

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

# MYSORE PETRO CHEMICALS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2010

	Schedules	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	65,876	65,876
Reserves and Surplus	2	340,635	351,453
		<u>406,511</u>	<u>417,329</u>
<b>Loan Funds</b>			
Secured Loans	3	57,809	12,452
Unsecured Loans	4	152,785	155,480
		<u>210,594</u>	<u>167,932</u>
<b>TOTAL</b>		<u><b>617,105</b></u>	<u><b>585,261</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,427,885	1,423,994
Less : Depreciation / Amortisation / Impairment		<u>1,008,134</u>	<u>951,829</u>
Net Block		419,751	472,165
Capital Work -In- Progress - Advance		<u>15,575</u>	-
		<u>435,326</u>	<u>472,165</u>
<b>Investments</b>	6	85,258	85,233
<b>Current Assets, Loans and Advances</b>			
Interest Accrued on Investments		10	7
Inventories	7	94,318	88,896
Sundry Debtors	8	57,624	56,026
Cash and Bank Balances	9	70,039	24,208
Loans and Advances	10	27,579	32,649
		<u>249,570</u>	<u>201,786</u>
Less : Current Liabilities & Provisions	11	153,049	173,923
Net Current Assets		<u>96,521</u>	<u>27,863</u>
<b>TOTAL</b>		<u><b>617,105</b></u>	<u><b>585,261</b></u>
<b>Notes to Accounts</b>	18		

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

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

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

**K Nagarajan**  
Partner  
Membership No. 16398  
Firm's Registration No: 001083S  
Mumbai  
21 May, 2010

**Anand Kadkol**  
Company Secretary

**M M Dhanuka**  
Managing Director

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

# MYSORE PETRO CHEMICALS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Schedules	For the year ended March 31, 2010 Rs.in '000	For the year ended March 31, 2009 Rs.in '000
<b>Income</b>			
Turnover (Gross)		893,036	783,525
Less : Excise Duty		69,372	85,640
Turnover (Net)		823,664	697,885
Other Income	12	6,278	14,591
		<u>829,942</u>	<u>712,476</u>
<b>Expenditure</b>			
Raw material consumed	13	535,027	487,787
Decrease / (Increase) in inventories	14	2,369	(36,207)
Personnel expenses	15	108,058	90,865
Depreciation / Amortisation (Refer Note 3 to Schedule 5)		46,695	46,948
Manufacturing & Other Expenses	16	113,310	99,156
Financial expenses	17	23,016	18,355
		<u>828,475</u>	<u>706,904</u>
Profit before taxation		1,467	5,572
Provision for Taxation			
- Current Tax (MAT)		229	577
- Fringe Benefit Tax		-	492
- Excess Provision of Fringe Benefit Tax written back		(14)	(10)
Profit after Taxation		1,252	4,513
Balance Brought forward		162,090	157,577
<b>Surplus carried to Balance Sheet</b>		<u>163,342</u>	<u>162,090</u>
<b>Earning Per share ( Basic &amp; Diluted ) ( Rs.)</b>		<b>0.19</b>	<b>0.69</b>

(Face value of shares Rs. 10 each,

Previous year Rs. 10 each )

**(Refer Note 9 to Schedule 18)**

**Notes to Accounts**

**18**

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

As per our report of even date

For **Hariharan & Co.**

Chartered Accountants

**K Nagarajan**

Partner

Membership No. 16398

Firm's Registration No: 001083S

Mumbai

21 May, 2010

**Anand Kadkol**

Company Secretary

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

**M M Dhanuka**

Managing Director

**Nikunj Dhanuka**

**M M Jayakar**

**Anil Kochar**

**S N Maheshwari**

**Shrikant Somani**

Directors

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,000 Redeemable Cumulative preference shares of Rs.100 each	<b>50,000</b>	50,000
1,00,00,000 Equity shares of Rs.10 each	<b>100,000</b>	100,000
	<b><u>150,000</u></b>	<u>150,000</u>
<b>Issued</b>		
65,90,938 Equity shares of Rs.10 each (Previous year 65,90,938)	<b><u>65,909</u></b>	<u>65,909</u>
<b>Subscribed and Paid up</b>		
65,83,488 * Equity shares of Rs.10 each (Previous year 65,83,488 )*	<b>65,835</b>	65,835
Add : Amount paid up on 7450 Equity shares forfeited ( Previous year 7450 shares )	<b><u>41</u></b> <b><u>65,876</u></b>	<u>41</u> <u>65,876</u>
 *		
Includes 1,25,000 shares issued for consideration other than cash and 21,19,983 Bonus shares allotted by capitalisation of the Capital Redemption Reserve and securities premium.		
<b>2 RESERVES &amp; SURPLUS</b>		
<b>Subsidy under the Central Govt. - Subsidy Scheme 1971</b>		
Balance as per last Balance Sheet	<b>3,600</b>	3,600
<b>Securities Premium</b>		
Balance as per last Balance Sheet	<b>39,889</b>	39,889
<b>Amalgamation Reserve</b>		
Balance as per last Balance Sheet	<b>3,750</b>	3,750
<b>Revaluation Reserve</b>		
Balance as per last Balance Sheet	<b>142,124</b>	154,786
Less :Transferred to Profit and Loss Account - Depreciation ( Refer Note 3 to Schedule 5)	<b>12,070</b>	12,092
Reversal on account of Sale / Disposal of Fixed Assets	<b>-</b>	570
	<b><u>130,054</u></b>	<u>142,124</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>Profit and Loss Account</b>	<b>163,342</b>	162,090
	<b>340,635</b>	351,453
<b>3 SECURED LOANS</b>		
Working Capital Facilities From Bank	50,041	-
Factoring Facility	-	9,384
Hire Purchase Finance	7,768	3,068
	<b>57,809</b>	12,452
<b>4 UNSECURED LOANS</b>		
From Bodies Corporate	152,785	155,480
(Repayable within one year Rs.Nil )		
	<b>152,785</b>	155,480

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

### 5. FIXED ASSETS

(Rs. in '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS		NET BLOCK	
	As at	Additions/	As at	As at	for the	As at	As at	As at	As at	As at
	1.4.2009	(Deductions)	31.3.2010	1.4.2009	year (Deductions)	31.3.2010	31.3.2009	31.3.2010	31.3.2010	31.3.2009
<b>Tangible Assets</b>										
1. Land & Land Development	1,477	-	1,477	-	-	-	-	-	1,477	1,477
2. Lease Hold Land	2,943	-	2,943	566	30	596	-	-	2,347	2,377
3. Roads & Drains	2,733	1,359	4,092	1,295	121	1,416	-	-	2,676	1,438
4. Buildings	53,105	-	53,105	20,084	1,247	21,331	-	-	31,774	33,021
5. Plant & Machinery	1,336,803	-	1,336,803	903,477	55,756	959,233	10,125	10,125	367,445	423,201
6. Railway Siding	513	-	513	487	-	487	-	-	26	26
7. Furniture & office equipment	12,504	452	12,956	10,423	363	10,786	1,500	1,500	670	581
8. Vehicles	13,869	8,887	15,949	3,841	1,236	2,617	-	-	13,332	10,028
		(6,807)			(2,460)					
<b>Intangible Assets</b>										
1. Software	47	-	47	31	12	43	-	-	4	16
	1,423,994	10,698	1,427,885	940,204	58,765	996,509	11,625	11,625	419,751	472,165
		(6,807)			(2,460)					
Previous year	1,426,567	180	1,423,994	883,063	59,040	940,204		11,625	472,165	
		(2,753)			(1,899)					

- Buildings & Plant & Machinery of Phthtalic Anhydride plant at Raichur as on 31.3.2000 were revalued on the basis of net replacement value determined by an approved valuer resulting in increase in value of Buildings by Rs.12447 thousand and Plant & Machinery by Rs.324644 thousand which was credited to Revaluation Reserve .
- Land includes Rs.136 thousand (Previous year Rs.136 thousand) for undivided share in office premises land. Buildings include Rs.250/- (Previous year Rs.250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of Rs.12244 thousand (Previous Year Rs.9151 thousand ) and Net book value of Rs.11401 thousand (Previous year Rs.7571 thousand) acquired on Hire Purchase contracts.
- Details of depreciation are as follows:

Particulars	2009-10	2008-09
Depreciation for the year as above	58,765	59,040
Less: Transferred from Revaluation Reserve	12,070	12,092
Depreciation as per Profit and Loss Account	46,695	46,948

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	No. of shares	As at	No. of shares	As at
	March 31, 2010	March 31, 2009	March 31, 2009	March 31, 2009
	Rs.in '000	Rs.in '000	Rs.in '000	Rs.in '000
<b>6 INVESTMENTS - NON TRADE</b>				
<b>LONG TERM : (At Cost)</b>				
<b>A Government securities</b>				
Six years National Saving Certificates				
of the face value of Rs.30000 (previous year Rs.30000)				
lodged as security with Government Department.	-	30	-	30
<b>B Equity Shares of Rs.10/- each</b>				
Fully Paid up				
<b>Quoted</b>				
I G Petrochemicals Limited	4,075,000	82,692	4,075,000	82,692
Sand Plast (I) Limited	24,020	386	24,020	386
<b>Listed but not Quoted</b>				
Bihariji Construction (I) Limited	486,000	1,075	486,000	1,075
Bihariji Projects Limited	490,000	1,050	490,000	1,050
<b>Unquoted</b>				
The Saraswat Co. Op. Bank Limited	2,500	25	-	-
		<u>85,258</u>		<u>85,233</u>
<b>Book Value</b>				
Quoted Investments		83,078		83,078
(Market Value Rs.179492 thousand)				
(Previous year Rs.63163 thousand)				
Listed but not Quoted		2,125		2,125
Unquoted		55		30
		<u>85,258</u>		<u>85,233</u>
<b>7 INVENTORIES</b>				
( at lower of cost and net realisable value )				
Raw Material (including stock in transit Rs.5821 thousand, Previous Year Rs. 3801 thousand )	17,607			12,216
Stores and spares	19,658			15,154
Stock in Process	25,575			28,130
Finished Goods (including stock in transit Rs. 6021 thousand, Previous Year Rs. 892 thousand )	29,285			28,572
Catalyst (at cost less amortisation)	2,193			4,824
	<u>94,318</u>			<u>88,896</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>8 SUNDRY DEBTORS</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	6,494	4,923
<b>Other debts</b>		
Unsecured, considered good	51,130	51,103
	<u>57,624</u>	<u>56,026</u>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	542	1,026
Cheques in hand	52,000	1,498
<b>Balance with Scheduled Banks</b>		
In Current Accounts	4,102	8,176
In Fixed Deposits	13,395	13,508
	<u>70,039</u>	<u>24,208</u>
<b>10 LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good)		
Advances, amount receivables including deposits recoverable in cash or in kind or for value to be received	10,856	10,655
Deposit - others	12,078	12,100
Balance with Central Excise Department	2,102	7,865
Income Tax Deducted at Source / Advance Tax ( Net of Provision )	2,543	2,029
	<u>27,579</u>	<u>32,649</u>
<b>11 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
a total outstanding dues of Micro, Medium and Small Enterprises (Refer Note 13 v to Schedule 18)	-	-
b total outstanding dues of creditors other than Micro, Medium and Small Enterprises	43,904	61,301
Advance from Customers	1,359	6,097
Investor Education and Protection Fund shall be credited by following amounts ( as and when due) for unpaid dividend	150	155
Security Deposit	64,545	64,553
Book Overdraft	-	144
Interest Accrued but not due on Loans	16,794	13,867
Other Liabilities	4,958	5,686
<b>Provision for</b>		
Wealth Tax	9	38
Fringe Benefit Tax ( Net of Advance Tax )	-	39
Gratuity / Leave Encashment	21,330	22,043
	<u>153,049</u>	<u>173,923</u>



# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>12 OTHER INCOME</b>		
<b>Interest</b>		
Bank Deposits (TDS Rs.129 thousand , Previous year Rs.230 thousand )	928	1,037
Others (TDS Rs. 61 thousand , Previous year Rs.62 thousand)	402	457
Sundry Balances / Excess Provision Written Back	216	12,263
Miscellaneous Income	4,732	834
	<u>6,278</u>	<u>14,591</u>
<b>13 RAW MATERIAL CONSUMED</b>		
Inventories as at March 31, 2009	12,216	22,769
Add: Purchases	540,418	477,234
	<u>552,634</u>	<u>500,003</u>
Less: Inventories as at March 31, 2010	17,607	12,216
	<u>535,027</u>	<u>487,787</u>
<b>14 DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Inventories as at March 31, 2009</b>		
Stock in Process	28,130	7,681
Finished Goods	28,572	12,479
<b>Inventories as at March 31, 2010</b>		
Stock in Process	25,575	28,130
Finished Goods	29,285	28,572
	<u>1,842</u>	<u>(36,542)</u>
Differential Excise duty in respect of closing stock & opening stock	527	335
	<u>2,369</u>	<u>(36,207)</u>
In accordance with ASI 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales amounting to Rs. 69372 thousand (Previous Year Rs. 85640 thousand) has been reduced from sales in Profit & Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 527 thousand, (Previous Year Rs.335 thousand ) has been considered as expense as above.		
<b>15 PERSONNEL EXPENSES</b>		
Salaries , Wages and Bonus	81,231	70,195
Directors Remuneration (Refer Note 13 i to Schedule 18)	2,477	1,648
Contribution to Provident and Other Funds	6,828	5,799
Gratuity expenses (Refer Note 12 to Schedule 18)	3,732	1,340
Workmen and staff welfare expenses	13,790	11,883
	<u>108,058</u>	<u>90,865</u>

# MYSORE PETRO CHEMICALS LIMITED

## SCHEDULES TO ACCOUNTS

	As at March 31, 2010 Rs.in '000	As at March 31, 2009 Rs.in '000
<b>16 MANUFACTURING AND OTHER EXPENSES</b>		
Stores and Packing Materials Consumed	8,135	8,075
Power, Fuel and Water charges	41,636	36,800
<b>Repairs and Maintenance</b>		
Plant and Machinery	6,456	6,710
Buildings	381	1,166
Others	404	1,051
<b>Insurance Premium</b>	2,154	2,176
<b>Selling Expenses</b>		
Brokerage and Commission	2,906	1,919
Transportation	28,004	20,968
Rent	355	363
Rates and Taxes	597	549
Travelling & Conveyance	5,878	6,385
Communication cost	754	870
Legal & Professional fees	4,027	2,033
Miscellaneous Expenses	5,111	4,788
Donation and Contribution to Charitable Institutions	2,002	2,311
Directors Sitting Fees	33	31
Auditors Remuneration (Refer Note 13 ii to Schedule 18)	290	287
Loss / (Profit ) on Sale of Fixed Assets ( Net )	1,556	43
Amortisation of Catalyst cost	2,631	2,631
	<u>113,310</u>	<u>99,156</u>
<b>17 FINANCIAL EXPENSES</b>		
<b>Interest on Fixed Loans</b>		
On Other Loans	18,960	16,314
Interest - Others	222	151
Bills Discounting, Guarantee		
Commission and Bank Charges	3,834	1,890
	<u>23,016</u>	<u>18,355</u>

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

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

**b. Use of estimates**

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

**c. Fixed Assets**

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

**d. Depreciation and Amortisation**

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

**e. Impairment of Assets**

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

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

**f. Investments**

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

# MYSORE PETRO CHEMICALS LIMITED

## g. Inventories

Inventories are valued as follows:

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

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

## h. Revenue Recognition

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

### Sale of Goods

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

### Interest

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

### Dividends

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

## i. Foreign Currency Translation

### i. Initial Recognition

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

### ii. Conversion

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

### iii. Exchange Differences

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

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

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

## **j. Retirement and other employee benefits**

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

## **k. Income taxes**

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

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

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

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

## **l. Earnings Per Share**

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

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

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

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

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

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

## **o. Derivative Instruments**

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

## **2. Secured Loan**

- a. Working Capital Facility by The Saraswat Co-operative Bank Ltd, a Scheduled Bank, is secured against Hypothecation of all movable properties of the Company including stocks and book debts of the company. The facility is further secured by collateral security of Equitable Mortgage of Land & Building at Raichur & Taloja and personal Guarantee by two Directors of the Company.
  - b. Factoring facility is secured by respective Book debts and personal guarantee by two Directors of the Company.
  - c. Hire Purchase loans are secured by the assets acquired through such loans.
3. The Company had obtained a legal opinion from an eminent legal counsel stating that privately placed debentures cannot be construed to be "Debentures" for the purpose of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
4. Stock in process includes Process / Production / Store Scrap materials Rs. 6965 Thousand (Previous Year Rs.5617 Thousand ) valued at estimated realizable value.
5. Research & Development Expenditure of Rs. 696 Thousand (Previous Year Rs.649 Thousand) have been accounted for in the respective heads of the Profit and Loss Account.
6. The Company has carried forward unabsorbed depreciation as per the Income Tax Act 1961. The net 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.

## **7. Segment Information**

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

# MYSORE PETRO CHEMICALS LIMITED

## 8. Related parties disclosures

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

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

(Rs.in Thousand)				
Nature of Transaction		Related parties referred to in		
		1 (a) above	1 (b) above	1 (c) above
1)	Purchase *		12841	
			(12034)	
2)	Expenses			
	Service Charges		3474	
			(2877)	
	Interest		1794	
			(2070)	
	Remuneration			2477
				(1648)
3)	Finance Outstanding			
	Property Deposit Received		62500	
			(62500)	
	Other Payables		6867	
			(26687)	
	Loans Payable		7325	
			(19396)	

Note: Amount in bracket represents figures for previous year.

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

# MYSORE PETRO CHEMICALS LIMITED

## 9. Earnings Per Share (EPS)

			March 31, 2010	March 31, 2009
a)	Net profit as per Profit and Loss account (for calculation of basic EPS)	(Rs. in Thousand)	1252	4513
b)	Number of Equity Shares of Rs.10/- each used as denominator for calculating EPS		6583488	6583488
c)	Basic and Diluted earning per share of Rs.10 each	Rs.	0.19	0.69

## 10. Capital Commitments

Rs. in Thousand

	March 31, 2010	March 31, 2009
Estimated amount of contract remaining to be executed on capital account and not provided for ( Net of advances )	56382	-

## 11. Provisions and Contingencies

### Contingent Liabilities not provided for

- Sales Tax Matter under appeal Rs.2398 Thousand (Previous Year Rs.2398 Thousand). Case decided in favour of the Company which are taken further in appeal by Karnataka State Sales Tax Department.
- Bill of Exchange discounted with others Rs.8228 Thousand (Previous Year Rs.Nil)
- Custom duties on raw materials under Advance Licence pending export obligation Rs. Nil (Previous Year Rs.203 Thousand)
- Workman's Union Demands at Phthalic Anhydride Unit at Raichur with effect from 1st January 2010 is under negotiation , amount presently not ascertainable.

## 12. Employee Benefits

### i. General Description of defined benefit plan

#### Gratuity

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

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

#### a. Profit and Loss account

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

	Gratuity (funded) March 31, 2010 (Rs. in Thousand)	Gratuity (funded) March 31, 2009 (Rs. in Thousand)
Current service cost	1672	1557
Interest cost on benefit obligation	1789	1764
Expected return on plan assets	7%	7%
Net actuarial (gain) / loss recognised in the year	1033	(1372)
Actual return on plan assets	762	609
Net Benefit / Cost	3732	1340



# MYSORE PETRO CHEMICALS LIMITED

## b. Balance sheet

Details of Provision for gratuity

	Gratuity (funded) March 31, 2010 (Rs. in Thousand)	Gratuity (funded) March 31, 2009 (Rs. in Thousand)
Defined benefit obligation	26767	25556
Fair value of plan assets	9649	7725
Less: Unrecognised past service cost Plan asset / (liability)	17118	17831

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

	Gratuity (funded) March 31, 2010 (Rs. in Thousand)	Gratuity (funded) March 31, 2009 (Rs. in Thousand)
Opening defined benefit obligation	25556	25197
Interest cost	1789	1764
Current service cost	1672	1557
Benefits paid	3283	1590
Actuarial (gains) / losses on obligation	1033	(1372)
Closing defined benefit obligation	26767	25556

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

	Gratuity (funded) March 31, 2010 (Rs. in Thousand)	Gratuity (funded) March 31, 2009 (Rs. in Thousand)
Opening fair value of plan assets	7725	6204
Expected return	7%	7%
Contributions by employer	1162	912
Benefits paid	-	-
Actuarial gains / (losses)	(1033)	1372
Closing fair value of plan assets	9649	7725
Actual Return on plan Assets	762	609
Estimated contribution to be made in next annual year	1200	1200

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

	Gratuity (funded) March 31, 2010 %	Gratuity (funded) March 31, 2009 %
Investments with insurer	100	100

# MYSORE PETRO CHEMICALS LIMITED

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

	March 31, 2010	March 31, 2009
	%	%
Discount rate	7	7
Expected rate of return on assets	7	7
Employee turnover	1	1
Salary Escalation	4	4
Mortality	L.I.C (1994 - 96) Ultimate	L.I.C (1994 - 96) Ultimate

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

## Provident Fund

Pending the issuance of Guidance Note from the Actuarial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund Liability. There is no deficit in the fund as at March 31st 2010 and no provision has been made.

## ii. Defined Contribution Plan

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

	March 31, 2010 (Rs. in Thousand)	March 31, 2009 (Rs. in Thousand)
<b>Contribution to Provident and Other Funds</b>		
Contribution to Provident Fund	4823	3680
Employees Pension Fund	1799	1946
EDLI	206	173
<b>Total</b>	<b>6828</b>	<b>5799</b>
<b>Workmen and Staff Welfare fund</b>		
ESIC	30	34
Labour Welfare Fund	5	5
<b>Total</b>	<b>35</b>	<b>39</b>

## 13. Supplementary Statutory Information

### i. Directors Remuneration

	March 31, 2010	March 31, 2009
	(Rs. in Thousand)	(Rs. in Thousand)
Salary	2100	1400
Company's Contribution to Provident and Other Funds	216	144
Perquisites	161	104
<b>Total</b>	<b>2477</b>	<b>1648</b>

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

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

# MYSORE PETRO CHEMICALS LIMITED

## ii. Auditors Remuneration

	(Rs. in Thousand)	
	March 31, 2010	March 31, 2009
Audit Fees (excluding service tax of Rs.15 Thousand, Previous Year Rs.15 Thousand)	150	150
Tax Audit (excluding service tax of Rs. 8 Thousand, Previous Year Rs. 9 Thousand)	75	75
Other Services and Certification (excluding service tax of Rs. 5 Thousand, Previous Year Rs. 6 Thousand)	50	50
Reimbursement of expenses (excluding service tax of Rs. Nil)	15	12
<b>Total</b>	<b>290</b>	<b>287</b>

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

	(Rs. in Thousand)	
	March 31, 2010	March 31, 2009
Travelling	1505	1002
<b>Total</b>	<b>1505</b>	<b>1002</b>

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

	(Rs. in Thousand)	
	March 31, 2010	March 31, 2009
Raw Materials	3617	-
Stores & Spares	907	333
<b>Total</b>	<b>4524</b>	<b>333</b>

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

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

14. Fixed Deposits of Rs.13380 Thousand (Previous Year Rs.13493 Thousand) have been lodged with Banks and Rs.15 Thousand (Previous Year Rs.15 Thousand) with Government Departments as a security.

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

### i. Details of Licensed Capacity, Installed capacity, Production, Stock and turnover

	Unit	March 31, 2010	March 31, 2009
<b>Licensed Capacity</b>			
Phthalic Anhydride	MT	12000	12000
Maleic Anhydride	MT	5400	5400

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

# MYSORE PETRO CHEMICALS LIMITED

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

## Installed Capacity (as certified by the Management)

Phthalic Anhydride	MT	12000	12000
Maleic Anhydride	MT	5400	5400
<b>Production</b>			
Phthalic Anhydride	MT	12072	9604
Maleic Anhydride	MT	2553	2309

## ii. Sales

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
Phthalic Anhydride	12114	718785	9332	622644
Maleic Anhydride	2609	174251	2259	160881
<b>Total</b>		<b>893036</b>		<b>783525</b>

## iii. Consumption of raw materials

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
Orthoxylene *	10813	524597	8644	471621
Phthalic Anhydride dust	335	6871	452	12494
Others		3559		3672
<b>Total</b>		<b>535027</b>		<b>487787</b>

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

\* Exclusive of 7 MT valued at Rs.369 Thousand included in Stores & Spares consumed (Previous Year 17 MT valued at Rs.940 Thousand)

## iv. Imported and indigenous raw materials consumed

Product	March 31, 2010		March 31, 2009	
	% of Total	Rs. in Thousand	% of Total	Rs. in Thousand
Imported	1	4034	4	19430
Indigenous	99	530993	96	468357
<b>Total</b>	<b>100</b>	<b>535027</b>	<b>100</b>	<b>487787</b>

# MYSORE PETRO CHEMICALS LIMITED

## v. Imported and indigenous spare parts consumed

Product	March 31, 2010		March 31, 2009	
	% of Total	Rs. in Thousand	% of Total	Rs. in Thousand
Imported	-	-	12	533
Indigenous	100	4377	88	3923
<b>Total</b>	<b>100</b>	<b>4377</b>	<b>100</b>	<b>4456</b>
Part cost of Imported		2631		2631
Catalyst Written Off				

## vi. Details of Finished Goods

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Thousand	Quantity (MT)	Rs. in Thousand
<b>Opening Stock</b>				
Phthalic Anhydride	429	23970	157	9569
Maleic Anhydride	115	4602	65	2910
<b>Closing Stock</b>				
Phthalic Anhydride	387	26690	429	23970
Maleic Anhydride	59	2595	115	4602

## 15. Previous Year Comparatives

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

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

**K Nagarajan**  
Partner  
Membership No. 16398  
Firm's Registration No: 001083S  
Mumbai  
21 May, 2010

**Anand Kadkol**  
Company Secretary

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

**M M Dhanuka**  
Managing Director

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

# MYSORE PETRO CHEMICALS LIMITED

## Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

### Balance Sheet abstract and Company's General Business Profile

#### I. Registration Details

State Code	08
Registration No.	1799 (CIN-L24221KA1969PLC001799)
Balance Sheet Date	31 March 2010

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

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil

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

Total Liabilities	617,105	Total Assets	617,105
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up capital	65,876	Net Fixed Assets	435,326
Reserves & Surplus	340,635	Investments	85,258
Secured Loans	57,809	Net Current Assets	96,521
Unsecured Loans	152,785	Misc. Expenditure	—
		Accumulated Losses	—

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

Turnover (including Other Income)	829,942	Total Expenditure	828,475
Profit before Tax	1,467	Profit after Tax	1,252
<b>Earning Per Share (Rs.)</b>			
Basic & Diluted	0.19	Dividend Rate	Nil

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

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

# MYSORE PETRO CHEMICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	2009-2010 (Rs.in '000)	2008-2009 (Rs.in '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and Extraordinary Items	1,467	5,572
Adjustment for :		
Depreciation/Amortisation	46,695	46,948
Sundry Balances / Excess Provision Written Back	(216)	(12,263)
Interest Expense	19,182	16,465
Interest Income	(1,330)	(1,494)
Loss / (Profit) on Sale / Write off of Fixed Assets	1,556	43
<b>OPERATING PROFIT /(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>67,354</b>	<b>55,271</b>
<b>Movements in Working Capital</b>		
Increase in Sundry Debtors/Other Receivables	3,597	(231)
Decrease / Increase in Inventories	(5,422)	(27,405)
Decrease / Increase in Current Liabilities	(23,540)	(31,661)
	<b>(25,365)</b>	<b>(59,297)</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>41,989</b>	<b>(4,026)</b>
Direct Taxes Paid	(344)	(2,531)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>41,645</b>	<b>(6,557)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(21,573)	(3,030)
Proceeds from Sale of Fixed Assets	2,791	241
Purchase of Investments	(25)	-
Interest Received	1,404	1,201
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(17,403)</b>	<b>(1,588)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short -term borrowings	37,962	34,205
Dividend Paid	(5)	(6,428)
Tax on Dividend Paid	-	(1,119)
Interest Paid	(16,255)	(11,578)

# MYSORE PETRO CHEMICALS LIMITED

	2009-2010 (Rs.in '000)	2008-2009 (Rs.in '000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>21,702</b>	15,080
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>45,944</b>	6,935
CASH AND CASH EQUIVALENTS AS AT 1.4.2009 (Opening Balance)	<b>10,700</b>	3,765
CASH AND CASH EQUIVALENTS AS AT 31.3.2010 (Closing Balance)	<b>56,644</b>	10,700
<b>Reconciliation with Cash &amp; Bank Balances</b>		
Cash and Cash equivalent as above	<b>56,644</b>	10,700
Add: Fixed Deposits with a maturity period of over 3 months pledged as Security (Refer Note 14 to Schedule 18)	<b>13,395</b>	13,508
Cash and Bank Balance as per Schedule 9	<b>70,039</b>	24,208

Notes : 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  
Mumbai  
21 May, 2010

**Anand Kadkol**  
Company Secretary

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

**M M Dhanuka**  
Managing Director

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



# MYSORE PETRO CHEMICALS LIMITED

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

## PROXY FORM

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

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

as my/our proxy to attend and vote for me/us on my/our behalf at the 40th Annual General Meeting of the Company, to be held on Wednesday the 18<sup>th</sup> August 2010 at 12.30 p.m. and any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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.

# MYSORE PETRO CHEMICALS LIMITED

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

## ATTENDANCE SLIP

I hereby record my presence at the 40th Annual General Meeting of the Company being held on Wednesday, the 18<sup>th</sup> August 2010 at 12.30 p.m. at Woodland Hotel, 5 Raja Rammohan Roy Road, Bangalore 560 025.

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

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

\_\_\_\_\_  
Name of the Member  
(in Block Capitals)

\_\_\_\_\_  
Signature  
Member/Proxy/Authorised Representative

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

[illegible]



*If undelivered, please return to :*

**MYSORE PETRO CHEMICALS LIMITED**

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