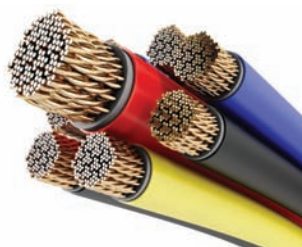


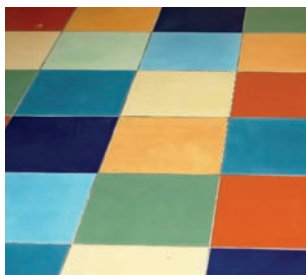


IG Petrochemicals Limited

ANNUAL REPORT 2009-10



Innovating Today
Transforming Tomorrow





I G Petrochemicals Limited awarded
Best Vendor Award 2009-2010
by Kansai Nerolac Paints Limited

BOARD OF DIRECTORS

(As on 20.5.2010)

Shri M M Dhanuka, Chairman
 Shri Nikunj Dhanuka, Managing Director
 Shri Premjit Singh
 Shri Rajesh Muni
 Dr. A K A Rath
 Shri J K Saboo, Executive Director

PRESIDENT (FINANCE) & SECRETARY

Shri R Chandrasekaran

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.

REGISTERED OFFICE

211, 2nd Floor, Kamat Towers
 EDC Complex, Patto Plaza
 Panaji - 403 001, Goa
 Tel. No. 0832-22438212

CORPORATE OFFICE

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

EXECUTIVE OFFICE

D/4, Jyothi Complex
 134/1, Infantry Road
 Bangalore - 560 001.
 Tel.No. 080-22868372/8778
 Fax : 080-22868778

BANKERS

Bank of America
 State Bank of India
 YES Bank Ltd.
 Barclays Bank Plc
 HDFC Bank Ltd.

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENT

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

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Notice To Shareholders

NOTICE is hereby given that the 21st Annual General Meeting of the members of I G PETROCHEMICALS LIMITED will be held on Saturday, 21st August 2010 at 2.30 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji - 403 001, Goa to transact the following business :

As Ordinary Business

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31st March 2010.
2. To appoint a Director in place of Mr. M M Dhanuka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. J K Saboo who retires by rotation and being eligible offers himself for reappointment.

4. To appoint Auditors and to 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 appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors.

As Special Business

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. A K A Rathi who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956,

be and is hereby appointed as Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company.

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

RESOLVED THAT pursuant to Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Mr. Umang Dhanuka, relative of Mr. Nikunj Dhanuka, Managing Director, who is promoted by the Board of Directors as "Deputy General Manager - Exports" on a monthly remuneration of Rs. 47,600/- per month w.e.f. 1st April 2010.

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

RESOLVED THAT pursuant to Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Mr. Mayank Dhanuka, relative of Mr. M M Dhanuka, Director, who is promoted by the Board of Directors as "Deputy General Manager - Imports" on a monthly remuneration of Rs. 47,600/- per month w.e.f. 1st April 2010.

By Order of the Board

Mumbai

R Chandrasekaran

Date : 20th May 2010

President (Finance) & Secretary

Registered Office

211, 2nd floor, Kamat Towers
EDC Complex, Patto Plaza
Panaji - 403 001, Goa.

Notes

1. *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the commencement of the meeting. Proxy form is enclosed.*
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Ordinary and Special Resolutions set out in item Nos. 5 to 7 is annexed hereto.
3. The register of members and share transfer books of the Company will be closed from 17th August, 2010 to 21st August, 2010 (both days inclusive).
4. Members are requested to immediately intimate change of address, if any, to the Company/Registrars & Transfer Agents/ Depository Participants quoting reference of the registered Folio number/Client ID number.
5. If you have shares registered in the same name or in the same order of names but in several Folios, please let us know so that we may consolidate them into one Folio.
6. You may avail the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company shall vest in the event of your death. Interested persons may write to the Company/Registrars for the prescribed form.
7. Non-resident members are requested to inform the Company/Registrars immediately on -
 - i. the change in the residential status on return to India for permanent settlement.
 - ii. The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
8. Members/Proxies should fill in the attendance slip for attending the meeting.

9. Pursuant to the provisions of Section 205A of the Companies Act, 1956 all unclaimed dividends declared upto 1993-1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Goa.

Members are also informed that pursuant to the said Act, all unclaimed dividends declared during 1994-1995 and 1995-1996 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under sub-section (1) of Section 205C. The same cannot be claimed either from the said fund or the Company.

Members are requested to encash the dividend warrants in respect of the interim dividend declared and paid during November 2007 (2007-2008) before the same is transferred to IEPF after seven years.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. The members holding shares in electronic form are, therefore, requested to submit the PAN to 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.
11. Appointment/Re-appointment of Directors : The details pertaining to the Appointment / Re-appointment of Directors and as required to be provided pursuant to Clause 49 of the Listing Agreement is furnished in the Statement on Corporate Governance published elsewhere in this Report.

By Order of the Board

Mumbai

Date : 20th May 2010

R Chandrasekaran

President (Finance) & Secretary

Registered Office

211, 2nd floor, Kamat Towers
EDC Complex, Patto Plaza
Panaji - 403 001, Goa.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Dr. A K A Rathie was co-opted on the Board as an Additional Director on 28th July 2009. In accordance with the provisions of Section 260 of the Companies Act, 1956, his term of office expires on the date of the Annual General Meeting. Notice under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received proposing his candidature.

None of the Directors is interested in the resolution except Dr. A K A Rathie as a Director.

Item No. 6

Mr. Umang Dhanuka is a Commerce graduate. He was appointed as "Senior Executive" w.e.f. 1.10.2007 as approved by the Board in the meeting held on 23.10.2007 on a monthly remuneration of Rs. 9710/-. Due to his rich knowledge and vast experience in Exports and international marketing, it has been decided to promote him as "Deputy General Manager - Exports" w.e.f. 1st April 2010 on a monthly remuneration of Rs. 46,700/- as approved by the Board of Directors in their meeting held on 20th May 2010.

Mr. Umang Dhanuka is a relative of Mr. Nikunj Dhanuka, Managing Director and hence, is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore approval of the members of the Company by Special Resolution is required. The Board of Directors recommend the shareholders to accord their consent to Mr. Umang Dhanuka for his continuing to hold office or place of profit in the Company.

Mr. Nikunj Dhanuka, being a relative, is deemed to be concerned or interested in the said resolution.

None of the other Directors is concerned or interested in this resolution.

Item No. 7

Mr. Mayank Dhanuka is a Commerce graduate and has done an orientation course in Financial Management from US. He was appointed as "Senior Executive" w.e.f. 1.10.2007 as approved by the Board in the meeting held on 23.10.2007 on a monthly remuneration of Rs. 9710/-. Due to his rich Knowledge and vast experience in Imports and raw material procurement in local and international markets, it has been decided to promote him as "Deputy General Manager - Imports" w.e.f. 1st April 2010 on a monthly remuneration of Rs. 46,700/- as approved by the Board of Directors in their meeting held on 20th May 2010.

Mr. Mayank Dhanuka is a relative of Mr. M M Dhanuka, Director and hence, is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore approval of the members of the Company by Special Resolution is required. The Board of Directors recommend the shareholders to accord their consent to Mr. Mayank Dhanuka for his continuing to hold office or place of profit in the Company.

Mr. M M Dhanuka, being a relative, is deemed to be concerned or interested in the said resolution.

None of the other Directors is concerned or interested in this resolution.

By Order of the Board

Mumbai

Date : 20th May 2010

R Chandrasekaran
President (Finance) & Secretary

Registered Office

211, 2nd floor, Kamat Towers
EDC Complex, Patto Plaza
Panaji - 403 001, Goa.

Directors' Report

To

The Members

Your Directors hereby present the Twentyfirst Annual Report together with Audited Accounts of the Company for the year ended 31st March 2010 :

Financial Results

	2009-2010	2008-2009
	Rs. in lacs	
Gross Sales	57398.95	59474.75
Less : Excise Duty	3212.53	3825.74
Net Sales	54186.42	55649.01
Other Income	697.06	195.90
	54883.48	55844.91
Gross Profit	6106.88	3654.23
Less :		
Interest & Finance Charges	1451.32	2135.55
Depreciation/Amortisation	1364.59	1343.47
Profit/(Loss) before Taxation	3290.97	175.21
Taxation :		
Current Tax (MAT)	559.30	17.86
Fringe Benefit Tax	--	17.56
Tax provision for earlier years	--	7.11
Profit after Taxation	2731.67	132.68
Balance brought forwarded from previous year	12003.00	11870.32
Profit available for appropriation	14734.67	12003.00

Dividend

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

Management Discussion and Analysis

Operations and Performance Review

The overall performance of the Company during the year was satisfactory with a production of 97870 MT. at 84.29% as against 106471 MT. at 91.70% during the previous year 2008-2009. The production was lower due to stoppage of one of the plants on account of Catalyst change and a fire during the 3rd quarter of 2009. The gross sales value was Rs. 57398.95 lacs as against Rs. 59474.75 lacs in the previous

year. The Gross Profit was Rs. 6106.88 lacs as against Rs. 3654.23 lacs and Net Profit was higher at Rs. 2731.67 lacs as against Rs. 132.68 lacs during the previous year.

The Company has converted itself from 100% EOU into a domestic unit since 6th November 2008. As such the sale in the domestic market has increased since that period. Out of the total sales of 100315 MT. (106696 MT.), local sales was 64532 MT. (48093 MT.), deemed exports 17837 MT. (18479 MT.) and export sales was 17946 MT. (40124 MT.). The emphasis has therefore been on local markets which has resulted in better realizations. The balance quantity is sold to deemed exporters and overseas customers in view of the established contacts in the international markets all these years.

The Company has sold 15,06,240 units (17,31,000 units) of power to the Maharashtra State Electricity Board (MSEB) and generated revenue of Rs. 45.19 lacs (Rs. 51.93 lacs) during the year.

The Company received the Best Vendor Award for the year 2009-10 from Kansai Nerolac Paints Ltd. for its marketing efficiency.

Contribution to exchequer

The Company has contributed Rs. 5615.23 lacs to the Central and State exchequer by way of Excise Duty, Sales Tax (including Surcharge), Income Tax, Wealth Tax, Professional Tax and Customs Duty.

Opportunities and Future Outlook

The year 2008-2009 witnessed abnormal situation caused by the drastic fluctuations of crude oil price coupled with an economic upheaval globally. Due to the financial mess in US and other European Countries there was recession all over the globe and it affected the asian markets including India very badly. However the year 2009-2010 saw revival in the industry and business operations were normalized. The improved market environment provides an assurance to growth in industrial activities.

The Phthalic Anhydride (PA) industry is growing at the moment with rising demand. The end users of the products like PVC, paints, constructions, phthalate plasticizers are getting expanded and broadbased and are expected to grow at 10-12% cumulatively and the Alkyd resins, Unstaurated Polyester Resins (UPR), Dyes and Pigments, CPC and Speciality Chemicals segments and other related products are expected to grow at over 20%.

The Company after getting converted into a domestic unit during November 2008 is well placed to take advantage of

the growth opportunities in the domestic and international arena. The crude oil price is stable and is expected to remain so in the near future. As a result the Company's performance is expected to post a healthy operating scenario. The situation improved from the first quarter of 2009 and the demand has been increasing alongwith the price of the product.

Also the safeguards duty imposed by the Government, of 25% and 15% in two tranches from January to June 2009 and July to December 2009 respectively added to further improvements in product prices. The safeguards duty was upto 31.12.2009 and thereafter there has been a surge in imports and the prices of PA are steadily declining. However due to the increased demand for PA in the user industry, the increase in supply has been absorbed and hence the price of PA is expected to remain stable in the near future.

The Indian economy is expected to grow over 8% in the current year with continued thrust on infrastructure which would result in increased construction and other activities. As a result the related industries would also witness a stable growth prospects. The recessionary trend in the US and other European markets has been a cause of concern for the growth prospects of Indian economy. However analysts are of the view that both US and European Union will stabilize by 2010-2011 which will result in improved market conditions worldwide including India.

Risks and Concerns

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

Risk Management

Exchange rate risk (Raw material procurement and sale of finished goods)

The Company has been converted into a domestic unit w.e.f. 6.11.2008. The Company procures 70% of the raw material requirement locally and the balance is imported. The finished product is sold locally to the extent of 80% out of which majority is sold on monthly contract basis based on the formula i.e. raw material cost plus profit. The balance is sold on spot price. The Company enjoys a dual

market advantage and exports to various countries to an extent of 20% of the total produce and gets natural hedge on the material imported.

Mitigation : As a business policy, the Company minimizes the exposure to foreign exchange risk by forward booking of dollars whenever it is necessary.

Interest rate risk

At present the Company has only Rupee term loan of Rs. 18.56 crores and Working Capital limits from Banks (including receivables factoring facilities) to the extent of Rs. 24.66 crores. Since there is no foreign currency loan involved there is no exchange rate risk. As the long term loan is very less the interest out flow is minimum and is serviced from current realisations.

Mitigation : The Company reviews the loan and working capital requirements position on a regular basis and alternative funding arrangements are being negotiated with banks to keep the interest cost at the minimum possible levels.

Product risk

As the Indian economy is growing and has recovered faster than the other global markets the overall demand position and the Company's product in particular is quite good and would continue to grow for some time with better price realization. Also the global markets now recovering the export market is expected to follow suit. However our exposure to the export market is minimal.

Mitigation : The Company takes advantage of the dual market policy and sells the product in those markets i.e. domestic, deemed exports or exports depending on the price realization to the maximum possible extent.

Operational risk

The Company has continuous process plants and are operated at optimal capacity through out the year bearing temporary shut downs for change of catalysts and routine maintenance jobs. The plants are subject to production and operational hazards viz. accidents and/or occurrence of fire, storage, electricity, insurance, toxic and corrosive nature of chemicals etc. There was a fire in the PA-II Plant during October 2009 due to which there was stoppage of production for some time.

Mitigation : The Companies Plants and other assets and stocks are adequately insured. The Company has the Fire policy, Loss of Profit Policy etc. As there was a fire in the Plant there was loss of production and damage to the machinery. Hence the Company requires coverage of the

Machinery Breakdown Policy for which enquiries are being done. The plants have adequate supply of electricity from State Grid / DG sets and maintenance of plants is done on day to day basis by trained technical personnel.

Economic and Geo Political risk

The political situation in the Country as regards the government policies viz. import duty, taxes etc. and the international situation will have an impact on the overall corporate growth and the PA industry in particular. Any change in Government policies will have its repercussions on the corporate sectors.

Mitigation : The Company keeps abreast with the domestic and international economic developments and works on the strategies favourable to the Company.

Internal Control System

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

Human Resources Development / Industrial Relations

Your Company's employees have played a key role in contributing to the growth and maintenance of its status as one of the reputed companies in PA industry and emphasis has been laid on capability building and towards enhancing the effectiveness of the personnel. On the industrial front your Company has had a cordial and harmonious relationship with its employees and Unions throughout the year. The total staff strength is 285 as on 31st March 2010.

Corporate Social Responsibility

The Company considers the interests of the society by taking responsibility for the impact of the organizations activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. The Company inherently believes that the Corporate Social Responsibility (CSR) should be an integral focus area for our organization

and thus honouring people, planet and profit.

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

- » Optimizing usage of Raw Material and other 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 site at Taloja has good aforestation and green belts.

Safety of people in neighboring villages, plants, etc. : The Company acknowledges its responsibility towards Environment and complies with applicable Environmental legislation and statutory regulatory requirements.

ISO 14001 (2004) : Environment Management System certification acquired by the Company is the recognition of continuous and relentless Environmental initiative.

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

Cautionary Note

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

Listing of shares

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

ISO 9001: (2008) and ISO 14001: (2004) Certifications

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

Directors

The Board of Directors has appointed Dr. A K A Rath as Additional Director of the Company with effect from 28.7.2009. A proposal for his appointment as Non-Executive and Independent Director is being placed for the members for approval at the ensuing Annual General Meeting.

Shri M M Dhanuka and Shri J K Saboo retire by rotation and being eligible offer themselves for re-appointment.

Group

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

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 :

- in the preparation of the annual accounts, all the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the profit of the Company for that year;
- 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;
- the annual accounts have been prepared on a going concern basis.

Particulars of employees

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

Conservation of energy, technology absorption and foreign exchange earnings and outgo

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

Corporate Governance

As per Clause 49 of the Listing Agreement, a separate section on Corporate Governance forms part of this Annual Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is given as Annexure B and forms part of this Annual Report.

Auditors and Auditor's Report

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

The auditors have qualified the financial statement for the year ended 31.03.2010 regarding depreciation on Plant & Machinery w.e.f. 1.4.2006 on the basis of useful life of the assets as determined by an approved valuer as against the rates specified in Schedule XIV of the Companies Act, 1956. The Company continues to provide depreciation on the same basis in order to reflect the proper Value of the Assets.

The same has been dealt with in Note No.5 of Schedule 19.

Acknowledgements

The Directors express their appreciation for the contribution made by the employees at all levels to the significant improvement in the operations of the Company and for the support and co-operation received from all the stakeholders, Banks, various Regulatory and Government authorities and business partners.

For and on behalf of the Board

Mumbai

M M Dhanuka

Date : 20th May, 2010

Chairman

Annexure 'A' to the Directors' Report

Information as per Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report to the members for the year ended 31 March 2010.

A) Conservation of Energy

a) Energy conservation measures taken :

1. Capacitor Banks have been installed at MSEB Switch yard as well as at PA-2 steam turbine's generator HT power distribution system to improve power factor very close to unity thereby overall steam consumption will be reduced.
2. PA 2 Air pre-heater first heat exchanger had been changed from 3 to 6 bar (g) saturated steam heating for effective utilization of 6 bars (g) steam generations from PA 2 distillation Wastage boiler generation.
3. PA 2 distillation waste heat boiler has been modified from 3 bar (g) to 6 bar (g) by which overall steam generation has been improved resulting in saving High Pressure Saturated Steam.
4. PA 1 / PA 2 6 bar (g) ring header had been modified for effective utilization of 6 bar (g) steam generation in both the plants, thus avoiding steam venting due to pressure fluctuation.
5. Steam traps malfunctioning and steam leaks are being immediately attended to prevent losses by carrying out related monitoring tests.
6. Predictive and preventive maintenance jobs are carried out by which energy is saved.
7. Rotating equipment conditions are monitored for effective utilization of energy.
8. Cooling tower fans operations have been provided with temperature control devices thereby cooling water return temperature will be maintained constantly by switching OFF/ON the cooling tower fans resulting in substantial power saving and process optimization.
9. Steam Turbine/Process blower preventive maintenance are being carried out as per schedules and on line condition monitoring in order to maintain less steam /power consumption and providing surplus steam for power export steam turbine.
10. Provide additional steam traps of type BPT -21, having "E" element fitting for saturated steam

ring headers maintain the temperature by means of negligible generation of condensate, resulting in reduction of steam loss.

11. Measuring carbon monoxide at regular intervals of PA 1 / PA 2 HT heaters flue gas chimney and ensuing required combustion air flow rate to the heat transfer thermic fluid heaters to optimize consumption of fuel.

b) Additional investment and proposals, if any , being implemented for reduction in consumption of energy :
Energy audit is being contemplated to assess the possible other sources for improving energy efficiency.

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

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

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

Power & Fuel Consumption

	2009-2010	2008-2009
1 Electricity		
a Purchased (Units)	56,058	186,608
Total Amount (Rs.)	782,432	1,577,699
Rate/Unit (Rs.)	13.96	8.45
b Own Generation		
i Through Diesel Generator	1,469,010	312,340
Units per Ltr. of Diesel oil	4.73	3.16
Cost/Units (Rs.)	7.43	11.26
ii Through Steam Turbine	25,318,722	28,689,654
Generator (Units)	--	--
Units per liter of Fuel/Oil/ Gas	--	--
2 Coal is not used in Manufacturing Process	--	--
3. Furnace Oil quantity (KL)	3,529	4,183
Total Amount (Rs.)	79,329,001	102,511,435
Average rate/KL (Rs.)	22,479	24,507
Other / Internal generation	--	--

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

Phthalic Anhydride	Standard		
Electricity - Units	Not Specified	274	274
Furnace Oil - Litres	Not Specified	36	39

B) Technology Absorption

Research & Development (R&D)

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

The company is conducting its R & D activities for developing the process of Phthalic Anhydride downstream value added products.

- Benefits derived as a result of above R & D :
Benefits in terms of better quality and increased productivity.
- Future plan of action :
All the efforts are being continued in the direction of product/process development as mentioned above.

- Expenditure incurred on R & D :

The Company has incurred expenditure to an extent of Rs.23.25 Lacs

Total R & D expenses as a % of turnover : 0.04%

C) Foreign Exchange Earnings and Outgo

	2009-2010	2008-2009
	(Rs. in lacs)	
Total Foreign Exchange Earnings	8,703.13	20,563.37
Total Foreign Exchange Outgo	7,126.86	8,214.88

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

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

B. Persons employed throughout the financial year :

Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Age	Experience (Years)	Date of joining	Previous Employment, Designation, Name of Employer, Period of Service (Years)
Shri Nikunj Dhanuka	Managing Director	2,626,689.00	B.Com.	43 years	11 years	27.4.2006	Nil

Notes :

- Remuneration includes salary and value of perquisites.
- The terms of appointment of Shri Nikunj Dhanuka, Managing Director is for a period of five years from 27.4.2006.
- The nature of appointment is contractual.
- Other terms and conditions : As per Company's rules.

GROUP

(As referred to in the Directors' Report)

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

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

Annexure 'B' to the Directors Report

Report on Corporate Governance

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

Company's philosophy on Code of Governance

Your Company is committed to good Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate culture. The Company's philosophy of Corporate Governance is guided by emphasis on transparency, accountability and integrity and is aimed at assisting the management of the Company in the efficient conduct of its business resulting in sustained growth and long term benefits to all its stakeholders.

Board of Directors

- Composition and size of the Board : The present strength of the Board is six Directors. The Board comprises of Executive and Non-Executive Directors. Two Directors including the Managing Director are Executive Directors. There are four Non-Executive

Directors out of which three are Independent Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions.

- Board Meetings and attendance : During the financial year under review, four Board meetings were held i.e. on 25 May 2009, 28 July 2009, 28 October 2009 and 28 January 2010.
- The composition of the Board, attendance at the Board Meetings held during the year and at the last Annual General Meeting, number of Directorships in other Companies and memberships in committees across various Companies of which the Director is a Member/ Chairman are given below :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 27th June 2009	Number of Directorships in other Companies (excluding Directorships in foreign and private companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Chairman	Non-Executive Director	3	–	1	–	1
Shri Nikunj Dhanuka Managing Director	Executive Director	4	–	1	–	1
Shri Premjit Singh	Independent & Non-Executive Director	4	Yes	–	–	–
Shri Rajesh R Muni	Independent & Non-Executive Director	3	–	–	–	–
Dr. A K A Rath (Since 28.7.2009)	Independent & Non-Executive Director	3	–	–	–	–
Shri J K Saboo Executive Director	Executive Director	4	Yes	2	–	–

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

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

- Details of Directors retiring and being re-appointed:

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

Shri M M Dhanuka

Shri M M Dhanuka, aged 62 years, has a Bachelors Degree in Chemical Engineering from Pilani University. He is an industrialist and has more than 35 years experience in the petrochemical industry. He has vast knowledge in technical and marketing fields.

He is the Managing Director of M/s. Mysore Petro Chemicals Ltd. (MPCL) and is also a member of its Shareholders/Investors Grievance Committee. He holds 104804 shares of the Company.

Shri J K Saboo

Shri J K Saboo, aged 58 years is a Commerce and a Law graduate. He is associated with the Company since 1991. He has more than 30 years experience in the petrochemical industry and is in charge of the Plant at Taloja, Maharashtra and looks after the overall activities of the Plant including liasioning with various Government departments. He is a Director of M/s. Ellenbarrie Steels and Allied Industries Ltd. and M/s. Seasky Investments Ltd. which are the Group Companies. He holds 700 shares of the Company.

Dr. A K A Rathi

Prof. Dr. A K A Rathi, aged 60 years is M.E. (Chem).and is associated with Faculty of Planning and Public Policy, CEPT University, Ahmedabad, Gujarat. He has Ph.D in Chemical Engineering. He was Chief Technical Advisor and also Director (Environment) to Government of Gujarat. He was also visiting Professor to National Institute of Technology, Karnataka and to Nirma University. He had started his career from a Phthalic Anhydride project.

He is neither a Director or a Committee member in any other Company. He does not hold any shares of the Company.

- Shareholding of Directors :

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

Name	No. of ordinary shares held	% of Paid-up Capital
Shri M M Dhanuka	104804	0.34
Shri Premjit Singh	Nil	–
Shri Rajesh R Muni	5500	0.02
Dr. A K A Rathi (Since 28.07.2009)	Nil	–

CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, the Certificate from Shri Nikunj Dhanuka, Managing Director & CEO and Shri R Chandrasekaran, President (Finance) & Secretary & CFO was placed before the Board of Directors at their meeting held on 20th May 2010.

Code of Conduct

The Company has adopted the Code of Conduct for all the Board Members and Senior Management personnel. All the Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year 2009-2010. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

Audit Committee

Terms of Reference :

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

observations of the Auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control system.

The Audit Committee comprises mainly of Independent Directors and their meetings were held on 25 May 2009, 28 July 2009, 28 October 2009 and 28 January 2010.

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

Name of Director	Position	Category	No. of Meeting	
			Held	Attended
Shri Premjit Singh	Chairman	Independent & Non-Executive Director	4	4
Shri M M Dhanuka	Member	Non-Executive Director	4	3
Shri Rajesh R Muni	Member	Independent & Non-Executive Director	4	3
Dr. A K A Rath (Since 28.07.2009)	Member	Independent & Non-Executive Director	3	2

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

The Chairman of the Audit Committee Shri Premjit Singh was present at the last Annual General Meeting of the Company held on 27 June 2009.

Remuneration Committee

Composition, Number of meetings and Attendance

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

The Remuneration Committee comprises of three members out of which two are Independent Directors. Shri Premjit Singh is the Chairman and Shri Rajesh Muni and Shri M M Dhanuka are other members.

Terms of Reference

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

Meetings & Attendance

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

Shri Premjit Singh, Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 27th June 2009.

Remuneration Policy

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

Non-Executive and Independent Directors are at present paid sitting fees of Rs. 10000/- each for Board/Audit Committee meetings and Rs. 5000/- each for Shareholders/Investors Grievance Committee and Remuneration Committee meetings.

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

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Chairman	-	52,000.00	52,000.00
Shri Nikunj Dhanuka	Managing Director	26,26,689.00	-	2,626,689.00
Shri Premjit Singh	Director	-	77,000.00	77,000.00
Shri J K Saboo	Executive Director	19,44,885.00	-	19,44,885.00
Shri Rajesh R Muni	Director	-	57,000.00	57,000.00
Dr. A K A Rath (Since 28.07.2009)	Director	-	50,000.00	50,000.00

Shareholders' / Investors Grievance Committee

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

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

Meetings & Attendance

Name of Director	Position	Category	Held on 25.5.2009 & 28.10.2009 & Attended
Shri Premjit Singh	Chairman	Non-Executive & Independent Director	Yes
Shri Rajesh Muni	Member	Non-Executive & Independent Director	Yes
Shri M M Dhanuka	Member	Non-Executive Director	Attended on 25.5.2009
Shri Nikunj Dhanuka	Member	Executive Director	Attended on 28.10.2009

Name and Designation of the Compliance Officer :

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

The company had received 491 letters from shareholders including 50 letters in the nature of complaints with regard to non-receipt of shares after transfer, revalidation of dividend warrants, demat queries and non-receipt of annual reports, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

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

General Body Meetings

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

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

Date	Year	Type of Meeting	Venue	Time
27.6.2009	2009	Annual General Meeting	Hotel Nova Goa, Panaji, Goa	4.00 p.m.
21.6.2008	2008	Annual General Meeting	Hotel LA-PAZ Gardens, Vasco-da-Gama, Goa.	2.30 p.m.
31.8.2007	2007	Annual General Meeting	Hotel Nova Goa, Panaji, Goa	11.30 a.m

No Extraordinary General Meeting was held nor any resolution passed by Postal Ballot during the year 2009-2010.

Disclosures

- There were no materially significant related party transactions entered into by the Company with its promoters, directors or the management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- Transactions with the related parties are disclosed in Note No. 10 of Schedule 19 to the accounts in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the previous three financial years.
- The Board members and senior management personnel of the Company have affirmed their compliance with the code and a declaration signed by the Managing Director and CEO within the meaning of Clause 49-V of the Listing Agreement forms part of this report.

- Qualification in the Auditors' Report for the year ended 31 March 2010

Attention is invited to Note No. 5 of Schedule 19 of the financial statements wherein, depreciation on Plant & Machinery for the year is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956. This has caused the auditors to qualify their audit report for the year ended 31 March 2010. The management believes such alternative treatment is more representative of the true and fair view of the underlying transaction as the Depreciation is charged over the useful life of the asset.

Means of Communication

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

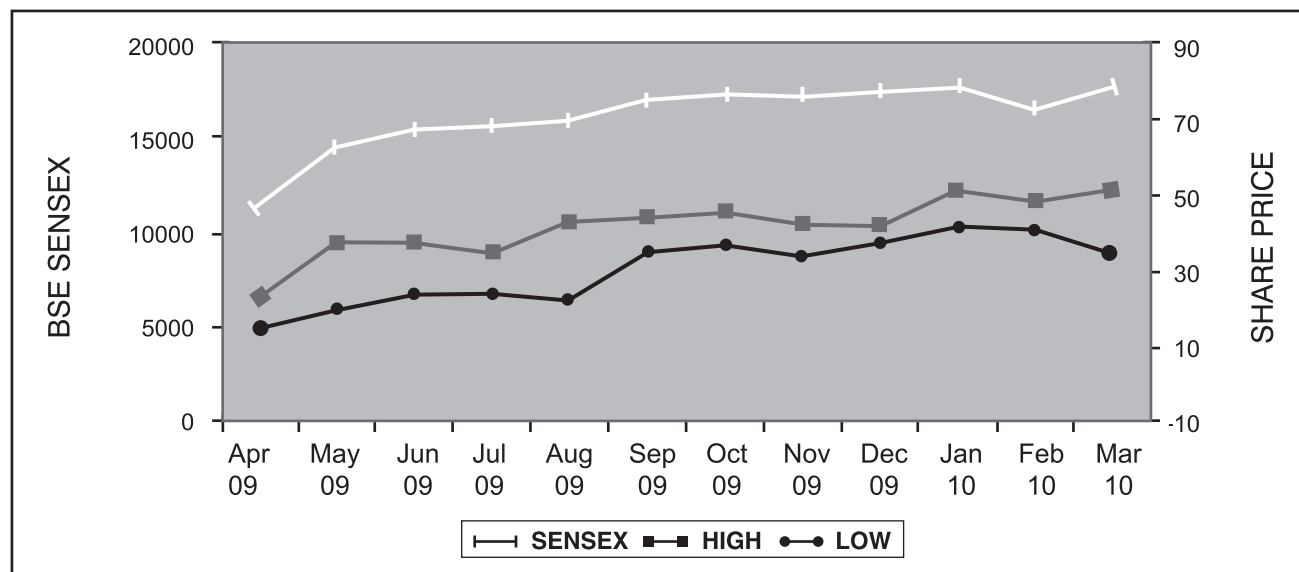
General Shareholders Information

Annual General meeting Date, Time and Venue.	21st August, 2010 at 2.30 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji - 403 001, Goa.
Date of Book Closure	The share transfer books and the Register of Members will be closed from 17th August, 2010 to 21st August, 2010 (both days inclusive). The financial year of the Company is from 1st April to 31st March each year.
Dividend Payment	No dividend has been recommended by the Board for the year 2009-2010.
Stock Exchange Listing	Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange of India Ltd. (NSE). The listing fees payable to BSE & NSE for 2010-2011 have been paid in full by the Company.

Stock Code	500199 on BSE and IGPL on NSE.
ISIN Code	INE 204A01010
Share Transfer System	Being done by the Registrars & Transfer Agents in compliance of the provisions in this regard.
Dematerialisation of shares	91.38 % of the shares have been dematerialised by the members as on 31.3.2010.
Registrars & Transfer Agents	M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072. Contact person - Mr. N V K Mohan / Mr. Kamlesh Singh Tel No.: 022-4030200 Fax No.: 022-28475207 E-mail : info@bigshareonline.com Our Registrars and Transfer Agents M/s. Bigshare Services Private Limited recently launched Gen.Next Investor Module *Boss the most advanced tool to interact with shareholders. Please login into *Boss (www.bigshareonline.com) and help them to serve you better.
Website	The website of the Company www.igpetro.com contains information about the business activities of the Company and the financial results of the Company.
Dedicated e-mail for Investor Grievance	To enable investors to register their grievances, the Company has designated an exclusive e-mail id viz. igpl.complaints@igpetro.com. All investors are requested to avail this facility.
Corporate Office	I G Petrochemicals Limited, 401, Raheja Centre, 214, Nariman Point, Mumbai - 400 021 Phone : 022-30286100 Contact person : Shri R Chandrasekaran President (Finance) & Secretary E-mail- igpetro@vsnl.com Members holding shares in demat mode should address all their correspondence to their respective Depository Participant.

Market price data during the year ended 31.3.2010

Month	High	Low	Month	High	Low
Apr-2009	23.00	15.30	Oct-2009	45.50	37.00
May-2009	37.50	20.00	Nov-2009	42.55	34.40
Jun-2009	38.00	24.05	Dec-2009	42.05	37.85
July-2009	34.75	24.00	Jan-2010	51.60	41.65
Aug-2009	43.35	22.50	Feb-2010	48.25	41.40
Sep-2009	44.20	35.15	Mar-2010	51.20	35.00


Share holding pattern as on 31.3.2010

Sl. no	Category	No. of shares	% of Holding
1	Promoters & Persons acting in Concert	19210885	62.38
2	Mutual funds/UTI/Banks/ FIs	18200	0.06
3	Private Corporate Bodies - Indian & Foreign	3703639	12.03
4	NRIs	542020	1.76
5	Indian Public	7320106	23.77
	Grand Total	30794850	100.00

Plant Location

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

Address for correspondence

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

Contact person : Mr. Kamlesh Singh.

Shareholders may also contact Mr. R Chandrasekaran, President (Finance) & Secretary at the Corporate Office of the Company for any assistance.

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

CEO Declaration on Code of Conduct

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

Date : 20.5.2010

The Board of Directors

I G Petrochemicals Limited

401, Raheja Centre, 214, Nariman Point

Mumbai – 400 021.

Dear Sirs,

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

Thanking you.

Yours faithfully,

For **I G Petrochemicals Limited**

Nikunj Dhanuka

Managing Director and CEO

Auditors' Certificate on Corporate Governance

To

The members of **I G Petrochemicals Limited**

We have reviewed the relevant records of I G Petrochemicals Limited for the year ended 31 March 2010 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the stock exchanges.

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

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

We state that, in respect of investors grievances received during the year ended 31.03.2010, no investor grievances are pending without a reply from the company for a period exceeding one month as per the records maintained by the share transfer and shareholders / investors grievance committee.

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

For **Hariharan & Co.**
Chartered Accountants

K Nagarajan
Partner

Mumbai

Date : 20 May, 2010

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

Auditors' Report

To The Shareholders

I G PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of I G PETROCHEMICALS LIMITED as at 31 March, 2010, the Profit and Loss Account and also the Cashflow statements for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) Subject to our comments referred to in paragraph (vi) below, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - iii) The Balance Sheet, the Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

- iv) Subject to our comments referred to in paragraph (vi) below, in our opinion, the Profit and Loss Account, the Cash flow statement and the Balance Sheet comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.
- v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors and based on our reliance on the legal opinion obtained from an eminent legal counsel / and on the basis of the judgement (Refer Note 3 of Schedule 19) stating / held that privately placed debentures cannot be construed to be "Debentures" for the purposes of clauses (g) of sub-section (1) of Section 274 of the act, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) *Attention is invited to note 5 of schedule 19 wherein the Company has been, with effect from April 01, 2006, providing depreciation on plant and machinery based on the balance useful life of the assets as determined by approved valuer instead of providing depreciation at the minimum rates specified in Schedule XIV of the Companies Act, 1956 and as required by Accounting Standard 6 on "Depreciation Accounting". As a result, depreciation charge for the year is lower by Rs. 866.22 lacs and accumulated depreciation lower charged as at March 31, 2010 is Rs. 3494.38 Lacs. Had the impact of above been considered, the Profit before tax for the year would have been Rs. 2424.75 Lacs instead of the reported profit before tax of Rs. 3290.97 Lacs, net block of fixed assets as at March 31, 2010 would have been Rs.18831.22 Lacs instead of reported figure of Rs. 22325.60 Lacs and Profit and Loss account balance as appearing in "Reserves & Surplus" would have been Rs. 11240.29 Lacs instead of reported figure of Rs. 14734.67 Lacs.*
- vii) Without qualifying our opinion, we draw attention to note 13 II (b) of schedule 19 regarding certain disputed excise duty and custom duty matters amounting to Rs.1128.02 Lacs pending before



the Honourable Supreme Court (Previous Year Rs.7048.69 Lacs pending before the Honourable Supreme Court and the Honourable High Court of Mumbai) & Insurance claim receivable of Rs.903.00 Lacs considered good by the Management (Refer Note No.6 of Schedule 19)

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

- a. In the case of Balance Sheet, of the State of affairs of the Company as at 31 March 2010.

- b. In the case of Profit and Loss Account, of the Profit of the Company for year ended on that date.
- c. In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

For **Hariharan & Co.**
Chartered Accountants

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

Place: Mumbai,
Date: May 20, 2010

Annexure to the Auditors' Report

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

Re: I G PETROCHEMICALS LIMITED

- | | |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.</p> <p>(c) There was no substantial disposal of fixed assets during the year.</p> <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory and no discrepancies were noticed on verification carried out at the end of the year.</p> <p>(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register in the maintained under section 301 of the Companies Act, 1956.</p> <p>(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotation are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory & fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.</p> | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act need to be entered into the register maintained under section 301 have been so entered.</p> <p>(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transaction were made at prevailing market prices at the relevant time.</p> <p>(vi) The Company has not accepted any Deposits from the Public.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.</p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.</p> <p>(ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund or Employees State Insurance, Income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have been regularly deposited with the appropriate authorities.</p> <p>(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.</p> <p>(c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:</p> |
|---|--|

Name of the statute	Nature of the dues	Amount Disputed (Rs.in Lacs)	Amount paid (Rs.in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 & Customs Act, 1962	Excise & Custom Duty	2,417.57	-	Various years from 1993 to 2004	Supreme Court
Central Excise Act, 1944	Excise Duty	2,648.38	-	Various Years from 1997 to 2007	CESTAT
Central Excise Act, 1944	Excise Duty	15129.95	665.35	Various years from 1997 to 2008	Commissioner of Central Excise
The Bombay Electricity duty Act, 1958	Cess on Electricity produced	29.63	-	2001 to 2004	Mumbai High Court.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
- (xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvi) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Hariharan & Co.**
Chartered Accountants

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

Place: Mumbai,
Date: May 20, 2010

Balance Sheet As At 31 March 2010

	Schedules	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,079.81	3,079.81
Share Warrants		-	116.25
Reserves and Surplus	2	20,926.92	18,465.29
		24,006.73	21,661.35
Loan Funds			
Secured Loans	3	4,364.68	4,859.93
Unsecured Loans	4	998.45	1,035.84
TOTAL		29,369.86	27,557.12
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		50,801.95	50,549.55
Less: Accumulated Depreciation		28,476.35	26,790.44
Net Block		22,325.60	23,759.11
Capital Work-in-Progress		1,474.89	422.23
(Refer Note 7 to Schedule 19)			
		23,800.49	24,181.34
Investments	6	5.92	5.92
Current Assets, Loans and Advances			
Interest Accrued on Investments		0.11	0.08
Inventories	7	3,588.29	3,455.49
Sundry Debtors	8	4,294.90	3,554.88
Cash and Bank Balances	9	672.07	1,930.98
Loans and Advances	10	3,496.75	2,174.53
		12,052.12	11,115.96
Less: Current Liabilities and Provisions			
Current Liabilities	11	6,358.30	7,647.26
Provisions	12	130.37	98.84
Net Current Assets		5,563.45	3,369.86
TOTAL		29,369.86	27,557.12
Notes to Accounts	19		

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

As per our report of even date

For **Hariharan & Co.**

Chartered Accountants

K. Nagarajan

Partner

Membership No: 16398

Firm's Registration No: 001083S

Date : Mumbai

Place : May 20, 2010

For and on behalf of the Board of Directors of

I G Petrochemicals Limited

M M Dhanuka

Chairman

Premjit Singh

Director

Dr. A.K.A. Rathi

Director

R Chandrasekaran

President (Finance) & Secretary

Nikunj Dhanuka

Managing Director

Rajesh R. Muni

Director

J. K. Saboo

Executive Director

Profit And Loss Account For The Year Ended 31 March 2010

	Schedules	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
Income			
Turnover (Gross)		57,398.95	59,474.75
(Refer Note 17 iii to Schedule 19)			
Less : Excise Duty		3,212.53	3,825.74
Turnover (Net)		54,186.42	55,649.01
Other Income	13	697.06	195.90
		54,883.48	55,844.91
Expenditure			
Raw Material Consumed	14	42,485.71	45,781.25
(Refer Note 17 iv to Schedule 19)			
Decrease / (Increase) in Inventories	15	156.16	307.54
Purchases of Traded Goods		615.85	-
Personnel Expenses	16	1,577.88	1,436.17
Manufacturing and Other Expenses	17	3,941.00	4,665.72
Depreciation / Amortisation		1,364.59	1,343.47
(Refer Note 5 to Schedule 19 & Note 3 to Schedule 5)			
Financial Expenses	18	1,451.32	2,135.55
		51,592.51	55,669.70
Profit before Taxation		3,290.97	175.21
Provision for Taxation			
Current Tax (MAT)		559.30	17.86
Fringe Benefit Tax		-	17.56
Tax Provision for Earlier Years		-	7.11
Net Profit		2,731.67	132.68
Balance brought forward from previous year		12,003.00	11,870.32
Surplus carried to Balance Sheet		14,734.67	12,003.00
Earning per share:			
Face value of shares Rs.10 each, Previous Year: Rs.10 each			
(Refer Note 11 to Schedule 19)			
Basic		8.87	0.43
Diluted		8.87	0.41
Notes to Accounts	19		

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

As per our report of even date

For **Hariharan & Co.**

Chartered Accountants

K. Nagarajan

Partner

Membership No: 16398

Firm's Registration No: 001083S

Date : Mumbai

Place : May 20, 2010

For and on behalf of the Board of Directors of

I G Petrochemicals Limited

M M Dhanuka

Chairman

Premjit Singh

Director

Dr. A.K.A. Rathi

Director

R Chandrasekaran

President (Finance) & Secretary

Nikunj Dhanuka

Managing Director

Rajesh R. Muni

Director

J. K. Saboo

Executive Director

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
4,00,00,000 (Previous Year: 4,00,00,000) Equity Shares of Rs.10/- each	4,000.00	4,000.00
10,00,000 (Previous Year: 10,00,000) Preference Shares of Rs. 100/- each	1,000.00	1,000.00
	5,000.00	5,000.00
Issued		
3,08,01,350 (Previous Year: 3,08,01,350) Equity Shares of Rs.10/- each	3,080.14	3,080.14
Subscribed and Paid up		
3,07,94,850 (Previous Year: 3,07,94,850) Equity Shares of Rs.10/- each	3,079.49	3,079.49
Add: Amount paid up on 6,500 shares forfeited	0.32	0.32
	3,079.81	3,079.81
SCHEDULE - 2		
RESERVES & SURPLUS		
Revaluation Reserve		
Balance as per last Balance Sheet	4,187.29	4,573.58
Less: Transferred to Profit and Loss Account (Refer Note 3 to Schedule 5)	386.29	386.29
	3,801.00	4,187.29
Securities Premium		
Balance as per last Balance Sheet	2,275.00	2,275.00
	2,275.00	2,275.00
Capital Reserve		
On Forfeiture of Share Warrants	116.25	-
Profit and Loss Account	14,734.67	12,003.00
	20,926.92	18,465.29
SCHEDULE - 3		
SECURED LOANS		
Term Loan - Bank	1,856.45	3,225.00
- Others	42.06	72.45
Working Capital facilities from Banks	653.79	626.55
Factoring Facility	1,678.44	871.19
Hire Purchase Finance	133.94	64.74
	4,364.68	4,859.93

Schedules to Accounts

Notes:

- a. **Term loan from Bank of America (BOA) is secured by:**
- Equitable mortgage of immovable properties at Taloja, Maharashtra and Land at Gujarat by way of first priority charge by deposit of title deeds with IL&FS Trust Company Ltd. (ILFS) acting as Security Trustee for BOA.
 - Tangible movable Plant and Machinery.
 - Hypothecation of movable properties (present and future) of the Company subject to the charges created in favour of the bankers for working capital facilities.
- b. **Term loan from others is secured on the specific Plant & Machinery so procured.**
- c. **Working Capital facilities are secured by:**
- Hypothecation of all movable properties of the Company including stock of raw materials, stock in process, finished goods and Book Debts.
 - Second and subservient charge by way of equitable mortgage of immovable properties of the Company at Taloja, Maharashtra.
 - Personal guarantee by two Directors of the Company.
- d. **Factoring facility is issued by:**
- Respective book debts
 - Personal guarantee by two directors of the company.
- e. **Hire Purchase Loans are secured by the assets acquired through such loans.**

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 4		
UNSECURED LOANS		
Short-term Loans and Advances:		
From a Bank	329.15	55.52
Other Loans and Advances:		
From Bodies Corporate	669.30	980.32
(Payable within one year Rs. Nil)		
	998.45	1,035.84

Schedules to Accounts

(Rs. In lacs)										
SCHEDULE - 5										
FIXED ASSETS										
Description	Gross Block		Depreciation / Amortisation		Net Block					
	As at	Additions	Deductions	As at	For the	Deletions/	As at	As at	As at	As at
	01.04.09			31.03.10	01.04.09	year Adjustments	31.03.10	31.03.10	31.03.10	31.03.09
Tangible Assets										
Freehold Land	1.45	-	-	1.45	-	-	-	1.45	1.45	1.45
Leasehold Land	1,029.29	-	-	1,029.29	114.58	11.10	-	125.68	903.61	914.71
Buildings	1,746.60	20.08	-	1,766.68	534.98	54.87	-	589.85	1,176.83	1,211.62
Plant & Machinery	46,978.82	131.95	-	47,110.77	25,577.93	1,615.12	-	27,193.05	19,917.72	21,400.89
Office Equipments	201.60	7.20	-	208.80	162.13	8.07	-	170.20	38.60	39.47
Furniture & Fixtures	287.65	1.49	-	289.14	250.29	6.57	-	256.86	32.28	37.36
Vehicles	281.20	177.35	100.69	357.86	136.83	50.64	64.97	122.50	235.36	144.37
Intangible Assets										
Software	22.94	15.02	-	37.96	13.70	4.51	-	18.21	19.75	9.24
TOTAL	50,549.55	353.09	100.69	50,801.95	26,790.44	1,750.88	64.97	28,476.35	22,325.60	23,759.11
Previous year	49,820.73	800.86	72.04	50,549.55	25,113.99	1,729.76	53.31	26,790.44	23,759.11	

Note :

1. Land, Buildings at factory site and Plant & Machinery as on 30.09.99 were revalued on the basis of net replacement value determined by valuers resulting in an increase in value of Land by Rs.666.95 lacs, Buildings by Rs.35.53 lacs and Plant & Machinery by Rs.7,330.20 lacs which was credited to Revaluation Reserve.
2. Buildings include Rs.250/- (Previous year Rs.250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of Rs. 239.56 lacs (Previous Year Rs.185.85 lacs) and Net book value of Rs.189.72 lacs (Previous year Rs.117.41 lacs) acquired on Hire Purchase contracts.
3. Details of depreciation are as follows:

Particulars	2009-10	2008-09
Depreciation for the year as above	1,750.88	1,729.76
Less: Transferred from Revaluation Reserve	386.29	386.29
Depreciation as per Profit and Loss Account	1,364.59	1,343.47

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 6		
INVESTMENTS		
Long Term Investments, Other than Trade		
Unquoted		
Units		
40537.392 (Previous Year: 40537.392) units of Rs.10 each fully paid in Principal Mutual Fund	2.00	2.00
Shares		
1,200 (Previous Year: 1,200) shares of Rs.10 each fully paid in Blue Circle Fine-Chem (P) Ltd	3.60	3.60
100 (Previous Year: 100) shares of Rs.10 each fully paid in I G Technologies Ltd	0.01	0.01
Government Securities		
Six years National Saving Certificates of the face value of Rs.31,000 (Previous Year: Rs.31,000) lodged as security with Government Departments	0.31	0.31
	5.92	5.92
SCHEDULE - 7		
INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit Rs.520.36 lacs, Previous Year: Rs.526.71 lacs)	1,588.20	1,523.24
Stores and Spares (including stock in transit Rs. Nil, Previous Year: Rs. 6.33 lacs)	670.18	576.14
Stock in Process	323.56	174.63
Finished Goods (including stock in transit Rs.49.50 lacs, Previous Year: Rs.38.73 lacs)	552.27	861.88
Catalyst (at cost less amortisation)	454.08	319.60
	3,588.29	3,455.49
SCHEDULE - 8		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	43.45	222.26
Unsecured, Considered Doubtful	255.02	255.02
Other debts		
Unsecured, Considered Good	4,251.45	3,332.62
	4,549.92	3,809.90
Less : Provision for Doubtful Debts	255.02	255.02
	4,294.90	3,554.88

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash in hand	7.44	16.67
Balance with Scheduled Banks		
In Current Accounts	24.54	103.50
In Margin Money Accounts	-	2.02
In Fixed Deposits (Refer Note 4 to Schedule 19)	640.09	1,808.79
	672.07	1,930.98
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Loans - Considered Doubtful	150.00	240.00
Less: Provision for Doubtful Loans	150.00	240.00
	-	-
Advances recoverable in cash or kind or for value to be received		
Considered Good	1,415.15	347.11
Considered Doubtful	685.75	685.75
Less: Provision for Doubtful Advances	685.75	685.75
	1,415.15	347.11
Inter-Corporate Deposits		
Considered Doubtful	250.00	250.00
Less: Provision for Doubtful Inter Corporate Deposits	250.00	250.00
	-	-
Balance with Custom, Excise Authorities including Deposits	1,272.86	1,019.75
Deposits - Others	722.77	720.47
VAT / Sales Tax Receivable	-	0.04
Income Tax Deducted at Source/Advance Tax (Net of Provision)	85.97	87.16
	3,496.75	2,174.53

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 11		
CURRENT LIABILITIES		
Acceptances	2,498.97	4,536.10
Sundry Creditors		
a. Total outstanding dues of Micro, Medium and Small Enterprises (Refer Note 16 vi to Schedule 19)	-	-
b. Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	3,453.15	2,401.12
Advance from Customers	115.04	290.65
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	6.57	6.71
Security Deposits	1.50	1.50
Book Overdraft	-	105.90
Interest Accrued But not Due on Loans	85.67	131.13
Other Liabilities	197.40	174.15
	6,358.30	7,647.26
SCHEDULE - 12		
PROVISIONS		
Provision for Wealth Tax	0.52	0.43
Provision for Gratuity (Refer Note 14 to Schedule 19)	41.25	37.34
Provision for Leave Encashment	88.60	61.07
	130.37	98.84
SCHEDULE - 13		
OTHER INCOME		
Interest		
Bank Deposits (TDS Rs.6.12 lacs Previous year: Rs.12.26 lacs)	50.15	58.02
Others (TDS Rs.7.15 lacs Previous year: Rs.4.26 lacs)	55.81	16.73
Insurance Claim under Loss of Profit Policy	150.00	-
Foreign Exchange Translation Difference	260.21	-
Reversal of Provision for Doubtful Debts / Loans (Net)	90.00	65.94
Sundry Balances / Excess Provision Written Back	28.65	-
Income from Sale of Power	45.19	51.93
Miscellaneous Income	17.05	3.28
	697.06	195.90

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 14		
RAW MATERIAL CONSUMED		
Inventories as at March 31, 2009	1,523.24	1,064.77
Add: Purchases	42,550.67	46,239.72
	44,073.91	47,304.49
Less: Inventories as at March 31, 2010	1,588.20	1,523.24
	42,485.71	45,781.25
SCHEDULE - 15		
DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2009		
Stock in Process	174.63	301.52
Finished Goods	861.88	1,122.20
Inventories as at March 31, 2010		
Stock in Process	323.56	174.63
Finished Goods	552.27	861.88
	160.68	387.21
Differential Excise duty in respect of Closing Stock & Opening Stock (Refer Note below)	(4.52)	(79.67)
	156.16	307.54
In accordance with ASI 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales amounting to Rs.3212.53 lacs (Previous Year Rs.3825.74 Lacs) has been reduced from sales in Profit & Loss Account and Excise duty on increase/decrease in stock amounting to Rs. (4.52) Lacs, (Previous Year Rs. (79.67) lacs) has been considered as expense as above.		
SCHEDULE - 16		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	1,122.17	1,026.83
Directors' Remuneration (Refer Note 16 i to Schedule 19)	45.72	46.64
Contribution to Provident and Other Funds	83.83	72.63
Gratuity Expenses (Refer Note 14 to Schedule 19)	51.50	19.13
Workmen and Staff Welfare Expenses	274.66	270.94
	1,577.88	1,436.17

Schedules to Accounts

	As at March 31, 2010 Rs.in Lacs	As at March 31, 2009 Rs.in Lacs
SCHEDULE - 17		
MANUFACTURING AND OTHER EXPENSES		
Consumption of Stores, Spares and Consumables	96.45	83.06
Consumption of Packing Materials	305.91	384.20
Power, Fuel and Water charges	1,093.73	1,268.53
Amortisation of Catalyst cost	226.29	203.21
Repairs and Maintenance		
Plant and Machinery	400.35	440.27
Buildings	5.50	46.23
Others	91.51	80.82
Insurance Premium	95.54	95.41
Rent	4.14	5.81
Rates and Taxes	35.14	64.71
Selling Expenses		
Brokerage and Commission	52.17	67.23
Freight outward	891.07	807.23
Port charges	48.15	98.13
Other selling expenses	98.54	110.25
Loss/(Profit) on Sale/Disposal of Fixed Assets (Net)	4.77	(1.66)
Directors' Sitting Fees	2.36	1.32
Auditors Remuneration (Refer Note 16 ii to Schedule 19)	12.32	19.55
Travelling & Conveyance	212.88	202.19
Legal & Professional fees	77.24	127.90
Foreign Exchange Translation Difference	-	393.06
Communication Cost	30.80	34.21
Donations and Contributions to Charitable Institutions	29.95	27.38
Miscellaneous Expenses	126.19	106.68
	3,941.00	4,665.72
SCHEDULE - 18		
FINANCIAL EXPENSES		
Interest		
- on Term Loans	545.12	740.09
- on Others	128.57	344.21
Bills Discounting and Bank Charges	777.63	1,051.25
	1,451.32	2,135.55

Schedules to Accounts

SCHEDULE - 19

NOTES OF ACCOUNTS

1. Nature of Operations

I G Petrochemicals Limited (the Company) is engaged in the manufacture of Phthalic Anhydride having its manufacturing unit at Taloja (Maharashtra).

2. Statement of Significant Accounting Policies

a. Basis of preparation

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

b. Use of estimates

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

c. Fixed Assets

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

d. Depreciation and Amortisation :

- i. Leasehold land is amortized over the period of lease.
- ii. Intangible assets are amortized over the estimated useful life of 4 years.
- iii. Depreciation on Furniture, Office Equipments and Vehicles is provided using written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis with reference to date of acquisition.
- iv. Depreciation on Building is provided using straight line method at the rates prescribed in Schedule XIV of the Companies Act 1956, on pro-rata basis with reference to date of acquisition.
- v. Depreciation on Plant & Machinery (historical cost) for the year is provided on the balance useful life of 5 to 28 years of the assets as determined by an approved Valuer on pro rata basis with reference to date of acquisition, the useful life is higher than that provided in Schedule XIV of the Companies Act 1956 as referred to in Note No. 5 of Schedule 19. The continuous process plant as defined therein have been taken on technical assessment and depreciation provided accordingly. The depreciation on incremental revalued amount is provided on straightline method as per the rates in Schedule XIV of the Companies Act 1956.

Schedules to Accounts

e. Impairment of Assets

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

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

f. Investments

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

g. Inventories

Inventories are valued as follows:

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

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

h. Revenue Recognition

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

Sale of Goods

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

Interest

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

Dividends

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

i. Foreign Currency 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.

Schedules to Accounts

ii. Conversion

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

iii. Exchange Differences

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

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

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

j. Retirement and other employee benefits

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

k. Income taxes

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

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

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

Schedules to Accounts

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

1. Earnings Per Share

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

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

m. Provisions, Contingent Liabilities & Contingent Assets:

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

n. Cash and Cash equivalents

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

o. Derivative Instruments

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

3. The Company had obtained a legal opinion from an eminent legal counsel / also on the basis of judgment by Additional District Judge, Panaji stating / held that privately placed debentures cannot be construed to be "Debentures" for the purpose of Clause (g) of Sub Section (1) of Section 274 of the Companies Act. 1956.
4. Fixed Deposits of Rs.639.84 Lacs (Previous Year Rs.1789.84 Lacs) have been lodged with Banks and Rs.0.25 Lacs (Previous Year Rs.0.25 Lacs) with Government Departments as a security.
5. **Depreciation:**

Depreciation on Plant & Machinery for the year is provided on straight line method based on the balance useful life of the assets as determined by an approved valuer which is higher as compared to Schedule XIV of the Companies Act, 1956. Had the depreciation been provided on straightline method based on rates specified in Schedule XIV of the Companies Act 1956 the depreciation charged for the year would have been higher by Rs.866.22 Lacs (Previous Year Rs. 869.35 Lacs) and accumulated depreciation would have been higher by Rs.3494.38 Lacs (Previous Year Rs.2628.16 Lacs).

6. Loans and Advances includes a sum of Rs.903.00 Lacs towards claims preferred on account of Loss of Profit Claim of Rs.150.00 Lacs and fire claim of Rs.753.00 Lacs with the Insurance Company on the basis of loss / expenses incurred by the Company which are pending settlement with the Insurance Company. The Management is of the view that this is fully recoverable & considered good.

Schedules to Accounts

7. Capital Work-in-Progress including expenditure during construction period:

(Rs. In Lacs)

		March 31, 2010	March 31, 2009
A	Plant & Machinery	1067.45	161.12
B	Building under Construction	13.65	-
C	Capital Advances	13.35	-
D	Expenditure during construction period		
	Personnel expenses		
	- Salaries, Wages and Bonus	22.82	12.42
	- Contribution to Provident and Other Funds	1.51	0.88
	- Workmen and staff welfare expenses	1.62	0.82
	Manufacturing and Other expenses		
	- Rates and Taxes	1.24	-
	- Traveling & Conveyance	25.82	22.87
	- Legal & Professional fees	326.54	223.44
	- Communication Expenses	0.68	0.51
	- Miscellaneous Expenses	0.21	0.17
	Total	1474.89	422.23

8. (i) The Company has carried forward losses and unabsorbed depreciation as per the Income Tax Act 1961. The deferred tax assets have not been recognized considering the principle of virtual certainty as stated in the Accounting Standard AS-22 – Accounting for Taxes on Income.
- (ii) In view of availability of Carried Forward benefits as referred above, the Company has provided for the liability for the Current Year under Section 115 JB (MAT) of the Income Tax Act 1961 (Further refer Note No. 13(e).

9. Segment Information

Primary Business Segment

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

Geographical Segments

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

Information about Secondary Geographical Segments

(Rs. in Lacs)

Segment Information	Year ended March 31, 2010			Year ended March 31, 2009		
	India	Outside India	Total	India	Outside India	Total
Revenue (Gross Sales)	48695.82	8703.13	57398.95	38911.38	20563.37	59474.75
Carrying amount of segment assets	35767.33	91.20	35858.53	34933.08	370.14	35303.22
Carrying amount of segment liabilities	11851.80	-	11851.80	13641.87	-	13641.87
Additions to fixed assets	353.09	-	353.09	800.86	-	800.86

Schedules to Accounts

10. Related parties disclosures

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

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

(Rs.in Lacs)

Sr. No.	Nature of Transaction	Related parties referred to in		
		ii(a) above	ii(b) above	ii(d) above
	Income			
1	Sale of Goods *			128.41
				(120.34)
	Expenses			
2	Remuneration			
	Mr.Nikunj Dhanuka	26.27		
		(26.67)		
	Mr.J.K.Saboo	19.45		
		(19.97)		
	Mr.Umang Dhanuka		1.00	
			(1.00)	
3	Rent			
	Mrs.Rajkumari Dhanuka		3.00	
			(3.00)	
4.	Balance Outstanding at year end			
	Deposit - Others			625.00
				(625.00)
	Sundry Debtors			18.53
				(222.26)

Note: Amount in bracket represents figures for previous year.

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

Schedules to Accounts

11. Earnings Per Share (EPS)

	(Rs. in Lacs)	
	March 31, 2010	March 31, 2009
Net profit as per Profit and Loss account	2731.67	132.68
Number of shares outstanding at the end / beginning of the year	3,07,94,850	3,07,94,850
Weighted average number of shares for the purpose of calculating earning per share	3,07,94,850	3,07,94,850
Pending conversion into equity (Share Warrants)	-	15,00,000
Earnings per share		
Basic earning per Equity share of Rs. 10 each (in Rupee)	8.87	0.43
Diluted earning per Equity share of Rs. 10 each (in Rupee)	8.87	0.41

12. Capital Commitments

	(Rs. in Lacs)	
	March 31, 2010	March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances of Rs.13.35 Lacs (Previous Year Rs.68.14 Lacs)	390.27	234.16

13. Provisions and Contingencies

Contingent Liabilities not provided for

	(Rs. in Lacs)	
	March 31, 2010	March 31, 2009
a. Bills of Exchange Discounted		
- with Banks	130.41	1,409.56
- with Others	2,195.06	646.56
b. Excise Matters		
i) Cases decided in favour of the Company which are taken further in appeal before the appellate authorities by the department.	*5,543.98	*4,878.63
ii) Other Matters for which the Company is in appeal.	2,011.66	*8,074.16
(Deposits paid under protest Rs.665.35 Lacs (Previous Year Rs.665.35 Lacs)		
iii) Show Cause Notices received	12,640.26	11,121.46
The Management is confident that the matters will be in favour of the company as per legal opinion obtained / legal precedents.		
c. Claim against the Company not acknowledged as Debt in respect of		
Electricity Duty on internal power generation	29.63	29.63
d. Custom Duty on Raw Material under Advance Licence pending Export Obligation. (Includes Cenvat Credit available Rs.372.55 Lacs Previous Year Rs. 206.90 Lacs).	504.11	292.44
e. The Income tax assessments of the Company have been completed upto the assessment year 2007-2008 and while completing the assessments for certain years the Income tax Department had disallowed certain claims of the company which had resulted in reduction of Carried Forward benefits available to the company as per the Income Tax Act 1961 and the additional tax liability that may arise amounts to:	831.83	-
These matters are in appeal before the Appellate authorities. Based on the interpretation of the relevant provisions of the Income Tax Act, the Company has been legally advised by an eminent Counsel that the matters will be in favour of the Company.		

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

Schedules to Accounts

* Against certain demands on these matters, the Company / Department had filed appeal during the earlier years in the case of certain Excise / Custom demands amounting to Rs.1128.02 Lacs before the Honourable Supreme Court (Previous Year Rs.7048.69 Lacs before the Honourable Supreme Court / Honourable High Court of Mumbai) which are disputed by the Company and the matter is subjudice. Based on decisions of the Supreme Court and other interpretation of the relevant provisions, the Company has been legally advised by an eminent Counsel that matter will be in favour of the Company.

14. Employee Benefits

i. General Description of defined benefit plan

Gratuity

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

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

a. Profit and Loss account

Net employee benefit expense (recognised in Personnel Expenses in Schedule 16)

	(Rs. in Lacs)	
	Gratuity (funded) March 31, 2010	Gratuity (funded) March 31, 2009
Current service cost	20.78	17.80
Interest cost on benefit obligation	13.91	12.77
Expected return on plan assets	7%	7%
Net actuarial (gain) / loss recognised in the year	33.17	1.06
Actual return on plan assets	16.36	12.50
Net Benefit / Cost	51.50	19.13

b. Balance sheet

Details of Provision for gratuity

	(Rs. in Lacs)	
	Gratuity (funded) March 31, 2010 (Rs. in Lacs)	Gratuity (funded) March 31, 2009 (Rs. in Lacs)
Defined benefit obligation	250.70	198.75
Fair value of plan assets	209.45	161.41
Less: Unrecognised past service cost		
Plan asset / (liability)	(41.25)	(37.34)

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

	(Rs. in Lacs)	
	Gratuity (funded) March 31, 2010	Gratuity (funded) March 31, 2009
Opening defined benefit obligation	198.75	182.39
Interest cost	13.91	12.77
Current service cost	20.78	17.80
Benefits paid	15.91	15.27
Actuarial (gains) / losses on obligation	33.17	1.06
Closing defined benefit obligation	250.70	198.75

Schedules to Accounts

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

	(Rs. in Lacs)	
	Gratuity (funded) March 31, 2010	Gratuity (funded) March 31, 2009
Opening fair value of plan assets	161.41	122.77
Expected return	7%	7%
Contributions by employer	32.34	26.14
Benefits paid	0.66	-
Actuarial gains / (losses)	(33.17)	(1.06)
Closing fair value of plan assets	209.45	161.41
Actual Return on plan Assets	16.36	12.50
Estimated contribution to be made in next annual year	36.00	36.00

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

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

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

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

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

Provident Fund

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

ii. **Defined Contribution Plan**

Personnel Expenses in Schedule 16 includes the following contributions to defined contribution plan

	(Rs. in Lacs)	
	March 31, 2010	March 31, 2009
Contribution to Provident and Other Funds		
Contribution to Provident Fund	64.37	52.34
Employees Pension Fund	18.33	19.11
EDLI	1.13	1.18
Total	83.83	72.63
Workmen and Staff Welfare fund		
ESIC	0.49	0.49
Labour Welfare Fund	0.11	0.11
	0.60	0.60

Schedules to Accounts

15. Derivative Instruments and Unhedged Foreign Currency Exposure

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

i. Forward Contracts outstanding as at:

	March 31, 2010		March 31, 2009	
	Amount in Foreign currency	Rs. in Lacs	Amount in Foreign currency EURO	Rs. in Lacs
Forward currency contract	-	-	1000000	510.20

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

	March 31, 2010		March 31, 2009	
	Amount in Foreign currency	Rs. in Lacs	Amount in Foreign currency	Rs. in Lacs
Amount Receivable				
USD	202030	91.20	493588	251.48
EURO	-	-	1109	0.75
Amount Payable				
USD	4898154	2211.03	6071011	3093.18
EURO	475470	287.94	1405593	948.49

16. Supplementary Statutory Information

i. Directors Remuneration

(Rs. in Lacs)

	March 31, 2010	March 31, 2009
Salary	33.00	33.00
Company's Contribution to Provident and Other Funds	3.24	3.24
Perquisites	9.48	10.40
Total	45.72	46.64

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

ii. Auditors Remuneration

(Rs. in Lacs)

	March 31, 2010	March 31, 2009
Audit Fees including Limited Review fees Rs.3.00 Lacs (Previous Year Rs.6.00 Lacs excluding service tax of Rs.1.24 Lacs Previous Year Rs.2.08 Lacs)	12.00	19.00
Other Services and Certification (excluding service tax of Rs.Nil Previous Year Rs.0.04 Lacs)	-	0.35
Reimbursement of expenses (excluding service tax of Rs.Nil, Previous Year Rs.0.02 Lacs)	0.32	0.20
Total	12.32	19.55

iii. Earnings in foreign currency (Accrual basis)
(Rs. in Lacs)

	March 31, 2010	March 31, 2009
FOB value of goods exported	8,703.13	20,563.37

iv. Expenditure in foreign currency (Accrual basis)
(Rs. in Lacs)

	March 31, 2010	March 31, 2009
Travelling	90.43	78.71
Brokerage and Commission	27.06	30.14
Others	104.55	113.16
Total	222.04	222.01

v. Value of imports calculated on CIF basis
(Rs. in Lacs)

	March 31, 2010	March 31, 2009
Raw Materials & Traded goods	6,109.45	7,753.60
Stores & Spares	141.70	239.27
Catalyst	287.94	-
Capital goods	365.73	-
Total	6,904.82	7,992.87

vi. 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.

17. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956
i. Licensed Capacity, Installed Capacity and Actual Production

	Unit	March 31, 2010	March 31, 2009
Licensed Capacity			
Phthalic Anhydride	MT	1,16,110	1,16,110
(As per Industrial Entrepreneur's Memorandum filed with the Ministry of Industry).			
Note: The need for licensing no longer exists following the amendment to the Industries (Development & Regulation) Act, 1951. As such no IDR Licences are now required by us to operate our plants and the figures of Licences above, are based on the original documents issued before such amendments.			
Installed Capacity			
Phthalic Anhydride	MT	1,16,110	1,16,110
Actual Production			
Phthalic Anhydride	MT	97,870	1,06,471

ii. Purchase of goods for Resale.

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Lacs	Quantity (MT)	Rs. in Lacs
Phthalic Anhydride	1,304	615.85	-	-

iii. Sales

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Lacs	Quantity (MT)	Rs. in Lacs
Phthalic Anhydride	1,00,315	57,398.95	1,06,696	59,474.75

Sales is net of Rs.17.38 Lacs towards Foreign Exchange Loss (Previous Year includes Gain of Rs. 16.51 Lacs)

iv. Consumption of raw materials

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Lacs	Quantity (MT)	Rs. in Lacs
Orthoxylene	92,045	42,485.71	99,276	45,781.25

Consumption of raw material includes Rs.15.35 Lacs towards Foreign Exchange Gain (Previous Year Gain of Rs.175.57 Lacs)

v. Imported and indigenous raw materials consumed

Product	March 31, 2010		March 31, 2009	
	% of total	Rs. in Lacs	% of total	Rs. in Lacs
Imported	13	5,382.23	17	7,700.08
Indigenous	87	37,103.48	83	38,081.17
Total	100	42,485.71	100	45,781.25

vi. Imported and indigenous spare parts consumed

Product	March 31, 2010		March 31, 2009	
	% of total	Rs. in Lacs	% of total	Rs. in Lacs
Imported	31	128.98	18	52.49
Indigenous	69	285.64	82	235.26
Total	100	414.62	100	287.75
Part cost of Imported Catalyst Written Off		226.29		203.21

vii. Details of Finished Goods

Product	March 31, 2010		March 31, 2009	
	Quantity (MT)	Rs. in Lacs	Quantity (MT)	Rs. in Lacs
Opening Stock				
Phthalic Anhydride	1978	861.88	2203	1,122.20
Closing Stock				
Phthalic Anhydride	837	552.27	1978	861.88
Increase / (Decrease)		(309.61)		(260.32)

18. Research & Development Expenditure of Rs.23.25 Lacs (Previous Year Rs.18.19 Lacs) have been accounted for in the respective heads of the Profit and Loss Account.

19. Previous Year Comparatives

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

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

Date : Mumbai
Place : May 20, 2010

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

M M Dhanuka

Chairman

Premjit Singh

Director

Dr. A.K.A. Rathi

Director

R Chandrasekaran

President (Finance) & Secretary

Nikunj Dhanuka

Managing Director

Rajesh R. Muni

Director

J. K. Saboo

Executive Director

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

(1) Registration Details

State Code	024
Registration No. (CIN)	L51496GA1988PLC000915
Balance Sheet Date	31 March, 2010

(2) Capital Raised during the year (Amount Rs. in thousands)

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

(3) Position of Mobilisation and Deployment of Funds (Amount Rs in thousands)

Total Liabilities	2936986	Total Assets	2936986
Sources of Funds		Application of Funds	
Paid-up Capital	307981	Net Fixed Assets	2380049
Reserves & Surplus	2092692	Investments	592
Secured Loans	436468	Net Current Assets	556345
Unsecured Loans	99845	Misc Expenditure	—
		Accumulated Losses	—

(4) Performance of Company (Amount Rs. in thousands)

Turnover (including other income)	5488348
Total Expenditure	5159251
Profit before tax	329097
Profit after tax	273167

Earning per Share (in Rs.)

Basic & Diluted	8.87
Dividend Rate	Nil

(5) Generic Names of Principal Product of the Company

Item Code No.	291735
(UTC Code)	
Product Description :	Phthalic Anhydride

Cash Flow Statement for the Year Ended 31 March, 2010

	For the Year ended March 31, 2010 Rs.in Lacs	For the Year ended March 31, 2009 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary Items	3290.97	175.21
Adjustment for :		
Depreciation / Amortisation	1364.59	1343.47
Foreign Exchange Translation Difference (Profit) / Loss (Net)	(260.21)	393.06
Sundry Balances / Excess Provision Written Back	(28.65)	2.73
Interest Expense	673.69	1084.30
Interest Income	(105.96)	(74.75)
Loss / (Profit) on Sale / Write off of Fixed Assets	4.77	(1.66)
Reversal of Provision for Doubtful Debts	(90.00)	(65.94)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4849.20	2856.42
Movements in Working Capital		
Increase in Sundry Debtors / Other Receivables	(866.31)	1233.29
Decrease / (Increase) in Inventories	(132.80)	379.12
Decrease in Current Liabilities	(1040.19)	(1541.10)
	(2039.30)	71.31
CASH GENERATED FROM OPERATIONS	2809.90	2927.73
Direct Taxes Paid	(541.57)	(113.43)
NET CASH FLOW FROM OPERATING ACTIVITIES	2268.33	2814.30
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1211.76)	(997.58)
Proceeds from Sale of Fixed Assets	30.95	20.39
Interest Received	124.70	65.56
NET CASH FROM INVESTING ACTIVITIES	(1056.11)	(911.63)

Cash Flow Statement for the Year Ended 31 March, 2010

	For the Year ended March 31, 2010 Rs.in Lacs	For the Year ended March 31, 2009 Rs.in Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(1,398.94)	(1,577.55)
Short- term borrowings	797.10	(1345.58)
Dividend Paid	(0.14)	(0.31)
Interest Paid	(719.15)	(985.51)
NET CASH USED IN FINANCING ACTIVITIES	(1321.13)	(3908.95)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(108.91)	(2006.28)
CASH AND CASH EQUIVALENTS AS AT 1.4.2009 (Opening Balance)	140.89	2147.17
CASH AND CASH EQUIVALENTS AS AT 31.3.2010 (Closing Balance)	31.98	140.89
Reconciliation with Cash & Bank Balances		
Cash and Cash equivalent as above	31.98	140.89
Add: Fixed Deposits with a maturity period of over 3 months pledged as Security (Refer Note 4 to Schedule 19)	640.09	1790.09
Cash and Bank Balance as per Schedule 9	672.07	1930.98

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

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

Date : Mumbai
Place : May 20, 2010

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

M M Dhanuka
Chairman
Premjit Singh
Director
Dr. A.K.A. Rathi
Director
R Chandrasekaran
President (Finance) & Secretary

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

I G PETROCHEMICALS LIMITED

Registered Office : 211, 2nd Floor, Kamat Tower, Patto Plaza, EDC Complex, Panaji - 403 001 Goa.

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 21st Annual General Meeting of the Company, to be held on Saturday the 21st August, 2010 at 2.30 p.m. and any adjournment(s) thereof.

Signed this _____ day of _____ 2010.

Signature _____

Affix
1 Re.
Revenue
Stamp

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

I G PETROCHEMICALS LIMITED

Registered Office : 211, 2nd Floor, Kamat Tower, Patto Plaza, EDC Complex, Panaji - 403 001 Goa.

ATTENDANCE SLIP

I hereby record my presence at the 21st Annual General Meeting of the above named Company being held on Saturday the 21st August, 2010 at 2.30 p.m. at Hotel Mandovi, D.B. Bandodkar Road, Panaji - 403 001, Goa.

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



NOTES

[illegible]

Book – Post

If undelivered, please return to :

I G PETROCHEMICALS LIMITED

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