



**mysore petro chemicals limited**

41st Annual Report 2010-2011



# mysore petro chemicals limited

## BOARD OF DIRECTORS

(As on 4th August, 2011)

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

Raichur, Karnataka

Tel : 08532 – 246425/246269

Fax : 08532 - 246271

Email : myspectro@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 Fortyfirst 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 Saturday the 17th September, 2011 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, 2011.
2. To appoint a Director in place of Shri Anil Kochar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Shrikant Somani 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  
4th August, 2011

### Registered Office :

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

### Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. FORM OF PROXY IS ENCLOSED.**
2. The register of members and share transfer books of the Company will remain closed from 13th September, 2011 to 17th September, 2011 (both days inclusive) in connection with the Annual General Meeting.
3. Bodies Corporate who are members of the Company are requested to send duly certified copy of the Board resolution authorising their representatives to attend and vote at the Meeting on or before 15th September, 2011.
4. Members/Proxies are requested to bring their Attendance Slip duly filled in, while attending the Annual General Meeting.
5. 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.

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6. 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.
7. 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.
8. 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 (IEPF). Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.
9. Members who have so far not claimed or encashed their dividends declared for the year 2007-2008 are requested to claim such dividend immediately, as dividends remaining unclaimed for seven years will be transferred to the IEPF. Members are requested to note that any sum transferred to IEPF shall stand forfeited and no claims shall lie against the Company for the amounts of dividends transferred to IEPF.
10. Particulars of Directors re-appointed/appointed  
The information pertaining to Shri Anil Kochar and Shri Shrikant Somani 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  
4th August, 2011

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

## Important communication – Support Green Initiative

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

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

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

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

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## DIRECTORS' REPORT

Your Directors hereby present the Fortyfirst Annual Report alongwith audited Accounts of the Company for the financial year ended 31 March, 2011.

### 1. Financial Results

₹ in '000

	2010-2011	2009-2010
Gross Sales	856,029	893,036
Less : Excise Duty	80,087	69,372
Net Sales	775,942	823,664
Other Income	2,644	6,278
	778,586	829,942
Gross Profit	37,068	71,178
Less :		
Interest & Finance Charges	27,907	23,016
Depreciation/Amortisation	47,216	46,695
Profit/(Loss) before Taxation	(38,055)	1,467
Provision for Taxation		
– Current Tax (MAT)	—	229
– Excess provision of Fringe Benefit Tax written back	—	(14)
Profit after Taxation	(38,055)	1252
Balance Brought Forward	163,342	162,090
Amount available for Appropriations	125,287	163,342

### 2. Financial Performance

The production of Phthalic Anhydride (PA) at Raichur, Karnataka, for the year was 9452 MT at 78.76% as against 12072 MT at 100.60% during the previous year 2009-2010. The production was less due to stoppage of Plant during the year due to breakdown and fire in the Plant and also for routine maintenance work on one occasion. The Maleic Anhydride (MA) production at Taloja, Maharashtra, was 2756 MT as against 2553 MT during the previous year. The Net Sales Turnover of the Company was ₹ 775,942 thousand as against ₹ 823,664 thousand during the previous year. Profit/(Loss) before Interest and tax was at (₹10,148) thousand as against ₹ 24,483 thousand during the previous year. After taking into account the Interest and provision for tax there was a Net Loss of (₹ 38,055) thousand as against Net Profit of ₹ 1,252 thousand in the previous year.

### 3. Dividend

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

### 4. Sale of Synthetic Industrial Diamonds Division

The Company has sold the property admeasuring 5399 square meters at Panoli, Gujarat which was a non-operational unit for manufacture of Synthetic Industrial Diamonds.

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## 5. Management's Discussion and Analysis

### Performance Review

The Company's sale of PA was at 9363 MT and that of MA was 2756 MT for the year. The production and sale of PA was lower due to stoppage of PA Plant on a few occasions. The turnover was less due to less production and sale coupled with lesser realisation on sales. The Company could not take advantage of high prices of PA in the first half of the year due to loss of production.

The Company continues to enjoy the working capital requirements from Saraswat Co-operative Bank Ltd. to the extent of ₹ 7 crores (both fund based and non-fund based).

### Taxes and Duties

The Company has contributed ₹ 100,938 thousand to the Central and State Exchequer by way of Central Excise, Customs Duty, Sales Tax (including Surcharge), Entry Tax and Direct Taxes.

### Opportunities, Concerns and Threats

The Indian economy is one of the fastest growing economies in the world. The country is expected to grow at about 8% in the current year. With the buoyant economic scenario there is adequate thrust on infrastructure growth. This has induced good growth in the construction and other related industries.

The user industries of PA viz. PVC, pigments, plasticizers, paints, resins, constructions, marine and other speciality chemicals are showing reasonable growth momentum and are expected to rise by about 10-12% in the current year. The Company's main product Phthalic Anhydride (PA) is sold in high volumes and hence it is expected to have good growth going forward.

However due to rise in raw material prices in the second half of the year 2010-2011 the margins were affected. Also due to the removal of the Safeguard duty since January 2010 there has been heavy dumping of PA from international markets. This has resulted in lower margins.

The global recession a couple of years back though had hit the world at large, had little impact on the Indian industries. The domestic demand for the Company's product continues to be good, though price volatility and mismatch coupled with government policies as regards dumping of PA and other exchange and environmental risks remains a cause of concern. The Board of Directors do a periodic assessment of the risks through a means of properly defined framework to mitigate the risks involved.

### Outlook

The production during the previous year was less due to stoppage of Plant on a couple of occasions. However during the current year the Company expects good growth and better price realisations. The MA market is steady and the Company is able to sell the entire production without much hassle and better price realisation.

The Plant size at Raichur, Karnataka has a PA manufacturing capacity of 12000 MT per annum which is small compared to other big players in the domestic and international markets. Off late the raw material prices are very high and also due to the locational constraints the cost of production is more. Hence the PA unit is uneconomical and finds it difficult to stand the competitiveness.

### Corporate Social Responsibility

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

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

- » Optimizing usage of Raw Material and Chemicals
- » Conserving Power and Water

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- » Adopting preventive measures to reduce waste and air emissions
- » Maximizing the recycling of waste
- » Ensuring a safe working environment
- » Employee education on environmental issues
- » Educating suppliers & buyers to become environmentally responsible

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

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

## **Internal Control System**

The Company has an established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines and self-assessment exercises. In addition to external Audit, the internal audit is carried out by the external agency, covering areas like operations and expenditure approval mechanism and their report is reviewed by the Audit Committee of the Board. Compliance with laws and regulations is also monitored. Additionally the Directors and Senior management personnel are required to certify on an annual basis the adherence to the Code of Conduct adopted by the Company.

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

Industrial relations continued to remain cordial at all the manufacturing units of the Company. The Wage Agreement was signed with the Employees Union during December 2010. The Directors acknowledge the support and co-operation from employees at all levels.

As of 31 March 2011, the Company had 256 employees on its rolls.

## **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.

## **6. 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.

## **7. 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 for the year ended 31st March, 2011, the applicable accounting standards have been followed and there are no material departures from the same;
- b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the loss of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing/ detecting fraud and other irregularities; and
- d) the annual accounts of the Company have been prepared on a going concern basis.



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## 8. Fixed Deposits

The Company had accepted fixed deposits of ₹ 1 crore from private resources at 9 % interest for one year which would mature on 22nd November 2011. The Company has maintained 15% of the matured amount in liquid assets as per the Companies (Fixed Deposit) Rules, 1988.

## 9. Directors

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Anil Kochar and Shri Shrikant Somani, Directors retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

## 10. Particulars of Employees

None of the employees of the Company was in receipt of monthly remuneration of ₹ 500,000/- or more. Hence the provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable.

## 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 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto.

## 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 and Audit Report

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

## 14. Cost Auditors

In terms of the Order issued by the Central Government under Section 233B of the Companies Act, 1956, the Company was required to appoint cost auditors to get the audit of the cost records of the Company done by a Cost accountant for the year 2010-2011 and thereafter. Accordingly the Company has appointed Mr. Sushil Kumar Agarwal, Practising Cost Accountant, an associate member of the Cost and Works Accountants of India (ICWAI). The Cost Audit Report for the year 2010-2011 has been submitted on 4th August 2011.

For the financial year 2011-2012 too, the Company has appointed Mr. Sushil Kumar Agarwal as the cost auditor. He would be required to submit the report by 30th September, 2012.

## 15. Acknowledgement

Your Directors wish to thank the Government Authorities, Financial Institutions, Banks, customers, vendors and members for their continued support and co-operation. Your Directors also 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  
4th August, 2011

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

### A) Conservation of Energy

- a. Energy Conservation measures taken :
1. New HP Turbine was commissioned in August 2010 replacing the inefficient Turbine for Process Air Blower.
  2. New Start up Boiler was commissioned in May 2010. The inefficient old Boiler was replaced by new one.
  3. Thermal Insulation was completely replaced on Still and Reboiler in distillation section.
  4. Operation of Therminol Heater was optimized with the help of Flue Gas Analyser.
  5. Maintenance of steam/condensate systems was continued with strong emphasis on minimizing heat energy loss.
- b. Additional Investment and proposals, if any, being implemented for reduction in consumption of energy :
1. A new 500 KVA DG will replace the existing de-rated and inefficient Diesel Generation Unit.
  2. LP Turbine rotor will be re-bladed to improve its efficiency.
- c. Impact of the measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
- Steam requirement for running Process Air Blower reduced by about 30% after replacing HP Turbine. Specific consumption of energy is expected to improve.
- d. (i) Total energy consumption and energy consumption per unit of production :

#### Power & Fuel Consumption

	2010-2011	2009-2010
1. Electricity		
a. Purchased (Units)	1,028,010	1,131,192
Total Amount (₹ .)	7,884,320	7,494,779
Rate/Unit (₹ )	7.67	6.63
b. Own Generation		
I Through Diesel Generator	394,346	355,275
Units per Ltr. of Diesel oil	1.97	3.27
Cost/Unit (₹ )	18.52	9.85
II Through Steam Turbine		
Generator (Units)	1,387,496	1,845,616
Cost/Unit ₹ .	—	—
2. Coal is not used in Manufacturing Process		
3. Furnace Oil quantity (KL)	890	1,122
Total Amount (₹ )	27,072,864	29,113,749
Average rate/KL (₹ )	30,427	25,948
Other/Internal generation	—	—
(ii) Energy consumption per unit (MT) of Product		
1. Phthalic Anhydride	Standard	
Electricity	Not Specified	2010-2011
Furnace Oil	Not Specified	2009-2010
Electricity	Not Specified	287 Units
Furnace Oil	Not Specified	93 Ltrs.
2. Maleic Anhydride	Standard	
Electricity	Not Specified	34 Units
Furnace Oil	Not Specified	23 Units
	—	—

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## B) Technology Absorption

### Research & Development (R & D)

- 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.
- Benefits derived as a result of above R & D :  
Benefits are in terms of better quality and increased productivity.
- Future Plan of action :  
R & D efforts are continued in the direction of product quality as mentioned above.
- Expenditure incurred on R & D :  
Capital Expenditure incurred ₹ Nil  
and Revenue Expenditure ₹ 817 thousand  
Total R & D Expenses as a % of total turnover : 0.10%

### Technology absorption, adaptation and innovation

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

## C) Foreign Exchange Earnings & Outgo

₹ in '000

	2010-2011	2009-2010
Total Foreign Exchange Earnings	—	—
Total Foreign Exchange Outgo	13,758	6,029

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

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## REPORT ON CORPORATE GOVERNANCE

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

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

The Company's Corporate Governance philosophy focuses its energies in safeguarding the interests of its stakeholders by utilising its resources for maximum benefits. The management believes that the principles of accountability, transparency and ethics as its business practices will enable it to achieve the long term objectives and goals.

### 2. Board of Directors

#### Composition, number of meetings and attendance

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

The Board of Directors met four times on the following dates during the financial year 2010-2011 : 21 May 2010, 11 August 2010, 12 November 2010 and 14 February 2011.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 18th August, 2010	Number of Directorships in other Companies (excluding Directorships in foreign and private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Managing Director	Executive Director	4	No	1	—	3
Shri Nikunj Dhanuka*	Non-Executive Director	2	No	1	—	1
Shri M M Jayakar *	Independent & Non-Executive Director	3	Yes	7	1	4
Shri S N Maheshwari	Non-Executive Director	4	Yes	2	—	—
Shri Anil Kochar	Independent & Non-Executive Director	3	No	1	—	—
Shri Shrikant Somani	Independent & Non-Executive Director	3	No	4	—	—

\* Apart from the above Shri Nikunj Dhanuka is a Director of one Private Company and Shri M M Jayakar is Director of three Private Companies.

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

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

Details of Directors being appointed/re-appointed :

Shri Anil Kochar and Shri Shrikant Somani 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 required under clause 49 (VI) (A) of the Listing Agreement is as under –

## **Shri Anil Kochar**

Shri Anil Kochar, aged 54 years, is a Commerce and Law graduate. He is a Tax Consultant. He has vast knowledge and experience in accounting and taxation fields. He is a Director of M/s. B Daulat Ltd. He holds 100 shares of the Company.

## **Shri Shrikant Somani**

Shri Shrikant Somani, aged 42 years, is an industrialist and belongs to a reputed business house. He has vast experience in the Chemical and Power Industries. He is also associated with various charitable activities.

He is a Director of the following Public Limited Companies : M/s. Vindhychal Hydro Power Ltd., M/s. DSL Hydrowatt Ltd., M/s. India Ener-Gen Ltd. and M/s. Darjeeling Power Ltd. He holds 100 shares of the Company.

## **Shareholding of Directors**

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

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

## **CEO/CFO Certification**

As required by Clause 49 of the Listing Agreement, the Certificate from Shri M M Dhanuka, Managing Director & CEO and Shri N K Innani, President – Commercial & CFO was placed before the Board of Directors at their meeting held on 4th August, 2011.

## **Code of Conduct**

The Company has adopted the Code of Conduct for all the Board Members and Senior Management personnel. All the Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year 2010-2011. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

## **3. Audit Committee**

### **Terms of Reference**

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

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- 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 2010-2011 under review, four (4) Audit Committee Meetings were held on 21 May 2010, 11 August 2010, 12 November 2010 and 14 February 2011.

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	3
Shri S N Maheshwari	Member	Non-Executive Director	4	4
Shri Shrikant Somani	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 18th August, 2010.

## **Remuneration Committee**

### **Composition, Number of Meetings and Attendance**

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

### **Terms of Reference**

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

### **Meeting & Attendance**

No Remuneration Committee Meeting was held during the financial year 2010-2011.

Shri Anil Kochar, Chairman of the Remuneration Committee could not be present at the last Annual General Meeting held on 18th August, 2010 due to his pre-occupation.

# mysore petro chemicals limited

## Remuneration Policy

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

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

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

(Amount in ₹)

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Managing Director	23,99,339	—	23,99,339
Shri Nikunj Dhanuka	Director	—	2,000	2,000
Shri S N Maheshwari	Director	—	10,000	10,000
Shri M M Jayakar	Director	—	6,000	6,000
Shri Anil Kochar	Director	—	8,000	8,000
Shri Shrikant Somani	Director	—	6,000	6,000

### 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 or employees.
- None of the other Directors are paid remuneration.

## Shareholders/Investors Grievance Committee

### Composition, Number of Meetings and Attendance

During the year 2010-2011 under review, two (2) Shareholders/Investors' Grievance Committee Meetings were held on 21 May 2010 and 12 November 2010.

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

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

Name	Position	Category	Attendance during the year 2010-2011	
			Held	Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	2	2
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.

# mysore petro chemicals limited

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

During the year 2010-2011, the Company received 47 letters including 6 complaints regarding non-receipt of shares sent for transfer, demat queries and non-receipt of dividend warrants and annual reports from the shareholders, all of which were attended to and resolved. There were no outstanding complaints as on 31 March, 2011.

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

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

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

## **General Body Meetings**

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

<b>AGM for the financial year ended</b>	<b>Date &amp; time of AGM</b>	<b>Venue</b>
2010	18 August, 2010 at 12.30 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bangalore – 560 025.
2009	20 June, 2009 at 12.30 p.m.	Rohini Hall, Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bangalore – 560 001.
2008	12 July, 2008 at 1.15 p.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 Extraordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2010-2011.

## **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.



# mysore petro chemicals limited

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 : Saturday, 17th September, 2011 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 2011 : 1st/2nd week of August 2011  
September 2011 : 1st/2nd week of November 2011  
December 2011 : 1st/2nd week of February 2012  
March 2012 (Audited results) : before 31 May 2012

Date of Book Closure : The Share transfer books and the Register of Members will be closed from 13th September, 2011 to 17th September 2011 (both days inclusive).

The Directors have not recommended any Dividend on equity shares for the year ended 31 March 2011.

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

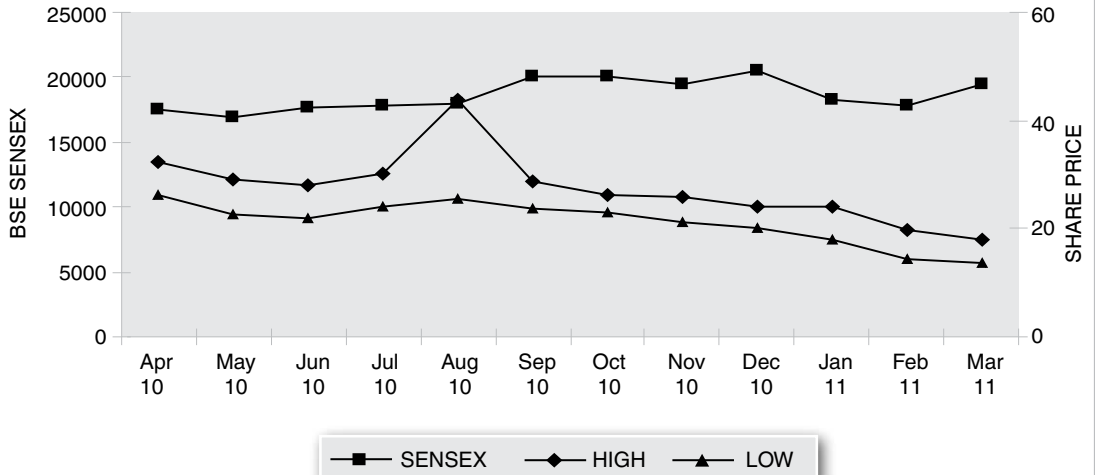
Stock Code – Mumbai Stock Exchange : Stock Code No. 506734 on the Bombay Stock Exchange.

ISIN Number for NSDL & CDSL : INE 741A01011.

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

Month (2010-2011)	High	Low
Apr-10	32.50	26.20
May-10	29.20	22.60
Jun-10	27.90	22.00
Jul-10	30.10	24.05
Aug-10	43.80	25.40
Sep-10	28.70	23.85
Oct-10	26.40	23.00
Nov-10	25.75	21.05
Dec-10	24.15	20.05
Jan-11	23.90	18.00
Feb-11	19.85	14.45
Mar-11	18.00	13.65

## mysore petro chemicals limited



Address for correspondence for share transfers and related matters :

For shares held in physical form : M/s. Big Share Services Pvt. Ltd.  
 E-2/3, Ansa Industrial Estate  
 Sakivihar Road, Saki Naka  
 Andheri (E), Mumbai – 400072.  
 Tel : 40430200 / 294  
 Fax : 28475207  
 E-mail : info@bigshareonline.com

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 31.03.2011

#### Shareholding pattern as on 31.3.2011

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters & Persons acting in concert	4758771	72.28
2	Mutual Funds / UTI / Banks / FI's	198015	3.01
3	NRI's/OCB's	11414	0.17
4	Private Corporate Bodies	206157	3.13
5	General Public	1409131	21.41
	<b>TOTAL</b>	<b>6583488</b>	<b>100.00</b>

# **mysore petro chemicals limited**

Dematerialisation of Shares and liquidity

93.90 % of the paid-up Capital has been dematerialised as on 31.03.2011.

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

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

The Company has not issued any ADR/GDR.

Plant Locations

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

Address for correspondence

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

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

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

# 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 :

4th August, 2011

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, 2011 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 2011, 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 : 4th August, 2011

Membership No.: 16398  
Firm's Registration No.0010835

# 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, 2011 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, 2011, 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, 2011 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 2011.
    2. In the case of Profit and Loss Account, of the Loss 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

Membership No. 16398

Firm's Registration No: 001083S

Mumbai  
4th August, 2011

# mysore petro chemicals limited

## 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 explanations given to us no substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The inventory of the Company (except stock in transit and with Third parties for which subsequent receipts have been obtained in respect of such inventory / certificate) have been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) On the basis of examination of records and according to the information and explanation given to us the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, requirement of clauses (iii, b), (iii, c) and (iii, d) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory & fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the 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) In our opinion, the Company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of manufacture of chemicals pursuant to the order made by the Central Government for the maintenance of cost records prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

# 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 ₹ 2,398 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

**K Nagarajan**  
Partner

Membership No.16398

Firm's Registration No: 001083S

Mumbai  
4th August, 2011

# mysore petro chemicals limited

## BALANCE SHEET AS AT 31 MARCH 2011

	Schedules	As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	65,876	65,876
Reserves and Surplus	2	256,374	340,635
		<u>322,250</u>	<u>406,511</u>
<b>Loan Funds</b>			
Secured Loans	3	34,343	57,809
Unsecured Loans	4	193,685	152,785
		<u>228,028</u>	<u>210,594</u>
<b>TOTAL</b>		<u><b>550,278</b></u>	<u><b>617,105</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,318,434	1,427,885
Less : Depreciation / Amortisation / Impairment		979,575	1,008,134
Net Block		<u>338,859</u>	<u>419,751</u>
Capital Work -In- Progress - Advance		51,773	15,575
		<u>390,632</u>	<u>435,326</u>
<b>Investments</b>	6	85,258	85,258
<b>Current Assets, Loans and Advances</b>			
Interest Accrued on Investments		14	10
Inventories	7	112,361	94,318
Sundry Debtors	8	87,814	57,624
Cash and Bank Balances	9	7,670	70,039
Loans and Advances	10	34,711	27,579
		<u>242,570</u>	<u>249,570</u>
Less : Current Liabilities & Provisions	11	168,182	153,049
Net Current Assets		<u>74,388</u>	<u>96,521</u>
<b>TOTAL</b>		<u><b>550,278</b></u>	<u><b>617,105</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  
4th August, 2011

**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 2011

	Schedules	For the year ended March 31, 2011 ₹ in '000	For the year ended March 31, 2010 ₹ in '000
<b>Income</b>			
Turnover (Gross)		856,029	893,036
Less : Excise Duty		80,087	69,372
Turnover (Net)		<u>775,942</u>	<u>823,664</u>
Other Income	12	<u>2,644</u>	<u>6,278</u>
		<u>778,586</u>	<u>829,942</u>
<b>Expenditure</b>			
Raw Material Consumed	13	500,960	535,027
Decrease / (Increase) in Inventories	14	(5,002)	2,369
Personnel Expenses	15	131,079	108,058
Depreciation / Amortisation (Refer Note 3 to Schedule 5)		47,216	46,695
Manufacturing & Other Expenses	16	114,481	113,310
Financial Expenses	17	<u>27,907</u>	<u>23,016</u>
		<u>816,641</u>	<u>828,475</u>
Profit before taxation		(38,055)	1,467
Provision for Taxation			
– Current Tax (MAT)		—	229
– Excess Provision of Fringe Benefit Tax written back		—	(14)
Profit/(Loss) after Taxation		(38,055)	1,252
Balance Brought forward		<u>163,342</u>	<u>162,090</u>
<b>Surplus carried to Balance Sheet</b>		<u>125,287</u>	<u>163,342</u>
<b>Earning Per share (Basic &amp; Diluted) (₹)</b>		<b>(5.78)</b>	<b>0.19</b>
(Face value of shares ₹. 10 each, Previous year ₹ 10 each)			
(Refer Note 9 to Schedule 18)			
<b>Notes to Accounts</b>	<b>18</b>		

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

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

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

4th August, 2011

**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

## SCHEDULES TO ACCOUNTS

	As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,000 Redeemable Cumulative preference shares of ₹ 100 each	<b>50,000</b>	50,000
1,00,00,000 Equity shares of ₹ 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 ₹ 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 ₹ 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)	<u>41</u>	<u>41</u>
	<b><u>65,876</u></b>	<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>130,054</b>	142,124
Less : Transferred to Profit and Loss Account - Depreciation ( Refer Note 3 to Schedule 5)	<b>10,819</b>	12,070
Reversal on account of Sale / Disposal of Fixed Assets	<b>35,387</b>	—
	<b><u>83,848</u></b>	<u>130,054</u>
<b>Profit and Loss Account</b>	<b>125,287</b>	163,342
	<b><u>256,374</u></b>	<u>340,635</u>

## mysore petro chemicals limited

### SCHEDULES TO ACCOUNTS

	As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>3. SECURED LOANS</b>		
Working Capital Facilities From Bank	<b>29,922</b>	50,041
Hire Purchase Finance	<b>4,421</b>	7,768
	<b><u>34,343</u></b>	<u>57,809</u>
<b>4. UNSECURED LOANS</b>		
From Bodies Corporate (Repayable within one year ₹ Nil)	<b>183,685</b>	152,785
Fixed Deposit (Repayable within one year ₹ 10,000 thousand )	<b>10,000</b>	—
	<b><u>193,685</u></b>	<u>152,785</u>

# mysore petro chemicals limited

## SCHEDULES TO ACCOUNTS

### 5. FIXED ASSETS

(₹ in '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS			NET BLOCK	
	As at 1.4.2010	Additions/ (Deductions)	As at 31.3.2011	As at 1.4.2010	for the year (Deductions)	As at 31.3.2011	As at 31.3.2010	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010	
<b>Tangible Assets</b>											
1. Land & Land Development	1,477	—	1,477	—	—	—	—	—	1,477	1,477	
2. Lease Hold Land	2,943	— (243)	2,700	596	27 (48)	575	—	—	2,125	2,347	
3. Roads & Drains	4,092	—	4,092	1,416	129	1,545	—	—	2,547	2,676	
4. Buildings	53,105	— (2,830)	50,275	21,331	1,248 (1,426)	21,153	—	—	29,122	31,774	
5. Plant & Machinery	1,336,803	15,615 (122,490)	1,229,928	959,233	54,745 (74,907)	939,071	10,125	—	290,857	367,445	
6. Railway Siding	513	—	513	487	—	487	—	—	26	26	
7. Furniture & office equipment	12,956	286	13,242	10,786	366	11,152	1,500	1,500	590	670	
8. Vehicles	15,949	511 (300)	16,160	2,617	1,516 (88)	4,045	—	—	12,115	13,332	
<b>Intangible Assets</b>											
1. Software	47	—	47	43	4	47	—	—	—	4	
	1,427,885	16,412 (125,863)	1,318,434	996,509	58,035 (76,469)	978,075	11,625	1,500	338,859	419,751	
Previous year	1,423,994	10,698 (6,807)	1,427,885	940,204	58,765 (2,460)	996,509		11,625	419,751		

- 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 ₹ 12,447 thousand and Plant & Machinery by ₹ 324,644 thousand which was credited to Revaluation Reserve.
- Land includes ₹ 136 thousand (Previous year ₹ 136 thousand) for undivided share in office premises land. Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of ₹ 8,389 thousand (Previous Year ₹ 12,244 thousand) and Net book value of ₹ 7,556 thousand (Previous year ₹ 11,401 thousand) acquired on Hire Purchase contracts.
- Details of depreciation are as follows:

Particulars	2010-11	2009-10
Depreciation for the year as above	<b>58,035</b>	58,765
Less: Transferred from Revaluation Reserve	<b>10,819</b>	12,070
Depreciation as per Profit and Loss Account	<b>47,216</b>	46,695

# mysore petro chemicals limited

## SCHEDULES TO ACCOUNTS

	No. of shares	As at March 31, 2011 ₹ in '000	No. of shares	As at March 31, 2010 ₹ 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 ₹ 30,000 (previous year ₹ 30,000)				
lodged as security with Government Department.	—	30	—	30
<b>B Equity Shares of ₹ 10/- each</b>				
Fully Paid up				
<b>Quoted</b>				
I G Petrochemicals Limited	4075000	82,692	4075000	82,692
Sand Plast (I) Limited	24020	386	24020	386
<b>Listed but not Quoted</b>				
Bihariji Construction (I) Limited	486000	1,075	486000	1,075
Bihariji Projects Limited	490000	1,050	490000	1,050
<b>Unquoted</b>				
The Saraswat Co. Op. Bank Limited	2500	25	2500	25
		<b>85,258</b>		<b>85,258</b>
<b>Book Value</b>				
Quoted Investments (Market Value ₹ 114,191 thousand) (Previous year ₹ 179,492 thousand)		83,078		83,078
Listed but not Quoted		2,125		2,125
Unquoted		55		55
		<b>85,258</b>		<b>85,258</b>
<b>7 INVENTORIES</b>				
(at lower of cost and net realisable value)				
Raw Material (including stock in transit ₹ 6,759 thousand, Previous Year ₹ 5,821 thousand)		26,158		17,607
Stores and spares		25,367		19,658
Stock in Process		22,369		25,575
Finished Goods (including stock in transit ₹ 8,838 thousand, Previous Year ₹ 6,021 thousand)		38,467		29,285
Catalyst (at cost less amortisation)		—		2,193
		<b>112,361</b>		<b>94,318</b>

# mysore petro chemicals limited

## SCHEDULES TO ACCOUNTS

		As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>8</b>	<b>SUNDRY DEBTORS</b>		
	<b>Debts outstanding for a period exceeding six months</b>		
	Unsecured, considered good	6,374	6,494
	<b>Other debts</b>		
	Unsecured, considered good	81,440	51,130
		<u>87,814</u>	<u>57,624</u>
<b>9</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	568	542
	Cheques in hand	—	52,000
	<b>Balance with Scheduled Banks</b>		
	In Current Accounts	3,487	4,102
	In Fixed Deposits	3,615	13,395
		<u>7,670</u>	<u>70,039</u>
<b>10</b>	<b>LOANS &amp; ADVANCES</b>		
	(Unsecured, Considered Good)		
	Advances, amount receivables including deposits recoverable in cash or in kind or for value to be received	14,000	10,856
	Deposit - others	12,074	12,078
	Balance with Central Excise Department	3,039	2,102
	Income Tax Deducted at Source / Advance Tax ( Net of Provision )	5,598	2,543
		<u>34,711</u>	<u>27,579</u>
<b>11</b>	<b>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	47,889	43,904
	Advance from Customers	6,150	1,359
	Investor Education and Protection Fund shall be credited by following amounts ( as and when due) for unpaid dividend	150	150
	Security Deposit	64,576	64,545
	Book Overdraft	357	—
	Interest Accrued But not Due on Loans	15,682	16,794
	Other Liabilities	5,674	4,958
	<b>Provision for</b>		
	Wealth Tax	22	9
	Gratuity / Leave Encashment	27,682	21,330
		<u>168,182</u>	<u>153,049</u>

# mysore petro chemicals limited

## SCHEDULES TO ACCOUNTS

	As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>12 OTHER INCOME</b>		
<b>Interest</b>		
Bank Deposits (TDS ₹ 40 thousand, Previous year ₹ 129 thousand )	523	928
Others (TDS ₹ 22 thousand, Previous year ₹ 61 thousand)	222	402
Sundry Balances / Excess Provision Written Back	—	216
Profit / (Loss) on Sale of Fixed Asset / Fixed Assets written off ( Net)	1,786	—
Miscellaneous Income	113	4,732
	<b>2,644</b>	<b>6,278</b>
<b>13 RAW MATERIAL CONSUMED</b>		
Inventories as at March 31, 2010	17,607	12,216
Add: Purchases	509,511	540,418
	<b>527,118</b>	552,634
Less: Inventories as at March 31, 2011	26,158	17,607
	<b>500,960</b>	<b>535,027</b>
<b>14 DECREASE / (INCREASE) IN INVENTORIES</b>		
<b>Inventories as at March 31, 2010</b>		
Stock in Process	25,575	28,130
Finished Goods	29,285	28,572
<b>Inventories as at March 31, 2011</b>		
Stock in Process	22,369	25,575
Finished Goods	38,467	29,285
	<b>(5,976)</b>	1,842
Differential Excise duty in respect of closing stock & opening stock	974	527
	<b>(5,002)</b>	<b>2,369</b>
<b>15 PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus	94,091	81,231
Directors Remuneration (Refer Note 13 i to Schedule 18)	2,399	2,477
Contribution to Provident and Other Funds	7,596	6,828
Gratuity expenses (Refer Note 12 to Schedule 18)	9,478	3,732
Workmen and staff welfare expenses	17,515	13,790
	<b>131,079</b>	<b>108,058</b>

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 ₹ 80,087 thousand (Previous Year ₹ 69,372 thousand) has been reduced from sales in Profit & Loss Account and Excise duty on increase/decrease in stock amounting to ₹ 974 thousand, (Previous Year ₹ 527 thousand ) has been considered as expense as above.

# mysore petro chemicals limited

## SCHEDULES TO ACCOUNTS

	As at March 31, 2011 ₹ in '000	As at March 31, 2010 ₹ in '000
<b>16 MANUFACTURING AND OTHER EXPENSES</b>		
Stores and Packing Materials Consumed	7,936	8,135
Power, Fuel and Water charges	44,216	41,636
<b>Repairs and Maintenance</b>		
Plant and Machinery	12,440	6,456
Buildings	829	381
Others	443	404
<b>Insurance Premium</b>	2,959	2,154
<b>Selling Expenses</b>		
Brokerage and Commission	1,820	2,906
Transportation	23,769	28,004
Rent	328	355
Rates and Taxes	2,371	597
Travelling & Conveyance	6,537	5,878
Communication cost	720	754
Legal & Professional fees	1,694	4,027
Miscellaneous Expenses	5,363	5,111
Donation and Contribution to Charitable Institutions	556	2,002
Directors Sitting Fees	32	33
Auditors Remuneration (Refer Note 13 ii to Schedule 18)	275	290
Loss on Sale of Fixed Assets	—	1,556
Amortisation of Catalyst cost	2,193	2,631
	<b>114,481</b>	<b>113,310</b>
<b>17 FINANCIAL EXPENSES</b>		
<b>Interest on Fixed Loans</b>		
On Other Loans	18,043	18,960
Interest - Others	5,646	222
Bills Discounting, Guarantee		
Commission and Bank Charges	4,218	3,834
	<b>27,907</b>	<b>23,016</b>



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

#### e. Impairment of Assets

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

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

#### f. Investments

Investments that are readily 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 recognize a decline other than temporary in the value of the investments.

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## **g. Inventories**

Inventories are valued as follows:

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

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

## **h. Revenue Recognition**

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

### **Sale of Goods**

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

### **Interest**

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

### **Dividends**

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

## **i. Foreign Currency 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 amortized as expense

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

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

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

## **k. Income taxes**

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

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

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

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be 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 recognized when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date

# mysore petro chemicals limited

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 & Talaja and personal Guarantee by two Directors of the Company.
- b. 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 ₹ 4,056 Thousand (Previous Year ₹ 6,965 Thousand) valued at estimated realizable value.
5. Research & Development Expenditure of ₹ 817 Thousand (Previous Year ₹ 696 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.

## 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.	

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

(₹ in '000)

Nature of Transaction	Related parties referred to in		
	1(a) above	1(b) above	1(c) above
<b>1) Purchase *</b>		17,227 (12,841)	
<b>2) Expenses</b>			
Service Charges		2,869 (3,474)	
Interest		388 (1,794)	
Remuneration			2,399 (2,477)
<b>3) Finance Outstanding</b>			
Property Deposit Received		62,500 (62,500)	
Other Payables		3,375 (6,867)	
Loans Payable		9,325 (7325)	

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.

## 9. Earnings Per Share (EPS)

		March 31, 2011	March 31, 2010
a) Net Profit / (Loss) as per Profit and Loss account (for calculation of basic EPS)	(₹ in '000)	<b>(38055)</b>	1252
b) Number of Equity Shares of ₹ 10/- each used as denominator for calculating EPS.		<b>65,83,488</b>	65,83,488
c) Basic and Diluted earning per share of ₹ 10 each	₹	<b>(5.78)</b>	0.19

## 10. Capital Commitments

(₹ in '000)

	March 31, 2011	March 31, 2010
Estimated amount of contract remaining to be executed on capital account and not provided for ( Net of advances )	<b>77,659</b>	56,382

## 11. Provisions and Contingencies

### Contingent Liabilities not provided for

- a) Sales Tax Matter under appeal ₹ 2,398 Thousand (Previous Year ₹ 2,398 Thousand). Case decided in favour of the Company which are taken further in appeal by Karnataka State Sales Tax Department.

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b) Bill of Exchange discounted with others ₹ 5,284 Thousand (Previous Year ₹ 8,228 Thousand)

## 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 recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet.

#### a. Profit and Loss account

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

	<b>Gratuity (funded) March 31, 2011 (₹ in '000)</b>	<b>Gratuity (funded) March 31, 2010 (₹ in '000)</b>
Current service cost	1,805	1,672
Interest cost on benefit obligation	2,141	1,789
Expected return on plan assets	8%	7%
Net actuarial (gain) / loss recognized in the year	6,450	1,033
Actual return on plan assets	918	762
Net Benefit / Cost	9,478	3,732

#### b. Balance sheet

Details of Provision for gratuity

	<b>Gratuity (funded) March 31, 2011 (₹ in '000)</b>	<b>Gratuity (funded) March 31, 2010 (₹ in '000)</b>
Defined benefit obligation	34,931	26,767
Fair value of plan assets	11,461	9,649
Less: Unrecognised past service cost Plan asset / (liability)	23,470	17,118

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

	<b>Gratuity (funded) March 31, 2011 (₹ in '000)</b>	<b>Gratuity (funded) March 31, 2010 (₹ in '000)</b>
Opening defined benefit obligation	26,767	25,556
Interest cost	2,141	1,789
Current service cost	1,805	1,672
Benefits paid	2,232	3,283
Actuarial (gains) / losses on obligation	6,450	1,033
Closing defined benefit obligation	34,931	26,767

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

	<b>Gratuity (funded) March 31, 2011 (₹ in '000)</b>	Gratuity (funded) March 31, 2010 (₹ in '000)
Opening fair value of plan assets	9649	7725
Expected return	8%	7%
Contributions by employer	1056	1162
Benefits paid	162	—
Actuarial gains / (losses)	<b>(6450)</b>	(1033)
Closing fair value of plan assets	11461	9649
Actual Return on plan Assets	918	762
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:

	<b>Gratuity (funded) March 31, 2011 %</b>	Gratuity (funded) March 31, 2010 %
Investments with insurer	100	100

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

	<b>March 31, 2011 %</b>	March 31, 2010 %
Discount rate	8	7
Expected rate of return on assets	9.52	9.88
Employee turnover	1	1
Salary Escalation	4	4
Mortality	<b>L.I.C (1994 - 96) Ultimate</b>	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 31, 2011 and no provision has been made.

# mysore petro chemicals limited

## ii. Defined Contribution Plan

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

(₹ in '000)

	March 31, 2011	March 31, 2010
<b>Contribution to Provident and Other Funds</b>		
Contribution to Provident Fund	5,529	4,823
Employees Pension Fund	1,839	1,799
EDLI	228	206
<b>Total</b>	<u>7,596</u>	<u>6,828</u>
<b>Workmen and Staff Welfare fund</b>		
ESIC	38	30
Labour Welfare Fund	5	5
<b>Total</b>	<u>43</u>	<u>35</u>

## 13. Supplementary Statutory Information

### i. Directors Remuneration

(₹ in '000)

	March 31, 2011	March 31, 2010
Salary	2,100	2,100
Company's Contribution to Provident and Other Funds	216	216
Perquisites	83	161
<b>Total</b>	<u>2,399</u>	<u>2,477</u>

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.

### ii. Auditors Remuneration

(₹ in '000)

	March 31, 2011	March 31, 2010
Audit Fees (excluding service tax of ₹ 15 Thousand, Previous Year ₹ 15 Thousand)	150	150
Tax Audit (excluding service tax of ₹ 8 Thousand, Previous Year ₹ 8 Thousand)	75	75
Other Services and Certification (excluding service tax of ₹ 5 Thousand, Previous Year ₹ 5 Thousand)	50	50
Reimbursement of expenses	—	15
<b>Total</b>	<u>275</u>	<u>290</u>



# mysore petro chemicals limited

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

(₹ in '000)

	March 31, 2011	March 31, 2010
Travelling	1,188	1,505
<b>Total</b>	<b>1,188</b>	<b>1,505</b>

### iv. Value of imports calculated on CIF basis

(including High Seas purchases)

(₹ in '000)

	March 31, 2011	March 31, 2010
Raw Materials	11,436	3,617
Stores & Spares	1,134	907
<b>Total</b>	<b>12,570</b>	<b>4,524</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 ₹ 3,600 Thousand (Previous Year ₹ 13,380 Thousand) have been lodged with Banks and ₹ 15 Thousand (Previous Year ₹ 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, 2011	March 31, 2010
<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)

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	9452	12072
Maleic Anhydride	MT	2756	2553

## mysore petro chemicals limited

### ii. Sales

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in '000	Quantity (MT)	₹ in '000
Phthalic Anhydride	9363	628,885	12114	718,785
Maleic Anhydride	2756	227,144	2609	174,251
<b>Total</b>		<b>856,029</b>		<b>893,036</b>

### iii. Consumption of raw materials

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in '000	Quantity (MT)	₹ in '000
Orthoxylene *	8848	495,453	10813	524,597
Phthalic Anhydride dust	106	2,177	335	6,871
Others		3,330		3,559
<b>Total</b>		<b>500,960</b>		<b>535,027</b>

\* Exclusive of 4 MT valued at ₹ 212 Thousand included in Stores & Spares consumed (Previous Year 7 MT valued at ₹ 369 Thousand)

### iv. Imported and indigenous raw materials consumed

Product	March 31, 2011		March 31, 2010	
	% of Total	₹ in '000	% of Total	₹ in '000
Imported	4	18,550	1	4,034
Indigenous	96	482,410	99	530,993
<b>Total</b>	<b>100</b>	<b>500,960</b>	<b>100</b>	<b>535,027</b>

### v. Imported and indigenous spare parts consumed

Product	March 31, 2011		March 31, 2010	
	% of Total	₹ in '000	% of Total	₹ in '000
Imported	13	1,064	—	—
Indigenous	87	7,102	100	4,377
<b>Total</b>	<b>100</b>	<b>8,166</b>	<b>100</b>	<b>4,377</b>
Part cost of Imported Catalyst Written Off		2,193		2,631

# mysore petro chemicals limited

## vi. Details of Finished Goods

Product	March 31, 2011		March 31, 2010	
	Quantity (MT)	₹ in '000	Quantity (MT)	₹ in '000
<b>Opening Stock</b>				
Phthalic Anhydride	387	26,690	429	23,970
Maleic Anhydride	59	2,595	115	4,602
<b>Closing Stock</b>				
Phthalic Anhydride	476	35,880	387	26,690
Maleic Anhydride	59	2,587	59	2,595

## 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  
4th August, 2011

**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

**1. Registration Details**

State Code	08
Registration No.	1799 (CIN - L24221KA1969PLC001799)
Balance Sheet Date	31 March, 2011

**2. Capital Raised during the year (Amount ₹ in '000)**

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

**3. Position of Mobilisation and Deployment of Funds (Amount ₹ in '000)**

Total Liabilities	550,278	Total Assets	550,278
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	65,876	Net Fixed Assets	390,632
Reserves & Surplus	256,374	Investments	85,258
Secured Loans	34,343	Net Current Assets	74,388
Unsecured Loans	193,685	Misc Expenditure	—
		Accumulated Losses	—

**4. Performance of Company (Amount ₹ in '000)**

Turnover (including other income)	778,586	Total Expenditure	816,641
Profit / (Loss) before tax	(38,055)	Profit / (Loss) after tax	(38,055)
<b>Earning per Share (₹)</b>			
Basic & Diluted	(5.78)	Dividend Rate	Nil

**5. Generic Names of Principal Product 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, 2011

	2010-2011 (₹ in '000)	2009-2010 (₹ in '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax and Extraordinary Items	(38,055)	1,467
Adjustment for :		
Depreciation/Amortisation	47,216	46,695
Sundry Balances / Excess Provision Written Back	101	(216)
Interest Expense	23,689	19,182
Interest Income	(745)	(1,330)
Loss / (Profit) on Sale / Write off of Fixed Assets	(1,786)	1,556
<b>OPERATING PROFIT /(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<u>30,420</u>	<u>67,354</u>
<b>Movements in Working Capital</b>		
Increase in Sundry Debtors/Other Receivables	(24,740)	3,597
Decrease / Increase in Inventories	(18,043)	(5,422)
Decrease / Increase in Current Liabilities	16,238	(23,540)
	<u>(26,545)</u>	<u>(25,365)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>3,875</b>	41,989
Direct Taxes Paid	(2,990)	(344)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>885</u>	<u>41,645</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(55,957)	(21,573)
Proceeds from Sale of Fixed Assets	5,668	2,791
Purchase of Investments	—	(25)
Interest Received	835	1,404
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(49,454)</u>	<u>(17,403)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short -term borrowings	20,781	37,962
Dividend Paid	—	(5)
Interest Paid	(24,801)	(16,255)
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	<u>(4,020)</u>	<u>21,702</u>

# mysore petro chemicals limited

	2010-2011 (₹ in '000)	2009-2010 (₹ in '000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(52,589)	45,944
CASH AND CASH EQUIVALENTS AS AT 1.4.2010 (Opening Balance)	56,644	10,700
CASH AND CASH EQUIVALENTS AS AT 31.3.2011 (Closing Balance)	4,055	56,644
<b>Reconciliation with Cash &amp; Bank Balances</b>		
Cash and Cash equivalent as above	4,055	56,644
Add: Fixed Deposits with a maturity period of over 3 months pledged as Security (Refer Note 14 to Schedule 18)	3,615	13,395
Cash and Bank Balance as per Schedule 9	<u>7,670</u>	<u>70,039</u>

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  
4th August, 2011

**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 41st Annual General Meeting of the Company, to be held on Saturday the 17th September, 2011 at 12.30 p.m. and any adjournment(s) thereof.

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

Signature \_\_\_\_\_



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

# 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 41st Annual General Meeting of the Company being held on Saturday, the 17<sup>th</sup> September 2011 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.

TEAR HERE

## Book – Post

*If undelivered, please return to :*

### **MYSORE PETRO CHEMICALS LIMITED**

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