



Mysore Petro Chemicals Limited

42nd Annual Report 2011-2012

Mysore Petro Chemicals Limited

BOARD OF DIRECTORS

(As on 15th May 2012)

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 : myspetro@sancharnet.in

MALEIC ANHYDRIDE PLANT

T-1, MIDC Industrial Area

Taloja - 410 208, Maharashtra

Tel : 39289100

Fax : 39289148/149

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

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai – 400 072.

Tel.: 40430200 • Fax : 28475207

E-mail : info@bigshareonline.com

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Mysore Petro Chemicals Limited

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Second 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 Friday, the 20th July, 2012 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 2012.
2. To appoint a Director in place of Shri Nikunj Dhanuka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri M M Jayakar 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
15th May, 2012

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.**
The proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The register of members and share transfer books of the Company will remain closed from 17th July, 2012 to 20th July, 2012 (both days inclusive) in connection with the Annual General Meeting.
3. Members/Proxies should bring their Attendance slip duly filled in for attending the meeting. Bodies Corporate who are members are requested to send duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
4. Members are requested to immediately intimate change of address, if any, to the Company/ Registrars & Share Transfer Agents (RTA) quoting reference of the Registered Folio Number.

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5. You may now avail of the facility of nomination by nominating, in the prescribed form, a person whom your shares in the Company shall vest in the event of your death. Interested members may write to the Company/ Registrars & Share Transfer Agents for the prescribed form.
6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Members who have so far not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Bangalore, Karnataka.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the years 1995-96 and 1996-97 to the Investor Education and Protection Fund. Likewise all the unclaimed debenture interest and redemption accounts have also been transferred to the said Fund.
8. Please encash your dividend warrants immediately for the year 2007-2008 in case you have not yet encashed, as dividends remaining unclaimed for seven years are required to be transferred to the "Investor Education and Protection Fund" established by the central Government under the amended provisions of the Companies Act, 1956. Once transferred, members will be unable to claim any unpaid dividend either from the said fund or from the Company.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. The members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
10. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made available at the Meeting.
11. Members are requested to bring their personal copy of the Annual report to the Meeting.
12. Particulars of Directors reappointed/appointed :

The information pertaining to Shri Nikunj Dhanuka and Shri M M Jayakar 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
15th May 2012

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

Mysore Petro Chemicals Limited

DIRECTORS' REPORT

Your Directors hereby present the Forty Second Annual Report alongwith audited Accounts of the Company for the financial year ended 31 March 2012.

1. Financial Results

₹ in lacs

	2011-2012	2010-2011
Revenue from Operations (Gross)	8,109.18	8,560.64
Less : Excise Duty	767.16	800.87
Revenue from Operations (Net)	7,342.02	7,759.77
Other Income	74.37	26.09
	7,416.39	7,785.86
Profit Before Finance Cost, Depreciation and Tax Expenses	425.73	370.68
Less :		
Finance Cost	274.49	279.07
Depreciation and Amortisation Expenses	443.07	472.16
Profit/(Loss) before Taxation	(291.83)	(380.55)
Tax Expenses		
– Deferred Tax	134.27	—
Profit / (Loss) after Taxation	(426.10)	(380.55)

2. Financial Performance

The production of Phthalic Anhydride (PA) at Raichur, Karnataka for the year was 6498 MT at 54.15% as against 9452 MT at 78.76% during the previous year 2010-2011. The production was severely affected due to stoppage of PA Plant on a few occasions during June-July 2011 for change of Catalyst and further during November 2011 to mid February 2012 due to certain technical faults at Plant and adverse market conditions. The production of Maleic Anhydride at Taloja, Maharashtra was 2636 MT as against 2756 MT during the previous year 2010-2011. The Net Sales Turnover of the Company was lower at ₹ 7,342.02 lacs as against ₹ 7,759.77 lacs during the previous year 2010-2011. Profit/(Loss) before Interest and tax was ₹ (17.34) lacs as against Loss of ₹ (101.48) lacs during the previous year. After taking into account the Interest and provision for tax there was a Net Loss of ₹ (426.10) lacs as against Loss of ₹ (380.55) lacs in the previous year.

3. Management's Discussion and Analysis

a) Performance Review

The Company's PA Plant at Raichur operated lower at about 54% during the year with a production of 6498 MT due to stoppage of plant coupled with the sluggish market conditions for the first three quarters. The MA plants operated satisfactorily during the year with a production of 2636 MT.

The Company continues to enjoy working capital facilities of ₹ 700 lacs (utilised ₹ 539.16 lacs).

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The Company implemented the Voluntary Separation Scheme (VSS) in PA Plant at Raichur and 15 persons had opted for the scheme and their dues have been settled. The total VSS outgo was ₹ 94.65 lacs.

b) Taxes and Duties

The Company has contributed ₹ 1101.61 lacs to the Central and State Exchequer by way of Central Excise, Customs Duty, Sales Tax, Entry Tax, Fringe Benefit Tax and Wealth Tax.

c) Opportunities, Concerns and Threats

The macro-economic fundamentals of India are conducive to growth and sustained profitability. It is expected to grow at 7% during the year with continued thrust on infrastructure and construction activities. The Reserve Bank of India has softened the interest rates to fuel growth and the commercial banks are expected to follow suit. There is wide application of PA in Plasticizers, Alkyl resins, UPR and pigment industries which are growing at 8-10%. PA is expected to grow in line with these industries.

High raw material cost due to high international crude price, government policies and environmental risks are a cause of concern. Also the locational constraints, uneconomical plant size and occasional disruption of production is taking a heavy toll on margins.

d) Outlook

Due to high raw material costs the PA units were facing tremendous pressure on margins. Moreover dumping of PA from South Korea and other countries has made the situation more difficult. The Government has notified the Safeguard duty on PA for the year 2012 which is a major relief to the PA industry. The demand for PA and MA is on the rise due to reasonable growth of the user industries. With these developments the Company is optimistic about the prospects of the PA industry in 2012-2013.

e) Corporate Social Responsibility

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

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

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

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

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

f) Internal Control System

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

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g) Human Resource Development/Industrial Relations

Industrial relations continued to remain cordial at all the manufacturing units of the Company. The Directors acknowledge the support and co-operation from employees at all levels. As of 31 March 2012, the Company had 237 employees on its rolls.

h) Cautionary Statement

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

4. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts, all the applicable accounting standards have been followed ;
- b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 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.
- d) the annual accounts have been prepared on a going concern basis.

5. Fixed Deposits

Fixed Deposit amounting to ₹ 1 crore from private sources matured on 22nd November 2011 and have been renewed for a further period of one year.

6. Directors

Shri Nikunj Dhanuka and Shri M M Jayakar, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

7. Particulars of Employees

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

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

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

9. Corporate Governance

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

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10. Auditors

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

11. Cost Auditors

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, your company carries out an audit of cost records relating to Phthalic Anhydride/Maleic Anhydride every year. Subject to the approval of the Central Government, the Company has appointed M/s. S. K. Agarwal & Associates, Cost Accountants, as Cost Auditors to audit the cost accounts of the Company for the financial year 2011-12.

The Cost Audit report for the Financial year 2010-2011 was filed with the Ministry of Corporate Affairs within the stipulated time.

12. Acknowledgement

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

For and on behalf of the Board

M M Dhanuka

Chairman & Managing Director

Mumbai
15th May, 2012

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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. Maintenance of steam/condensate systems was continued with strong emphasis on minimising heat energy loss.
 2. Old de-rated and inefficient 500 KVA DG Unit was replaced by new one in July 2011.
 3. LP Turbine rotor was re-bladed in September 2011 to improve its efficiency.
 4. Therminol Circulation pump and motor was replaced in August 2011 as the old set was consuming more energy.
- b. Additional Investment and proposals, if any, being implemented for reduction in consumption of energy :
 1. Standby Therminol Circulation pump unit and Hot Oil pump unit will be replaced to get advantage of higher efficiency.
 2. Insulation will be changed for balance equipment handling high temperature liquids.
- 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 :
 1. Power generation improved by 12% per litre of Diesel and downtime due to maintenance has reduced for the 500 KVA DG set.
 2. Steam requirement of LP Turbine reduced by 13% at 210 KW load.
 3. Specific consumption of energy is expected to reduce.
- d. (i) Total energy consumption and energy consumption per unit of production :

Power & Fuel Consumption

		2011-2012	2010-2011
1. Electricity			
a. Purchased (Units)		826,014	1,028,010
Total Amount (₹ .)		6,301,345	7,884,320
Rate/Unit (₹)		7.63	7.67
b. Own Generation			
I Through Diesel Generator		1,134,454	394,346
Units per Ltr. of Diesel oil		3.28	1.97
Cost/Unit (₹)		12.04	18.52
II Through Steam Turbine			
Generator (Units)		725,790	1,387,496
Cost/Unit ₹ .		—	—
2. Coal is not used in Manufacturing Process			
3. Furnace Oil quantity (KL)		640	890
Total Amount (₹)		27,014,569	27,072,864
Average rate/KL (₹)		42,188	30,427
Other/Internal generation		—	—
(ii) Energy consumption per unit (MT) of Product			
1. Phthalic Anhydride	Standard	2011-2012	2010-2011
Electricity	Not Specified	395 Units	287 Units
Furnace Oil	Not Specified	99 Ltrs.	94 Ltrs.
2. Maleic Anhydride	Standard		
Electricity	Not Specified	45 Units	34 Units
Furnace Oil	Not Specified	—	—

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B) Technology Absorption

Research & Development (R & D)

1. Specific area in which R & D carried out by the Company :
The Company is continuing its R & D activities for process development, quality improvement, energy saving and cost reduction.
2. Benefits derived as a result of above R & D :
Benefits are in terms of better quality and increased productivity.
3. Future Plan of action :
R & D efforts are continued in the direction of product quality as mentioned above.
4. Expenditure incurred on R & D :
Capital Expenditure incurred ₹ Nil
and Revenue Expenditure ₹10.29 lacs.
Total R & D Expenses as a % of total turnover : 0.13%

Technology absorption, adaptation and innovation

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

C) Foreign Exchange Earnings & Outgo

₹ in lacs

	2011-2012	2010-2011
Total Foreign Exchange Earnings	—	—
Total Foreign Exchange Outgo	57.23	137.58

Mysore Petro Chemicals Limited

REPORT ON CORPORATE GOVERNANCE

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

1. Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is aimed at efficient conduct of its business and ensures high standards of accountability and excellence in the service of all the stakeholders. 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.

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

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 2011-2012 : 11 May 2011, 4 August 2011, 14 November 2011 and 13 February 2012.

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 17th September 2011	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	4	Yes	7	1	4
Shri S N Maheshwari	Non-Executive Director	4	Yes	2	—	—
Shri Anil Kochar	Independent & Non-Executive Director	1	No	1	—	—
Shri Shrikant Somani	Independent & Non-Executive Director	3	No	4	—	—

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

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

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

Details of Directors being appointed/re-appointed :

Shri Nikunj Dhanuka and Shri M M Jayakar 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 Nikunj Dhanuka

Shri Nikunj Dhanuka, aged 44 years is a graduate in Commerce. He is an industrialist and has vast knowledge of the petrochemical industries for more than 15 years.

He is the Managing Director of I G Petrochemicals Ltd. (IGPL). He is a member of Shareholders/Investors Grievance Committee of IGPL. He holds 180 shares of the Company.

Shri M M Jayakar

Shri M M Jayakar, aged 61 years, is B.A., LL.B. He is a Solicitor and an eminent Supreme Court lawyer. He has vast knowledge of more than 35 years as a lawyer and specialises in customs, central excise and International laws and corporate matters like mergers, acquisitions and joint ventures. He has been a member of the Managing Committee of CEGAT Bar Association.

He is a Director of the following Public Limited Companies viz. Satyagiri Shipping Co. Ltd., Ez-Comm Trade Technologies Ltd., Photoquip India Ltd. and Everest Kanto Cylinders Ltd. He is also a member of Audit Committee and Shareholders/Investors Grievance Committee of Photoquip India Ltd. and the Chairman/Member of Shareholders/Investors Grievance Redressal and Share Transfer Committee/Remuneration Committee respectively of Everest Kanto Cylinders Ltd.

He holds 2725 shares of the Company.

Shareholding of Directors

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

Name	No. of ordinary shares held	% of Paid-up Capital
Shri 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 15th May, 2012.

Mysore Petro Chemicals Limited

Code of Conduct

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

3. Audit Committee

Terms of Reference

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

Composition, Number of Meetings and Attendance

Shri. 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 2011-2012 under review, four (4) Audit Committee Meetings were held on 11 May 2011, 4 August 2011, 11 November 2011 and 13 February 2012.

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

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

Name of Director	Position	Category	No. of Meetings	
			Held	Attended
Shri M M Jayakar	Chairman	Independent and Non-Executive Director	4	4
Shri Anil Kochar	Member	Independent and Non-Executive Director	4	1
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 17th September, 2011.

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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 2011-2012.

Shri Anil Kochar, Chairman of the Remuneration Committee could not be present at the last Annual General Meeting held on 17th September, 2011 due to his pre-occupation.

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 2011-2012 is given below :

(Amount in ₹)

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Managing Director	25,15,519.00	—	25,15,519.00
Shri Nikunj Dhanuka	Director	—	2,000.00	2,000.00
Shri S N Maheshwari	Director	—	10,000.00	10,000.00
Shri M M Jayakar	Director	—	8,000.00	8,000.00
Shri Anil Kochar	Director	—	3,000.00	3,000.00
Shri Shrikant Somani	Director	—	6,000.00	6,000.00

Notes :

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

Shareholders/Investors Grievance Committee

Composition, Number of Meetings and Attendance

During the year 2011-2012 under review, two (2) Shareholders/Investors' Grievance Committee Meetings were held on 11 May 2011 and 14 November 2011.

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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 2011-2012	
			Held	Attended
Shri Anil Kochar	Chairman	Independent & Non-Executive Director	2	1
Shri M M Dhanuka	Member	Executive Director	2	2
Shri S N Maheshwari	Member	Non-Executive Director	2	2

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

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

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

During the year 2011-2012, the Company received 34 letters including 5 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 2012.

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

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

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

General Body Meetings

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

AGM for the financial year ended	Date & time of AGM	Venue
2011	17 September 2011 at 12.30 p.m.	Woodlands Hotel, 5, Raja Ram Mohan Roy Road, Bangalore – 560 025.
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.

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 2011-2012.

Mysore Petro Chemicals Limited

Disclosures

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

Means of Communication

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

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

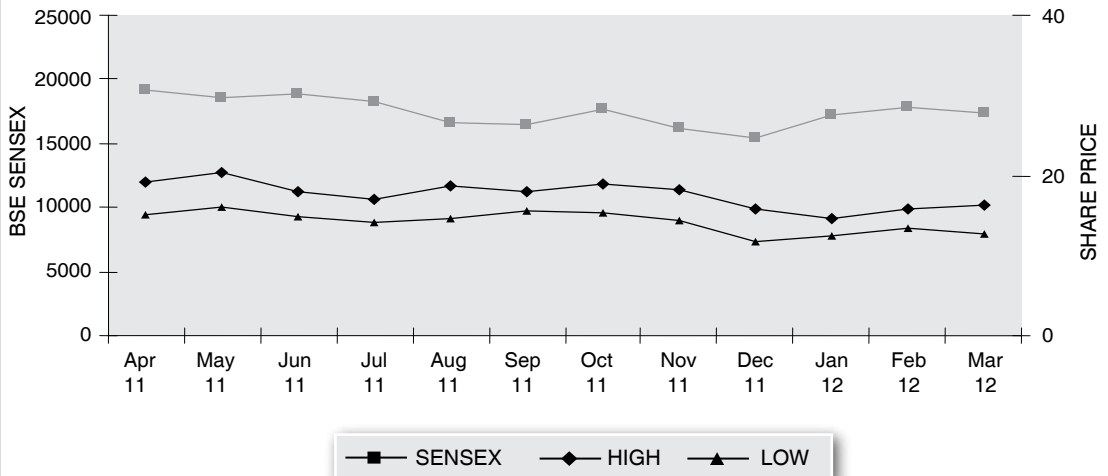
General Shareholder information

AGM : Day, Date, Time and Venue	:	Friday, 20th July, 2012 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 2012 : 1st/2nd week of August 2012 September 2012 : 1st/2nd week of November 2012 December 2012 : 1st/2nd week of February 2013 March 2013 (Audited results). : before 30 May 2013
Date of Book Closure	:	The Share transfer books and the Register of Members will be closed from 17th July, 2012 to 20th July, 2012 (both days inclusive). The Directors have not recommended any Dividend on equity shares for the year ended 31 March 2012.
Listing on Stock Exchanges	:	The Company's equity shares are listed on The Bombay Stock Exchange Ltd (BSE).
Stock Code – Mumbai Stock Exchange	:	Stock Code No. 506734 on the Bombay Stock Exchange.
ISIN Number for NSDL & CDSL	:	INE 741A01011.

Mysore Petro Chemicals Limited

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

Month (2011-2012)	High	Low
Apr-11	19.20	15.10
May-11	20.35	16.00
Jun-11	17.85	14.80
Jul-11	17.10	14.20
Aug-11	18.65	15.50
Sep-11	18.00	15.60
Oct-11	19.00	15.40
Nov-11	18.30	14.30
Dec-11	15.85	11.80
Jan-12	14.66	12.40
Feb-12	15.85	13.53
Mar-12	16.23	12.80



Address for correspondence for share transfers and related matters :

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

Mysore Petro Chemicals Limited

For shares held in Demat form : To the Depository Participants (DP).
Share Transfer Systems : All the transfers received are processed by the Registrar and Share Transfer Agent and are approved by the Share Transfer Committee, which normally meets 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 31.03.2012

Shareholding pattern as on 31.3.2012

Sl. No.	Category	No. of Shares	% of Shareholding
1	Promoters & Persons acting in concert	4761038	72.32
2	Mutual Funds/UTI/Banks/FI's	198015	3.01
3	NRI's/OCB's	11514	0.17
4	Private Corporate Bodies	218603	3.32
5	General Public	1394318	21.18
	TOTAL	6583488	100.00

Dematerialisation of Shares and liquidity 94.37% of the paid-up Capital has been dematerialised as on 31.03.2012.

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 Shri. Anand Kadkol, Company Secretary at the Corporate Office at 401, Raheja Centre, 214, Nariman Point, Mumbai – 400 021.

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

Service of documents through electronic mode

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

Company : mpclgogreen@igpetro.com

Registrar and Share Transfer Agent : info@bigshareonline.com

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 :-

15th May, 2012

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, 2012 confirming their compliance of the same.

Thanking you.

Yours faithfully,

For **Mysore Petro Chemicals Limited**

Sd/-
M M Dhanuka
Managing Director and CEO

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members

Mysore Petro Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Mysore Petro Chemicals Limited, for the year ended on 31st March 2012, 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 : 15th May, 2012

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

Mysore Petro Chemicals Limited

AUDITORS' REPORT

To the Shareholders,

MYSORE PETRO CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of **MYSORE PETRO CHEMICALS LIMITED** as at 31 March, 2012 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) In our opinion and to the best of our information and according to explanations given to us, the Accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 1. In the case of Balance Sheet, of the State of affairs of the Company as at 31 March 2012.
 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
15th May, 2012

Mysore Petro Chemicals Limited

ANNEXURE TO THE AUDITORS' REPORT

Re: MYSORE PETRO CHEMICALS LIMITED

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 has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (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

Mysore Petro Chemicals Limited

with a view to determining whether they are accurate or complete:

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, Excise duty, cess have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and information and explanations given to us the dues that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending is dues under Karnataka Special Entry Tax Act, 2004 of ₹ 23.98 Lacs pending before Karnataka High Court.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion, on the basis of Audit Procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to Banks.
- (xii) Based on our examination of documents and records and according to the information and explanation given by the management the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of paragraph 4 of the order are not applicable.
- (xv) According to information and explanation given to us the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the Cash Flow Statement and other records examined by us and the information and explanations given to us, the funds raised on short term basis have not, prima facie, been used during the year for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the 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
15 May, 2012

Mysore Petro Chemicals Limited

Balance Sheet as at March 31, 2012

	Notes	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
EQUITIES AND LIABILITIES			
Shareholders' funds			
Share Capital	1	658.76	658.76
Reserves and Surplus	2	<u>2,017.22</u>	<u>2,563.74</u>
		<u>2,675.98</u>	<u>3,222.50</u>
Non-Current Liabilities			
Long Term Borrowings	3		
Long Term Provisions	3 (a)	1,281.35	1,858.00
Deferred Tax Liabilities	3 (b)	291.16	276.82
	4	<u>134.27</u>	<u>—</u>
		<u>1,706.78</u>	<u>2,134.82</u>
Current Liabilities			
Short Term Borrowings	5		
Trade Payables	5 (a)	660.31	422.28
Other Current Liabilities	5 (b)	763.19	478.89
Short Term Provisions	5 (c)	873.29	925.89
	5 (d)	<u>0.33</u>	<u>0.22</u>
		<u>2,297.12</u>	<u>1,827.28</u>
TOTAL		<u>6,679.88</u>	<u>7,184.60</u>
ASSETS			
Non Current Assets			
Fixed Assets (Net)			
Tangible Assets	6	2,881.90	3,388.59
Intangible Assets	6	—	—
Capital Work-In-Progress	6	<u>49.85</u>	<u>—</u>
		<u>2,931.75</u>	<u>3,388.59</u>
Non Current Investments	7	849.32	852.58
Long Term Loans and Advances	8	<u>810.70</u>	<u>638.47</u>
		<u>4,591.77</u>	<u>4,879.64</u>
Current Assets			
Inventories	9	1,139.25	1,123.61
Trade Receivables	10	682.24	878.14
Cash and Bank Balances	11	77.59	76.70
Short Term Loans and Advances	12	188.86	226.37
Other Current Assets	13	<u>0.17</u>	<u>0.14</u>
		<u>2,088.11</u>	<u>2,304.96</u>
TOTAL		<u>6,679.88</u>	<u>7,184.60</u>
Significant Accounting Policies	A		
Notes on Financial Statements	1-32		

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

K Nagarajan
Partner
Membership No. 16398
Firm's Registration No: 001083S
Mumbai
15th May, 2012

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

Statement of Profit and Loss for the year ended March 31, 2012

	Notes	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
Revenue			
Revenue from Operations (Gross)	14	8,109.18	8,560.64
Less : Excise Duty		<u>767.16</u>	<u>800.87</u>
Revenue from Operations (Net)		7,342.02	7,759.77
Other Income	15	<u>74.37</u>	<u>26.09</u>
Total Revenue		<u>7,416.39</u>	<u>7,785.86</u>
Expenditure			
Cost of Material Consumed	16	4,241.92	5,009.60
Decrease / (Increase) in Inventory	17	136.73	(50.02)
Employees Benefits Expense	18	1,377.85	1,310.79
Other Expenses	19	1,234.16	1,144.81
Depreciation and Amortisation Expenses	6	443.07	472.16
Finance cost	20	<u>274.49</u>	<u>279.07</u>
		<u>7,708.22</u>	<u>8,166.41</u>
Profit / (Loss) before Tax		<u>(291.83)</u>	<u>(380.55)</u>
Tax Expenses			
	21		
– Current Tax		—	—
– Deferred Tax		<u>134.27</u>	<u>—</u>
Profit / (Loss) for the year		<u>(426.10)</u>	<u>(380.55)</u>
Earning Per share			
Face value of shares ₹ 10 each, Previous year ₹ 10 each)			
Basic & Diluted ₹	22	(6.47)	(5.78)
Significant Accounting Policies			
A			
Notes on Financial Statements			
1-32			

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

K Nagarajan
Partner
Membership No. 16398
Firm's Registration No: 001083S
Mumbai
15th May, 2012

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

Cash Flow Statement for the year ended March 31, 2012

	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and Extraordinary Items	(291.83)	(380.55)
Non-cash Adjustment to reconcile profit before tax to net cash flow:		
Depreciation / Amortisation Expenses	443.07	472.16
Provision for Diminution in value of investments	3.26	—
Loss / (Profit) on Sale/Write off of Fixed Assets	1.08	(17.86)
Sundry Balances / Excess Provision Written Back	28.52	1.01
Interest Expense	242.42	236.89
Interest Income	(9.34)	(7.45)
Dividend Income	(0.05)	—
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	417.13	304.20
Movements in Working Capital		
Increase / (decrease) in Trade Payables / Other Current liabilities	248.92	162.38
Decrease / (increase) in Trade receivables	170.20	(302.84)
Decrease / (increase) in Inventories	(15.64)	(180.43)
Decrease / (increase) in loans and advances	(131.58)	(404.34)
	<u>271.90</u>	<u>(725.23)</u>
CASH GENERATED FROM/(USED IN) OPERATIONS	689.03	(421.03)
Direct Taxes Paid (Net of refunds)	(0.82)	(29.90)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	688.21	(450.93)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets and CWIP	(134.76)	(197.59)
Proceeds from Sale of Fixed Assets	3.97	56.68
Interest Received	7.00	8.35
Dividend Received	0.05	—
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES	(123.74)	(132.56)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayments) of Long-term borrowings (Net)	(555.50)	309.00
Proceeds / (Repayments) of Short -term borrowings	239.94	(101.19)
Interest Paid	(248.02)	(248.01)
NET CASH FLOW FROM / (USED IN) FINANCIAL ACTIVITIES	(563.58)	(40.20)
NET INCREASE / (DECREASE) (A+B+C)	0.89	(623.69)
CASH AND BANK BALANCES AS AT 1.4.2011 (Opening Balance)	76.70	700.39
CASH AND BANK BALANCES AS AT 31.3.2012 (Closing Balance)	77.59	76.70

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

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
15th May, 2012

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

A. Significant Accounting Policies

a. Basis of preparation

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

b. Use of estimates

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

c. Fixed Assets

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

d. Depreciation and Amortisation

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

e. Impairment of Assets

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

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

f. Investments

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

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.
--	--

Mysore Petro Chemicals Limited

Stock in Process and finished goods Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Catalyst Written off on the basis of its estimated useful life.

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

h. Revenue Recognition

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

Sale of Goods

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

Interest

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

Dividends

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

i. Foreign Currency Transaction

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

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

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement 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

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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 realized.

l. Earnings Per Share

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

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

m. Provisions, Contingent Liabilities & Contingent Assets

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

n. Cash and Cash equivalents

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

o. Derivative Instruments

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

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NOTES ON FINANCIAL STATEMENTS

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 1 : SHARE CAPITAL		
Authorised		
5,00,000 (Previous year 5,00,000) Redeemable Cumulative Preference Shares of ₹ 100 each	500.00	500.00
1,00,00,000 (Previous year 1,00,00,000) Equity shares of ₹ 10 each	1,000.00	1,000.00
	1,500.00	1,500.00
Issued		
65,90,938 Equity shares of ₹ 10 each (Previous year 65,90,938)	659.09	659.09
Subscribed and Paid up		
65,83,488 * Equity shares of ₹ 10 each (Previous year 65,83,488)*	658.35	658.35
Add : Amount paid up on 7450 Equity shares (Previous year 7450 shares) forfeited	0.41	0.41
	658.76	658.76
Shareholders holding more than 5% Shares in the company Ellenbarrie Steels & Allied Industrial Ltd.- No. of Shares 372574 (Previous year 372574), Gembel Trade Enterprises Ltd.- No. of Shares 375529 (Previous year 375554), Savita Investment Company Ltd.- No. of Shares 1509503 (Previous year 1509503), Shekhavati Investment Corporation Ltd.- No. of Shares 556094 (Previous year 556094).		
* Includes 1,25,000 shares issued for consideration other than cash and 21,19,983 Bonus shares allotted by capitalisation of the Capital Redemption Reserve and securities premium.		
NOTE - 2 : RESERVES & SURPLUS		
Securities Premium		
Balance as per last Balance Sheet	398.89	398.89
Revaluation Reserve		
Balance as per last Balance Sheet	838.48	1,300.54
Less: Transferred to Profit and Loss Account (Refer Serial No. 3 to Note 6)	101.25	108.19
Reversal on account of Sale / Disposal of Fixed Assets	19.17	353.87
	718.06	838.48
Subsidy under the Central Govt. - Subsidy Scheme 1971		
Balance as per last Balance Sheet	36.00	36.00
Amalgamation Reserve		
Balance as per last Balance Sheet	37.50	37.50

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	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
Surplus in Profit and Loss Account		
Opening Balance at the beginning of the year	1,252.87	1,633.42
Add: Profit / (Loss) for the year	(426.10)	(380.55)
	<u>826.77</u>	<u>1,252.87</u>
	<u>2,017.22</u>	<u>2,563.74</u>

NOTE - 3: NON - CURRENT LIABILITIES

Long Term Borrowings

a. Secured Loans

Hire Purchase Finance

—

21.15

Unsecured Loans

From Bodies Corporate

1,281.35

1,836.85

Total Long Term Borrowings

1,281.35

1,858.00

b. Long Term Provisions

Provision for Gratuity / Leave Encashment

291.16

276.82

1,572.51

2,134.82

Hire Purchase loans are secured by the assets acquired through such loans.

NOTE - 4 : DEFERRED TAX LIABILITIES

134.27

—

NOTE - 5 : CURRENT LIABILITIES

a. Short Term Borrowings - Secured

Working Capital Facilities From Bank

539.16

299.22

Current Maturities of Finance Lease Obligations (Secured by the assets so acquired)

21.15

23.06

560.31

322.28

Short Term Borrowings - Unsecured

Fixed Deposit

100.00

100.00

660.31

422.28

Working Capital facility by The Saraswat Co-operative Bank Ltd., a Scheduled Bank, is secured against Hypothecation of all movable properties of the Company including stocks and book debts of the Company. The facility is further secured by collateral security of Equitable Mortgage of Land & Building at Raichur & Taloja and personal Guarantee by two Directors of the Company.

Mysore Petro Chemicals Limited

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 5 : CURRENT LIABILITIES (Contd.)		
b. Trade Payables		
Sundry Creditors		
Total outstanding dues of Micro, Medium and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	763.19	478.89
	<u>763.19</u>	<u>478.89</u>
c. Other Current Liabilities		
Advance from Customers	23.41	61.50
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	1.50	1.50
Security Deposits - Others	1.05	20.76
Security Deposits - Related Party	625.00	625.00
Book Overdraft	6.33	3.57
Interest Accrued But not Due on Loans	151.23	156.82
Other Liabilities	64.77	56.74
	<u>873.29</u>	<u>925.89</u>
d. Short Term Provisions		
Provision for Wealth Tax	0.33	0.22
	<u>0.33</u>	<u>0.22</u>

Mysore Petro Chemicals Limited

NOTE - 6 : FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK		DEPRECIATION		IMPAIRMENT LOSS		NET BLOCK	
	As at 1.4.2011	Additions Deductions	As at 31.3.2012	for the year Deductions	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011
Tangible Assets								
1. Land & Land Development	14.77	—	14.77	—	—	—	14.77	14.77
2. Lease Hold Land	27.00	—	27.00	0.27	6.02	—	20.98	21.25
3. Roads & Drains	40.92	—	40.92	1.29	16.74	—	24.18	25.47
4. Buildings	502.75	2.85	505.60	12.55	224.08	—	281.52	291.22
5. Plant & Equipments	12,299.28	43.61	12,278.75	512.57	43.40	9,859.88	2,418.87	2,908.57
6. Railway Siding	5.13	—	5.13	—	4.87	—	0.26	0.26
7. Furniture & office equipments	132.42	3.61	136.03	2.88	114.40	15.00	15.00	6.63
8. Vehicles	161.60	11.78	164.38	14.76	49.69	—	114.69	121.15
	13,183.87	61.85	13,172.58	544.32	48.92	10,275.68	15.00	2,881.90
Intangible Assets								
1. Software	0.47	—	0.47	—	0.47	—	—	—
Total	13,184.34	61.85	13,173.05	544.32	48.92	10,276.15	15.00	2,881.90
Previous year	14,278.85	164.12	13,184.34	580.35	764.69	9,780.75	15.00	3,388.59

1. Buildings & Plant & Equipments of Phthalic Anhydride plant at Raichur as on 31.3.2000 were revalued on the basis of net replacement value determined by an approved valuer resulting in increase in value of Buildings by ₹ 124.47 lacs and Plant & Equipments by ₹ 3246.44 lacs which was credited to Revaluation Reserve.

2. Land includes ₹ 1.36 lacs (Previous year ₹ 1.36 lacs) for undivided share in office premises land. Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of ₹ 83.89 lacs (Previous Year ₹ 83.89 lacs) and Net book value of ₹ 67.58 lacs (Previous year ₹ 75.56 lacs) acquired on Hire Purchase contracts.

3. Details of depreciation are as follows:

Particulars	2011-12	2010-11
Depreciation for the year as above	544.32	580.35
Less: Transferred from Revaluation Reserve	101.25	108.19
Depreciation as per Profit and Loss Account	443.07	472.16

4. Capital work in progress represents Plant under construction ₹ 49.85 lacs (Previous Year ₹ Nil)

Mysore Petro Chemicals Limited

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 7 : NON CURRENT INVESTMENTS		
Long Term Investments, Other than Trade: (At Cost)	No. of Shares	No. of Shares
A. Government securities		
Six years National Saving Certificates of the face value of ₹ 30,000 (Previous Year ₹ 30,000) lodged as security with Government Department .	— 0.30	— 0.30
B. Equity Shares of ₹ 10/- each		
Fully Paid up		
Quoted		
I G Petrochemicals Limited	4,075,000 826.92	4,075,000 826.92
Sand Plast (I) Limited	24,020 0.60	24,020 3.86
Listed but not Quoted		
Bihariji Construction (I) Limited	486,000 10.75	486,000 10.75
Bihariji Projects Limited	490,000 10.50	490,000 10.50
Unquoted		
The Saraswat Co. op. Bank Limited	2,500 0.25	2,500 0.25
	849.32	852.58
Book Value		
Quoted Investments (Market Value ₹ 960.27 lacs) (Previous year ₹ 1,141.91 lacs)	827.52	830.78
Listed but not Quoted	21.25	21.25
Unquoted	0.55	0.55
	849.32	852.58
NOTE - 8 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Deposit - others	120.58	120.74
Capital Advances	690.12	517.73
	810.70	638.47
NOTE - 9 : INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 15.17 lacs, Previous Year ₹ 67.59 lacs)	297.68	261.58
Stores and spares	273.89	253.67
Work-in-Progress	217.11	223.69
Finished Goods (including stock in transit ₹ 17.10 lacs, Previous Year ₹ 88.38 lacs)	246.29	384.67
Catalyst (at cost less amortisation)	104.28	—
	1,139.25	1,123.61

Mysore Petro Chemicals Limited

	As at March 31, 2012 ₹ in Lacs	As at March 31, 2011 ₹ in Lacs
NOTE - 10 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	26.30	63.74
Other debts		
Unsecured, Considered Good	655.94	814.40
	<u>682.24</u>	<u>878.14</u>
NOTE - 11 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	7.96	5.68
Balance with Scheduled Banks		
In Current Accounts	30.60	33.37
	<u>38.56</u>	<u>39.05</u>
Other Bank Balances		
In Fixed Deposits (Held with Scheduled Banks as Margin)	36.58	36.00
In Fixed Deposits (Held with Government Departments as Security)	0.95	0.15
In Unpaid Dividend Account	1.50	1.50
	<u>39.03</u>	<u>37.65</u>
	<u>77.59</u>	<u>76.70</u>
NOTE - 12 : SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Considered Good	91.93	140.00
Balance with Central Excise Authorities	39.99	30.39
Income Tax Deducted at Source / Advance Tax (Net of Provision)	56.94	55.98
	<u>188.86</u>	<u>226.37</u>
NOTE - 13 : OTHER CURRENT ASSETS		
Interest Accrued on Investment	0.17	0.14
	<u>0.17</u>	<u>0.14</u>

Mysore Petro Chemicals Limited

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 14 : REVENUE FROM OPERATION		
Sale of Products		
Phthalic Anhydride	5,644.98	6,288.85
Maleic Anhydride	2,463.85	2,271.44
Other Operating Income		
Sale of waste	0.35	0.35
	8,109.18	8,560.64
NOTE - 15 : OTHER INCOME		
Interest		
Bank Deposits (TDS ₹ Nil, Previous year ₹ 0.40 lacs)	2.89	5.23
Others (TDS ₹ 0.48 lacs, Previous year ₹ 0.22 lacs)	6.45	2.22
Dividend Income		
Long term investments-Non-trade	0.05	—
Sundry Balances / Excess Provision Written Back	0.52	—
Profit on Sale /Write off of Fixed Assets (Net)	—	17.86
Insurance Claim Received	56.98	—
Miscellaneous Income	7.48	0.78
	74.37	26.09
NOTE - 16 : COST OF MATERIAL CONSUMED		
Raw Materials		
Inventories as at March 31, 2011	261.58	176.07
Add: Purchases	4,278.02	5,095.11
	4,539.60	5,271.18
Less: Inventories as at March 31, 2012	297.68	261.58
	4,241.92	5,009.60
Orthoxylene	4,197.76	4,954.53
Others	44.16	55.07
	4,241.92	5,009.60
NOTE - 17 : DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2011		
Work-in-Progress	223.69	255.75
Finished Goods	384.67	292.85
Inventories as at March 31, 2012		
Work-in-Progress	217.11	223.69
Finished Goods	246.29	384.67
	144.96	(59.76)
Differential Excise duty in respect of Closing Stock & Opening Stock	(8.23)	9.74
	136.73	(50.02)
<p>In accordance with ASI 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales amounting to ₹ 767.16 lacs (Previous Year ₹ 800.87 lacs) has been reduced from sales in Profit & Loss Account and Excise duty on increase/decrease in stock amounting to ₹ (8.23) lacs, (Previous Year ₹ 9.74 lacs) has been considered as expense as above.</p>		

Mysore Petro Chemicals Limited

	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 18 : EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,080.66	964.90
Contribution to Provident and Other Funds	80.03	75.96
Gratuity expenses	52.93	94.78
Workmen and staff welfare expenses	164.23	175.15
	1,377.85	1,310.79
NOTE - 19 : OTHER EXPENSES		
Consumption of Stores, Spares and Packing Materials	70.30	79.36
Power, Fuel and Water charges	495.60	442.16
Repairs and Maintenance		
Plant and Machinery	148.97	124.40
Buildings	30.90	8.29
Others	8.73	4.43
Insurance Premium	34.41	29.59
Selling Expenses		
Brokerage and Commission	13.29	18.20
Transportation	173.73	237.69
Rent	2.08	3.28
Rates and Taxes	10.53	23.71
Travelling & Conveyance	64.29	65.37
Communication cost	6.00	7.20
Legal & Professional fees	32.33	16.94
Miscellaneous Expenses	82.08	53.63
Donation and Contribution to Charitable Institutions	23.58	5.56
Directors Sitting Fees	0.29	0.32
Payment to Auditors (Refer Note - 19.1)	2.91	2.75
Loss on Sale/Write off of Fixed Assets (Net)	1.08	—
Diminution in value of investments	3.26	—
Amortisation of Catalyst cost	29.80	21.93
	1,234.16	1,144.81
NOTE - 19.1 : PAYMENTS TO AUDITORS		
Audit Fees including Limited Review Fees ₹ 0.50 Lacs (Previous Year ₹ 0.50 Lacs) excluding service tax of ₹ 0.24 Lacs (Previous Year ₹ 0.20 Lacs)	2.00	2.00
Tax Audit Fees (Excluding Service tax of ₹ 0.08 Lacs, (Previous year ₹ 0.08 Lacs)	0.75	0.75
Reimbursement of Expenses	0.16	—
	2.91	2.75
NOTE - 20 : FINANCE COST		
Interest on Fixed Loans		
On Other Loans	178.25	180.43
Interest - Others	64.17	56.46
Bills Discounting, Guarantee - Commission and Bank Charges	32.07	42.18
	274.49	279.07

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	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
NOTE - 21 : TAX EXPENSES		
Deferred Tax Liability represents the Income Tax on the difference between the Book Depreciation and Tax Depreciation.	134.27	—
NOTE - 22 : EARNING PER SHARE (EPS)		
Profit / (Loss) after tax as Per Profit & Loss Account	(426.10)	(380.55)
Weighted average No. of Shares for calculating basic and diluted EPS	6583488	6583488
Basic & Diluted EPS - ₹	(6.47)	(5.78)
NOTE - 23 : CAPITAL COMMITMENT		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	640.47	776.59
NOTE - 24 : CONTINGENT LIABILITIES		
Contingent Liabilities not provided for		
a) Bill of Exchange Discounted - Others	108.56	52.84
b) Sales Tax matter under appeal - Case decided in favour of the company which are taken further in appeal by Karnataka State Sales Tax Department.	23.98	23.98
c) Workmen's Union Demands at Maleic Anhydride Unit of the Company at Taloja with effect from 1st June 2011 is under negotiation, amount presently not ascertainable.		
NOTE - 25 : SEGMENT INFORMATION		
The Company is mainly engaged in the business of manufacture and sale of chemicals and as the Company is managed organizationally as a united entity with various functional heads reporting to the top management there are no separate reportable segments as per Accounting Standard 17 - Segmental Reporting issued by the Institute of Chartered Accountants of India.		
NOTE - 26 :		
The Company announced a Voluntary Separation Scheme (VSS) for the employees of one of the units during the year. A sum of ₹ 43.26 Lacs (Previous Year ₹ Nil) has been paid during the year and debited to Statement of Profit and Loss under the head "Employee Benefits Expense".		
NOTE - 27 : RELATED PARTY DISCLOSURE		
1. Relationship		
(a) Subsidiary Companies		Nil
(b) Other related Parties / Associates		I G Petrochemicals Limited Bihariji Construction (I) Limited
(c) Key Management Personnel		Mr. M. M. Dhanuka - Managing Director
(d) Relatives of key management personnel and their enterprises where transactions have taken place.		Nil
Note: Related party relationship is as identified by the Company and relied upon by the Auditors.		

Mysore Petro Chemicals Limited

NOTE - 27 : RELATED PARTY DISCLOSURE (Contd.)

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

Nature of Transaction	₹ In Lacs) Related parties referred to in		
	1(a) above	1(b) above	1(c) above
1) Purchase *		64.38 (172.27)	
2) Expenses			
Service Charges		18.95 (28.69)	
Interest		62.34 (3.88)	
Remuneration			25.15 (23.99)
3) Finance			
Outstanding			
Property Deposit Received		625.00 (625.00)	
Other Payables		70.80 (33.75)	
Loans Payables		899.25 (93.25)	

Note: Amount in bracket represents figures for previous year.

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

NOTE - 28 : EMPLOYEE BENEFITS

i. General Description of defined benefit plan

Gratuity

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

The following tables summarise the components of net benefit expense 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 Employee Benefits Expense in Note 18)

	Gratuity (funded) March 31, 2012 ₹ in lacs	Gratuity (funded) March 31, 2011 ₹ in lacs
Current service cost	18.48	18.05
Interest cost on benefit obligation	27.94	21.41
Expected return on plan assets	8%	8%
Net actuarial (gain) / loss recognized in the year	17.68	64.50
Actual return on plan assets	11.17	9.18
Net Benefit / Cost	52.93	94.78

Mysore Petro Chemicals Limited

	Gratuity (funded) March 31, 2012 ₹ in lacs	Gratuity (funded) March 31, 2011 ₹ in lacs
b. Balance sheet		
Details of Provision for gratuity		
Defined benefit obligation	349.99	349.31
Fair value of plan assets	138.27	114.61
Less: Unrecognized past service cost Plan asset / (liability)	211.72	234.70
c. Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	349.31	267.67
Interest cost	27.94	21.41
Current service cost	18.48	18.05
Benefits paid	63.42	22.32
Actuarial (gains) / losses on obligation	17.68	64.50
Closing defined benefit obligation	349.99	349.31
d. Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	114.61	96.49
Expected return	8%	8%
Contributions by employer	12.49	10.56
Benefits paid	—	1.62
Actuarial gains / (losses)	(17.68)	(64.50)
Closing fair value of plan assets	138.27	114.61
Actual Return on plan Assets	11.17	9.18
Estimated contribution to be made in next annual year	12.00	12.00
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	%	%
Investments with insurer	100	100
e. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:		
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	9.74	9.52
Employee turnover	1	1
Salary Escalation	4	4
Mortality	L.I.C. (1994 - 96) Ultimate	L.I.C. (1994 - 96) Ultimate

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

Mysore Petro Chemicals Limited

Provident Fund

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

ii. Defined Contribution Plan

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

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Contribution to Provident and Other Funds		
Contribution to Provident Fund	59.99	55.29
Employees Pension Fund	17.60	18.39
EDLI	2.44	2.28
Total	80.03	75.96
Workmen and Staff Welfare fund		
ESIC	0.62	0.38
Labour Welfare Fund	0.05	0.05
Total	0.67	0.43

NOTE - 29 : SUPPLEMENTARY STATUTORY INFORMATION

i. Expenditure in foreign currency (Accrual basis)

Travelling	8.22	11.88
Total	8.22	11.88

ii. Value of imports calculated on CIF basis (Including High Seas Purchases)

Raw Materials	37.61	114.36
Stores & Spares	11.40	11.34
Total	49.01	125.70

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

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

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

i. Imported and indigenous raw materials consumed

Product	March 31, 2012		March 31, 2011	
	% of total	₹ in lacs	% of total	₹ in lacs
Imported	1	40.98	4	185.50
Indigenous	99	4,200.94	96	4,824.10
Total	100	4,241.92	100	5,009.60

Mysore Petro Chemicals Limited

ii. Imported and indigenous spare parts consumed

Product	March 31, 2012		March 31, 2011	
	% of total	₹ in lacs	% of total	₹ in lacs
Imported	7	7.26	13	10.64
Indigenous	93	90.81	87	71.02
Total	100	98.07	100	81.66

Part cost of Imported Catalyst amortised	29.80	21.93
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NOTE - 31 : RESEARCH & DEVELOPMENT

Research & Development Expenditure of ₹10.29 Lacs (Previous Year ₹ 8.17 Lacs) have been accounted for in the respective heads of the Profit and Loss Account.

NOTE - 32 : PREVIOUS YEAR COMPARATIVES

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly changed the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

K Nagarajan
Partner
Membership No. 16398
Firm's Registration No: 001083S
Mumbai
15th May, 2012

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 42nd Annual General Meeting of the Company, to be held on Friday the 20th July, 2012 at 12.30 p.m. and any adjournment(s) thereof.

Signed this _____ day of _____ 2012.

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 42nd Annual General Meeting of the Company being held on Friday, the 20th July, 2012 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.