IGPL

I G PETROCHEMICALS LIMITED

25th Annual Report 2013-14

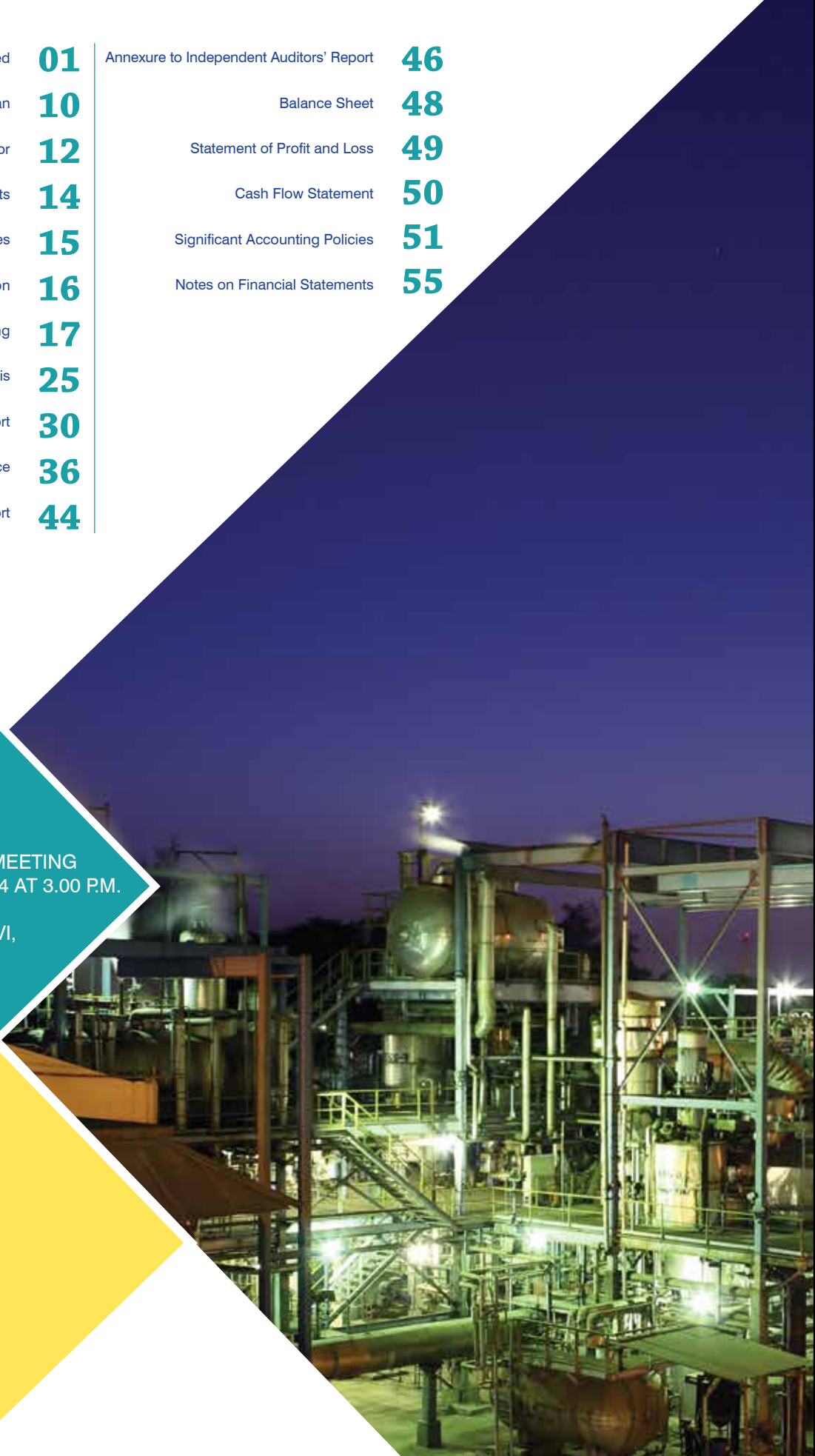
INNOVATING
TODAY.
TRANSFORMING
TOMORROW.

About I G Petrochemicals Limited 01
From the Desk of the Chairman 10
From the Desk of the Managing Director 12
Financial Highlights 14
Corporate Social Activities 15
Corporate Information 16
Notice of Annual General Meeting 17
Management Discussion and Analysis 25
Director's Report 30
Report on Corporate Governance 36
Independent Auditors' Report 44
Annexure to Independent Auditors' Report 46
Balance Sheet 48
Statement of Profit and Loss 49
Cash Flow Statement 50
Significant Accounting Policies 51
Notes on Financial Statements 55

AGM

25TH ANNUAL GENERAL MEETING
SATURDAY 26TH JULY 2014 AT 3.00 P.M.

VENUE : HOTEL MANDOVI,
D.B. BANDODKAR ROAD,
PANAJI, GOA - 403 001.



28 SEPTEMBER 2013

A MOMENTOUS DAY FOR ALL OF US AT IG PETRO

WE COMPLETED THE EXPANSION PROJECT AT OUR TALOJA PLANT.

WE ARE NOW AMONGST THE LOWEST-COST PRODUCERS OF PHTHALIC ANHYDRIDE (PA) IN THE WORLD WITH A CAPACITY OF 1,66,110 MT

Business is all about competitive advantage. Every business needs a distinct competitive advantage to sustain its growth. Competitive Advantage accrues from either Product Differentiation or Cost Leadership. To a large extent, PA is a commodity business, with very minimal scope for any differentiation. Cost Leadership is the only Competitive Advantage in the PA business.

At IG Petrochemicals, we are today one of the LOWEST COST PRODUCERS AND ONE OF THE LARGEST PRODUCERS OF PA IN THE WORLD

In addition to the cost advantages, we also have location advantage, being close to the largest port in the country – Mumbai, which has propelled us into leadership position in the industry.

At the heart of this leadership, is our unmatchable and unquestionable leverage of large economies – of size, scale and scope, which we have developed by

INNOVATING TODAY. TRANSFORMING TOMORROW.

AN OVERVIEW

The Product and its Uses

Phthalic Anhydride (PA) is a versatile industrial chemical that has a wide variety of uses for making consumer goods as well as industrial products. Some of the more visible and recognised consumer products made with PA include plastic cards, food containers, shoes and plastic furniture. On the industrial side, PA is the key component for manufacture of paints as a solvent for protective coating.

PA is a white crystalline compound and an intermediate of organic chemistry. PA is primarily used as a chemical intermediate for plasticiser for making Poly Vinyl Chloride, which is the base material for making a variety of consumer products ranging from packaging films, boxes, containers, bags, pipes, home and personal care products, medical and surgical equipments and various industrial products. PA is the second most important raw material in the manufacture of paints and coatings as it is an intermediate for Alkyd Resin, the vital component in paints. A more recent application of PA has been in the manufacture of Unsaturated Polyester Resins (UPR). UPR is used extensively as thermosets for making fiberglass reinforced plastics, have diverse applications in construction, marine and transportation.

Pioneers in PA

IG Petrochemicals Ltd has been a pioneer in the PA business. The Company is promoted by the H P Dhanuka Group having over four decades of experience in the PA industry.

The Company completed two decades of uninterrupted production last year. It was started as a 100 per cent Export Oriented Unit (EOU) with its production facility at Taloja, near Mumbai in Maharashtra. The Company commenced production in 1992-93. The plant was built with a technical collaboration with Lurgi GmbH, a renowned German engineering company having over a hundred years of experience in constructing plants to exacting international standards and systems.

INNOVATING INSIDE

Innovation does not always mean new products. Innovation means making changes in something that is established, especially by introducing new methods, processes or ideas.

In the PA business, competitive advantages wrest in Innovating Inside – through process re-engineering, improving operational efficiencies and optimising capacity utilisation. In the absence of any major product differentiation, COST becomes the key driver of growth and expansion.

At IG Petrochemicals, we are leveraging our consolidating strengths and building capacities to emerge as the LOWEST COST producers of PA in the world.

Consolidating Strengths

IG Petrochemicals has a clear and distinct strategic advantage over its competitors due to its many strengths. These are :

Location

The manufacturing plant of the Company is located at Taloja, 50 kms. from Mumbai- India's premier port and financial capital. The Taloja location of the plant gives the Company unmatchable benefits in procurement as well as being in close proximity to end-user markets.

On the procurement side, the key raw material required for PA is Orthoxylene (OX), a basic petrochemical and a co-product of Paraxylene. The largest producer of OX in India is located at Jamnagar in the neighbouring state of Gujarat. The Company has a tie-up with this producer for almost 70 per cent of its OX requirement. The location of the plant at Taloja results in critical advantages to the Company in terms of cost of transportation of raw material, not to mention savings in time.

More than 70 per cent of all PA produced in the country is consumed by end-user in western India, which has one of the highest concentration of large, small and medium-sized units manufacturing a range of products that use PA as their key raw material. These units include plastic utensils, paints, tyres, PVC pipes, pharmaceuticals, flexi-glasses, toys, shoes, industrial textiles, backpacks, and many more. 90 per cent of all PA produced by the Company is sold locally. To the end-users, having a regular supply base at Taloja in close proximity to their units is an unbeatable advantage, as they get an assured supply of their raw materials with minimal cost of transport and shortest time lag.

Building Capacities

Building a new PA plant is a capital intensive proposition. Besides, being a commodity business, the returns are low. High investments and low returns create high entry barriers for new entrants. For the existing players, the equation is decided by VOLUMES. The higher the production capacity, the lower the cost of production, the higher the market domination.

Keeping this simple but critical strategic goal, we embarked upon expansion of our existing capacities of PA in 2011 with a brown-field expansion. The third plant was completed in September 2013, adding another 50,000 metric tonnes to our total capacity, increasing it to a staggering 1,66,110 metric tonnes per year.

With this additional capacity, we will be able to further leverage our already formidable economies of size, scale and scope in all aspects of production by integrating procurement, supply chain, operational costs as well as overheads.

We have consolidated our strengths, integrated our economies and combined our innovation to emerge as one of the LARGEST PRODUCERS OF PA at LOWEST COST.

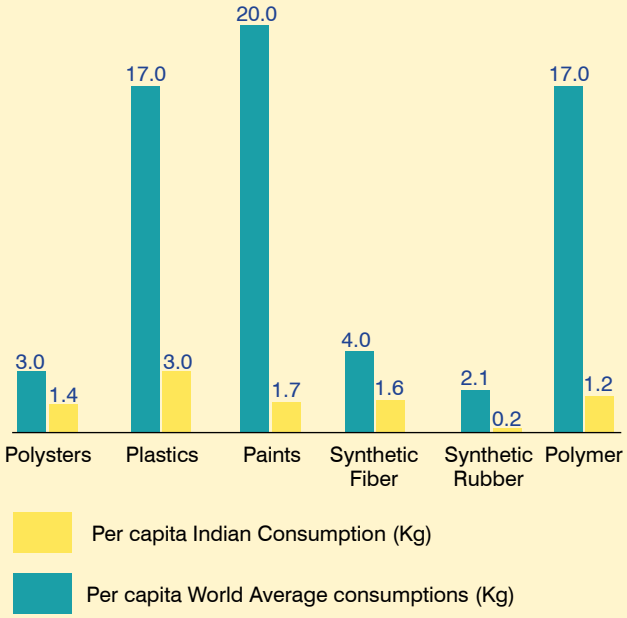
An unbeatable advantage!

PROMISING OUTLOOK

There is an immense potential for growth in the PA market. Increase in demand from segments viz. plasticizers, resins and Unsaturated Polyester Resins (UPR), as well as increasing demand from alkyd resins, pigments and dyes are expected to drive the PA business to higher gains in terms of both volume and value.

According to the latest report available, the global consumption of PA is expected to grow at an annual rate of 3 per cent from 2013-2019 and reach USD 9.58 billon in 2019.

In comparison to world consumption of PA, India is still way behind in per capita terms. In terms of end-usage of PA, India is much below the global average :



Products made with PA are superior in many respects. Foremost, they are light-weight and therefore, have immense benefits in handling and transportation. Secondly, products made with PA are much more durable and hence, the replacement costs are almost negligible.

New Applications of PA

Driven by rapid changes in R&D and scientific advances, the end-use of PA is multiplying at a faster rate than ever before. New applications and new processes are opening up new usages for PA in infrastructure, transportation, interior and home decor, sporting equipments and many others.

In many industries Fiber-glass reinforced materials produced with Unsaturated Polyester Resins (UPR) are increasingly being used in a variety of applications due to unique advantage of light weight and strength. This will propel the growth of PA industry which is used in manufacture of UPR.

Copper Phthalocyanine (CPC)

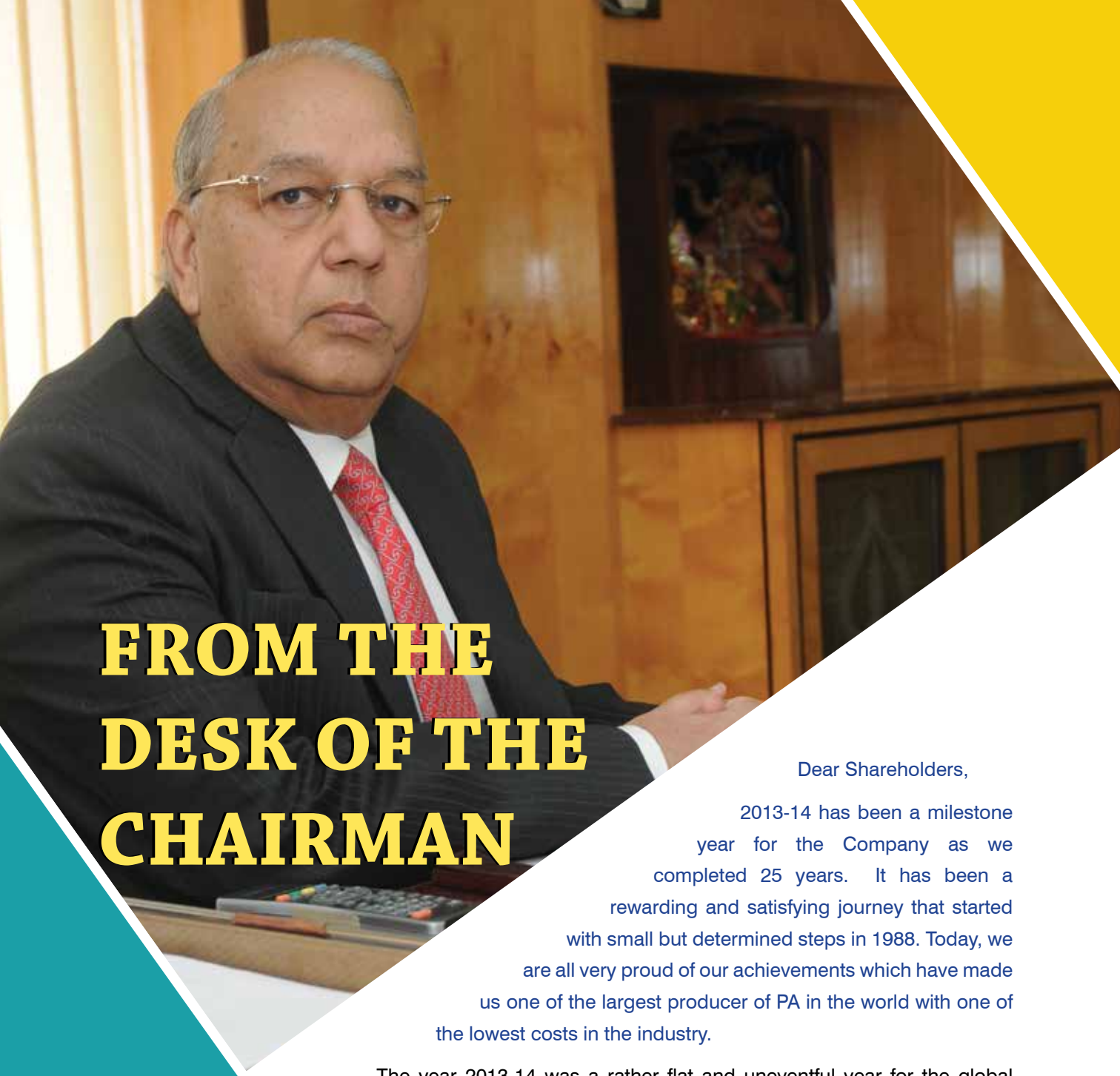
CPC pigments are used in the manufacture of inks, photovoltaic cells, coatings and many plastic products and also certain sensitive applications such as colouring medical equipments.

Other Innovative Applications of PA

PA is increasingly being used for the manufacture of :

- PLASTIC CURRENCY
- LEISURE BOATS
- BATH TUBS
- SAIL OF WINDMILLS
- PAPER-BOARDS

These developments augur well for the PA industry in general and IG Petrochemicals in particular. As the market-size keeps growing, IG Petrochemicals is poised to leverage its unique strengths and advantages, build up with over 20 years of expertise, experience and efforts. As one of the largest producer of PA in the world, offering multiple advantages of lowest costs, top-of-the-line quality, world-class plant and fastest delivery, IG Petrochemicals is in a leadership position in the PA industry.



FROM THE DESK OF THE CHAIRMAN

Dear Shareholders,

2013-14 has been a milestone year for the Company as we completed 25 years. It has been a rewarding and satisfying journey that started with small but determined steps in 1988. Today, we are all very proud of our achievements which have made us one of the largest producer of PA in the world with one of the lowest costs in the industry.

The year 2013-14 was a rather flat and uneventful year for the global economy. All the major developed countries continued to face tough challenges as they struggled to meet even modest growth targets. Underperformance was the reigning theme across all regions and major economic groups. In the USA, the world's largest economy, growth slowed to about 1.6 per cent in 2013 compared to 2.8 per cent in 2012, largely due to fiscal tightening. In the EU, the shadow of debt-repayment crisis continued to haunt the region with 12 out of 17 countries still under Excessive Deficit Procedures, but the larger concern was the recessionary trend in manufacturing and unemployment.

In India, GDP growth improved marginally to 4.7 per cent for the year 2013-14. It was a particularly difficult year as crude oil prices remained high throughout the year. This was compounded with alarming current account deficit that saw the Indian Rupee plunge to its lowest value of 68.85 against the US Dollar in the end of August 2013. Inflation continued to remain high which prevented the RBI from lowering interest rates, causing elevation in costs of raw materials as well as finance.

In face of this challenging operating environment, the Company has delivered excellent results.

Our Gross Revenue from Operations increased to ₹ 1,321.53 Crores from ₹ 1,067.18 Crores in the previous year, an improvement of almost 24 per cent.

Profit After Tax was ₹ 3.13 Crores against ₹ 3.07 Crores for the previous year.

We completed the brown-field expansion of our plant, PA-3 in the month of September 2013. It is significant to note here that this expansion was completed without any cost or time over-runs which is a commendable achievement in itself. PA-3 stabilised during the third quarter and was fully operational in the last quarter of the year. The effect of PA-3 was visible in our Q4 FY 14 results.

With the completion of PA-3, we have now emerged as one of the largest producers in the world. At 1,66,110 tonnes p.a., we have the largest capacity of PA in the country. What makes us dominate the PA space in India is the combination of largest capacity and lowest costs. By leveraging economies of scale and by constantly focussing on innovation, re-engineering, process improvements, we have an unbeatable and unmatchable advantage in our costs, that give us a unique advantage.

Looking ahead, we are optimistic and confident. The key end-user segments of PA are estimated to continue growing at a steady pace. The global consumption of PA is expected to grow at an annual rate of 3 per cent from 2013 to 2019 as new applications of PA are being discovered every day, expanding its already huge array of uses. In India, the key users are all estimated to continue growing as the economy picks up and manufacturing growth revives. The horizon ahead looks bright, and at IG Petrochemicals, we are confident to continue our dominance of the PA space in the country with our consistent focus and drive.

On that positive note, I would like to thank you for your continued faith and trust in the Company. My thanks are also due to our customers, employees, bankers, investors and vendors, without whose support and contribution we could not achieve such remarkable success.

Yours sincerely,

MM Dhanuka

Chairman

FROM THE DESK OF THE MANAGING DIRECTOR

Dear Shareholders,

I am delighted to present the Silver Jubilee Annual Report of the Company. A memorable occasion like this is always a time to both rejoice and reflect, to re-commit and re-dedicate.

2013-14 was a memorable year for all of us at IG Petrochemicals. Besides completing 25 years, the year also saw us complete the third phase of our expansion in the month of September 2013. We had embarked on this expansion in 2011 and had aimed for a late 2013 commissioning. The last two years have been extremely challenging with high interest rates, slowdown in economy, sustained inflation and an overall increase in the cost of all raw materials. In spite of these issues, we managed to not only complete the project in time, but also within cost. I would like to congratulate everyone associated with this project – well done!

With the PA-3 expansion now operational at its full capacity, our total PA capacity has increased to 1,66,110 tonnes, making us one of the largest producer of PA in the country. Being largely a commodity business, cost of production plays a key role. And it is here that we stand apart well above competition.

This gives us a tremendous edge being the largest producer combined with lowest cost, which is not easy for our competitors to beat, as setting up a PA plant is a large, capital-intensive project with relatively low returns. The edge and advantage we have developed has been through our relentless efforts and unwavering focus on INNOVATION through process improvements, value re-engineering and many other such initiatives that come together to form a distinct advantage.

These innovation initiatives help us in transforming the PA space which is reflected in our uninterrupted growth over the years. In the year 2013-14, we remained on the growth trajectory with another set of outstanding performances.

We managed to improve our top-line with Net Revenues increasing from ₹ 970.33 Crores to ₹ 1204.29 Crores, a rise of over 24 per cent. PA is a commoditised business with typically very low margins. In spite of increasing cost of raw materials as well as a weak local currency that impacted our overall margins, we still did well to marginally improve our PAT.

Our total production increased from 1,06,662 MT to 1,28,076 MT for the year as our PA-3 expansion commenced during September 2013.

We are now looking to accelerate our growth and take it to the next level. One of the key focus is to explore downstream options for new avenues of growth.

The outlook for the future is exciting. Demand for plasticizers, which account for more than half of all PA consumption, is forecast to remain strong. Unsaturated Polyester Resins (UPR) and Alkyd Resins – the other two large users of PA, are also estimated to have firm demand, especially driven by expected resurgence in construction and automobile sectors. On the domestic front, the Indian economy is expected to bounce back in 2014 with a much better performance on the back of higher manufacturing and industrial growth. Looking ahead, we are confident of yet another excellent performance in the coming year.

Thank you and here's to a positive and upbeat 2014-15.

Yours sincerely

Nikunj Dhanuka

Managing Director

FINANCIAL HIGHLIGHTS

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Production (Qty)	1,28,076	1,06,662	1,15,673	1,09,147	97,870	10,6471
% of Installed Capacity	*90.76	91.86	99.62	94.00	84.29	91.70
Total Revenue (Net)	1,21,397.84	97,562.28	88,996.52	63,223.48	54,883.48	55,844.91
Total Expenses	1,14,381.08	91,365.20	84,381.56	58,734.78	48,776.60	52,190.68
Gross Profit/EBIDTA	7,016.76	6,197.08	4,614.96	4,488.70	6,106.88	3,654.23
Finance Cost	3,036.22	1,667.30	1,464.94	1,415.76	1,451.32	2,135.55
Depreciation & Amortisation	1,803.34	1,375.02	1,490.18	1,420.59	1,364.59	1,343.47
Profit before Extraordinary item & Tax	**391.35	3,154.76	1,659.84	1,652.35	3,290.97	175.21
Profit before Tax	391.35	#388.98	1,659.84	1,652.35	3,290.97	175.21
Tax Expense	78.27	81.09	330.81	329.32	559.30	42.53
Profit after Tax	313.08	307.89	1,329.03	1,323.03	2,731.67	132.68
Equity Share Capital	3,079.81	3,079.81	3,079.81	3,079.81	3,079.81	3,079.81
Net Worth	25,726.36	25,802.68	25,880.77	24,943.47	24,006.73	21,661.35
Earnings per Share of ₹ 10 each (₹)	1.02	1.00	4.32	4.30	8.87	0.43

* % of installed capacity is on the increased capacity of 1,41,110 MT on prorata basis.

** Profit before Extraordinary item & Tax is after adjustment of Exchange Loss (Net) of ₹ 1785.85 lacs.

Profit before Tax for 2012-13 is after adjustment of Depreciation for earlier years of ₹ 2765.78 lacs.

Parmeshwari Devi Dhanuka Saraswati Vidya Mandir Higher Secondary School - Vrindaban

Shyam Sundar Dhanuka Chatravas - Vrindaban

CORPORATE SOCIAL ACTIVITIES

As a responsible corporate citizen, I G Petrochemicals Limited believes in making a difference to the society. The Company has been undertaking various Corporate Social Responsibility (CSR) initiatives aimed at upliftment of underprivileged persons of the society through sustained efforts in education and healthcare.

The Company has constituted a CSR Committee to implement its CSR initiatives. It is in the process of formulating a CSR Policy which shall ensure the following:

* To identify core areas where social activities are required to be done i.e. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
* promoting education, especially among children, women, elderly, and the differently-abled and livelihood enhancement projects
* rural development projects

The Company carries out all CSR activities through Trusts formed for public charitable purpose which provide funds for medical relief to hospitals, dispensaries, naturopathy homes etc. In the field of education the Trusts support advancement and propagation of education and learning by supporting the schools, colleges, hostels and by sponsoring scholarships and prizes in commercial and technical institutions.

More than 2500 students are benefited from educational and other activities.

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

CORPORATE INFORMATION

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Shri R Chandrasekaran

AUDITORS
M/s Hariharan & Co.
Chartered Accountants
No. 133, 26th Cross
6th Block, Jayanagar
Bengaluru – 560 082.

INTERNAL AUDITORS
M/s Shyam Malpani & Associates
Chartered Accountants
307, Chartered House
297/299, Dr. Cawasji Hormasji Street
Near Marine Lines Church
Mumbai – 400 002

BANKERS
The Lakshmi Vilas Bank Ltd.
State Bank of India
YES Bank Ltd.
The Cosmos Co-operative Bank Ltd.
Andhra Bank

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

CORPORATE OFFICE
401, Raheja Centre
214, Nariman Point
Mumbai – 400 021
Tel : 30286100/132/133
Fax : 22040747
Email : igpetro@vsnl.com
Website : www.igpetro.com
CIN : L51496GA1988PLC000915

EXECUTIVE OFFICE
D/4, Jyothi Complex,
134/1, Infantry Road,
Bengaluru – 560 001.
Tel : 080 – 22868372
Fax : 080 – 22868778

FACTORY
T-2, MIDC Industrial Area
Taloja – 410 208
Maharashtra
Tel : 022-39289100/146
Fax : 022-2741 0192
Email : igpetro.talojapa@gems.vsnl.net.in

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

Notice *To the Shareholders*

NOTICE is hereby given that the 25th Annual General Meeting of the members of **I G PETROCHEMICALS LIMITED** will be held on Saturday, 26th July, 2014 at 3.00 p.m. at Hotel Mandovi, D B Bandodkar Road, Panaji, Goa – 403 001, to transact the following business : :

As Ordinary Business

1. To consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31st March 2014.
2. To appoint a Director in place of Shri M M Dhanuka (DIN 00193456) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Hariharan & Co., Chartered Accountants, Bengaluru, (Firm Registration No. 001083S) the retiring Auditors be and are hereby reappointed as 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

4. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT Shri P H Ravikumar (DIN 00280010) who was appointed as a Director of the Company with effect from 30th October, 2012 in the casual vacancy caused by the resignation of Shri Premjit Singh Marwah and who in terms of Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, and pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri P H Ravikumar be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

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

   "RESOLVED THAT pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including and statutory modification(s) or re-enactment thereof for the time being in force), Shri Rajesh Muni (DIN 00193527), Director of the Company in respect of whom the Company has received Notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49

of the Listing Agreement (including and statutory modification(s) or re-enactment thereof for the time being in force), Dr. A K A Rathi (DIN 00209505), Director of the Company in respect of whom the Company has received Notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any statutory modifications or re-enactment thereof and subject to such other approvals as may be necessary and in terms of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Shri J K Saboo as Executive Director of the Company, for a period of 3 (three) years effective from 1st April 2014 on such terms and conditions, including remuneration, as set out in the explanatory statement annexed to this notice convening the meeting with liberty to the Board of Directors to exercise its powers including the powers conferred by this resolution to alter and vary the terms and conditions of appointment and/or remuneration subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT Shri J K Saboo be and is hereby appointed as a Director liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 30,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending 31st March 2015 as approved by the Board of Directors of the Company, to be paid to M/s. Krishna S & Associates, Cost Accountants, Mumbai for conduct of the cost audit of the Company's unit at Taloja, Maharashtra, be and is hereby ratified and confirmed."

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

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date : 22nd May 2014

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

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of Companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total**

voting share capital of the Company, however, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto and forms part of the Notice.
3. The register of members and share transfer books of the Company will remain closed from Tuesday, 22nd July 2014 to Saturday, 26th July, 2014 (both days inclusive) in connection with the Annual General Meeting.
4. Members are requested to immediately intimate change of address, if any, to the Company/Registrars & Share Transfer Agents.
5. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent/the Company.
6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may send the same to the office of the Registrar and Transfer Agent of the Company.
7. In terms of Sections 205C and 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). The Company had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to the years 1995-96 and 1996-97 to IEPF of the Central Government. Shareholders are requested to ensure that they claim the interim dividend for the year 2007-2008 from the Company before transfer of the said amount to the IEPF.
8. Electronic copy of the Annual Report 2014 is being sent to the members whose email ID's are registered with the Company/ Depository Participants for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2014 is being sent in the permitted mode.
9. Electronic copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members whose email ID's are registered with the Company/Depository Participants for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Members are requested to bring their personal copy of the Annual Report to the Meeting. Corporate members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
11. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report 2014 will also be available on the Company's website www.igpetro.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
12. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal working days, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4, 5 & 6

The Board of Directors at their meeting held on 30th October, 2012 appointed Shri P H Ravikumar as an Independent Director due to the casual vacancy created by the resignation of Shri Premjit Singh Marwah who in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from a member proposing the appointment of Shri P H Ravikumar as a Director.

Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Shri P H Ravikumar, Shri Rajesh Muni and Dr. A K A Rathi as Independent Directors of the Company up to 5 (five) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019. The Company has also received notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the appointment of aforesaid Independent Directors.

The Board of Directors believe that the association of the aforementioned Independent Directors with the Company shall be beneficial to the progress of the Company and hence, the Board recommends the appoint of Shri P H Ravikumar, Shri Rajesh Muni and Dr. A K A Rathi as Independent Directors as set out in Item Nos. 4, 5 and 6 for the approval of the shareholders at the Annual General Meeting.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and such Independent Directors are independent of the management. Further, all the Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Other than the Independent Directors of the Company and their relatives, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolutions as set out in Item Nos. 4,5 and 6 of this Notice.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No. 7

Shri J K Saboo, aged 61 years, was re-appointed as the Executive Director of the Company for a period of three years from 1st April 2011. His term of appointment was valid upto 31st March 2014.

Shri J K Saboo is B.Com; LL.B. and has over three decades of experience and is efficiently managing the affairs of the Company at its Plant at Taloja, Maharashtra.

Keeping in view of his involvement and his contribution to the overall growth of the Company, the Board of Directors has vide Circular Resolution dt. 26th March 2014 and as per the recommendations of the Remuneration Committee dt. 21st March 2014 (hereinafter referred to as "the Board of Directors") approved the re-appointment of Shri J K Saboo as Executive Director for a further period of 3 (three) years effective from 1st April 2014 to 31st March 2017 subject to the approval of the members at the ensuing Annual General Meeting.

The terms proposed are as under -

1) Scope of work:

   The Executive Director shall manage the day to day affairs of the Company at Taloja, Maharashtra under the supervision of the Board of Directors.

2) Period of re-appointment: Three years from 1st April, 2014.

3) Remuneration and other terms and conditions:

I.	Salary	:	₹ 2,50,000 per month.
II.	Personal pay	:	Equivalent to two months salary per year.
III.	Perquisites	:	In addition to the aforesaid Salary and Personal Pay, the Executive Director shall be entitled to the following perquisites and are classified in 3 categories :

Category A

(a) Housing

The expenditure by the Company for hiring the furnished accommodation shall not exceed ₹ 25,000/- (Rupees Twenty Five Thousand) per month.

In case no accommodation is provided by the Company, Shri J K Saboo will be entitled to the House Rent Allowance of ₹ 25,000/- per month.

(b) Medical reimbursement

Expenses incurred by him and his family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of three years.

(c) Leave travel concession

For self and family once in a year in accordance with the rules of the Company.

(d) Leave

Earned leave with full pay and allowance as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure as per the rules of the Company will be allowed.

(e) Club fees

Subject to a maximum of two clubs. No life membership fee will be paid by the Company.

(f) Insurance

Cost of insurance in respect of mediclaim policy for self and family and Personal accident insurance shall be borne by the Company.

Category B

Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company. Gratuity payable shall not exceed half month's salary for each completed year of service.

Category C

Provision for use of car and telephone as per the Company rules.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Executive Director, he may be paid remuneration by way of salary and perquisites not exceeding the maximum limits as specified above as minimum remuneration.

Memorandum of Interest

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the above matter, except Shri J K Saboo and his relatives to the extent of the proposed contract of his re-appointment.

He shall not be entitled to any sitting fee for attending any meeting of Board of Directors or any committee thereof. However he shall be liable to retire by rotation.

The resolution and explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board of Directors recommends the resolution for your approval.

Item No. 8

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a Cost Accountant in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on 22nd May 2014, the Board has considered and approved appointment of M/s. Krishna S & Associates, Cost Accountants, Mumbai, for conduct of the Cost Audit of the Company's Phthalic Anhydride manufacturing Unit at Taloja, Maharashtra at a remuneration of ₹ 30,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending 31st March, 2015.

The Ordinary Resolution at Item No. 8 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the aforesaid resolution.

The Board of Directors recommends the resolution for your approval.

Details of Directors seeking Appointment/Re-appointment as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

Name of the Director	Shri M M Dhanuka	Shri P H Ravikumar
Date of Birth	17th April, 1948	20th July, 1951
Date of Appointment on the Board	Since incorporation	30th October, 2012
Qualifications	B.E. (Chem).	B.Com., CAIIB, ACIB (Lond.), FCISI (Lond.) (Hon.)
Expertise	Industrialist having vast knowledge in technical and marketing fields.	Financial sector professional having vast experience in corporate banking functions, treasury, retail, agri business verticles and also associated with Commodity and Derivatives exchanges.
Directorship held in other Public Companies (excluding foreign and private Companies)	Mysore Petro Chemicals Limited	1. SKS Microfinance Ltd. 2. Bharat Forge Ltd. 3. Eveready Industries Ltd. 4. McNally Bharat Engineering Co. Ltd. 5. SICOM Investments & Finance Ltd. 6. Vastu Housing Finance Corpn. Ltd. 7. BOB Capital Markets Ltd. 8. L&T Investment Management Co. Ltd.
Chairmanships/Memberships of Committees across	**Member – Stakeholders Relationship Committee** Mysore Petro Chemicals Ltd.	**Chairman – Audit Committee** SKS Microfinance Ltd. Eveready Industries Ltd. **Chairman – Shareholders/Investors Grievance Committee** SKS Microfinance Ltd. **Member – Audit Committee** Bharat Forge Ltd. L&T Investment Management Co. Ltd. SICOM Investment & Finance Ltd. BOB Capital Markets Ltd. **Member – Remuneration Committee** SKS Microfinance Ltd. Eveready Industries Ltd.
Shareholding of Directors	104904 shares	Nil
Relationship between directors inter-se	Nil	Nil

Name of the Director	Shri Rajesh Muni	Dr. A K A Rathi
Date of Birth	23rd December, 1951	6th January,1950
Date of Appointment on the Board	30th April, 2002	28th July, 2009
Qualifications	B.Com.(Hon.), F.C.A.	M.E. (Chem.), Ph.D (Chem.)
Expertise	Practicing Chartered Accountant with vast knowledge in Accounting and taxation matters.	Worked in the Industries Department as Chief Technical Advisor and as Director (Environment) in the forest and Environment Department in the Goverenmnet of Gujrat. He is also a visiting Professor to various Engineering and Management Colleges.
Directorship held in other Public Companies (excluding foreign and private Companies)	Nil	Nil
Chairmanships/Memberships of Committees across	Nil	Nil
Shareholding of Directors	5500 shares	Nil
Relationship between directors inter-se	Nil	Nil

Name of the Director	Shri J K Saboo
Date of Birth	18th January, 1952
Date of Appointment on the Board	1st July, 1998
Qualifications	B.Com; LL.B.
Expertise	In charge of Plant activities at Taloja, Maharashtra including liasioning with various Government departments.
Directorship held in other Public Companies (excluding foreign and private Companies)	1. Seasky Investments Ltd. 2. Ellenbarrie Steels & Allied Industries Ltd.
Chairmanships / Memberships of Committees across	Nil
Shareholding of Directors	1200 shares
Relationship between directors inter-se	Nil

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

R Chandrasekaran
Chief Financial Officer & Secretary

Place : Mumbai
Date :22nd May 2014

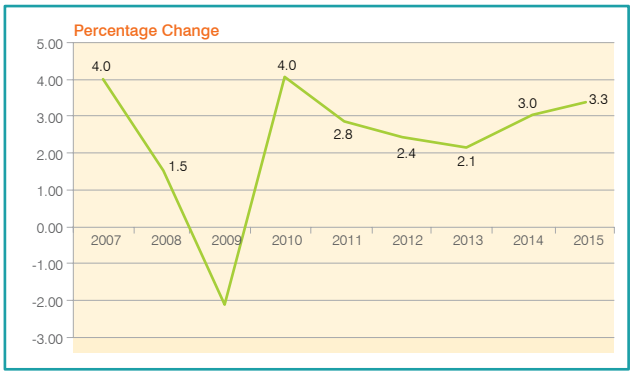
Registered Office
T-10, 3rd Floor, Jairam Complex
Mala, Neugi Nagar
Panaji, Goa – 403 001.

Management Discussion and Analysis

Economic Overview

2013 was another year of challenges for all major economic regions across the world. Growth continued to remain subdued over most developed economies and was much less than the desired forecasts and estimates. According to the IMF's World Economic Outlook published in the month of April 2014, the world output grew at a moderate 3.0 per cent in 2013 compared to 3.2 per cent in the year 2012.

Growth of world gross product, 2007-2015[a]



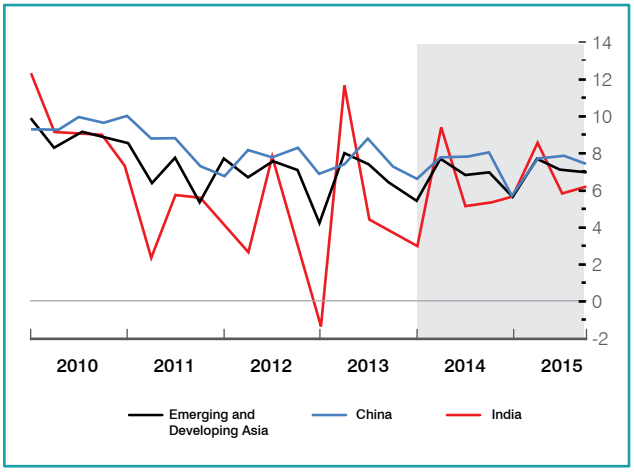
Source: UN/DESA.
[a] Growth rate for 2013 is partially estimated. Estimates for 2013 and 2015 are forecast.

Among the developed economies, the USA, which is the largest economy in the world, suffered a setback compared to its robust growth in the year 2012. In the year 2013, GDP in USA grew by a mere 1.9 per cent compared to a much higher 2.8 per cent in the previous year. This slowdown in growth in the US economy was largely attributable to the political deadlock over policies and fiscal tightening.

In the Euro area, there were finally some positive signs as the region came out of protracted recession during 2013. However, the sceptre of debt continues to loom large with 12 out of 17 countries still under Excessive Deficit Procedure.

In the key emerging economies of China and India, both countries had to face strong headwinds, although these were of a different nature in each of these countries. In China, growth continued to slow down due to falling export demand. However, on an overall basis, the Chinese economy still managed to grow at 7.7 per cent during 2013, which is similar to the 7.7 per cent growth it achieved in 2012. Though this growth seems low compared to the double digit growth the Chinese economy has been used to, in the larger context of all other major economies of growth in the world, is still very impressive.

Emerging and Developing Asia



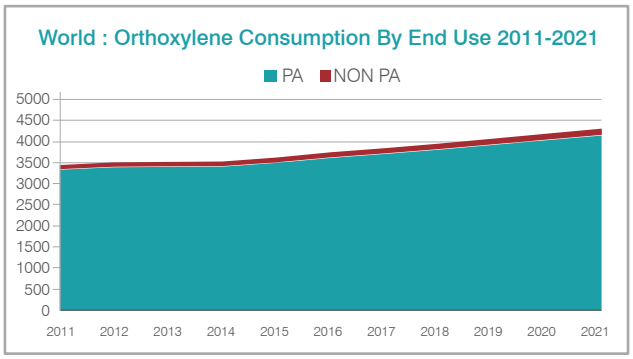
In India, the year 2013 was a year that saw a modest recovery with the GDP growing at 4.5 per cent for the calendar year 2013. Growth picked up during the second half of the year in line with improved sentiments across major economies of the world. This helped improve GDP growth to 4.7 per cent for the fiscal year 2013-14, moderately better than the 4.5 per cent growth achieved in the previous fiscal year.

Key issues that weighed down growth in the Indian economy were nagging inflation and a weakening currency. Both these issues forced the central bank to keep monetary policy tight and interest rates high throughout the year, resulting in high

input costs as well as high costs of finance all through the year. The Indian rupee plummeted to a low of 68.85 in the month of August 2013, driven by alarming current account deficit. Interestingly, in the month of April 2014, India overtook Japan as the world's third largest economy in terms of Purchasing Power Parity (PPP).

Industry Overview

Phthalic Anhydride (PA) is a downstream product of Orthoxylene (OX) a basic petrochemical. OX is clear and colourless at room temperatures and is used as a feedstock for the production of PA. Almost 97 per cent of all OX produced is used for making PA, and therefore, the demand for OX is strongly linked to the demand for PA. The total world production of OX is about 3.5 million tonnes of which almost 3.4 million tonnes is used for production of PA.



PA is a basic raw material that is used as an intermediate for the production of Plasticizers, Unsaturated Polyester Resins, Alkyd Resins and polyols. PA also has many other applications. In terms of usage, plasticizers account for nearly 55 per cent of all PA, followed by unsaturated polyester resins that account for almost 20 per cent of PA usage.

China is the largest producer of PA in the world accounting for 35 per cent global PA production. In 2013, China produced 1.95 million tonnes of OX based PA, closely followed by Western Europe at 834,000 metric tonnes.

The world demand for PA is estimated to be in the region of 3.4 million metric tonnes per year, and is expected to grow at 3 per cent annually.

PA Industry in India

India features low in terms of production and usage of PA, but is one of the fastest growing geographies in the PA space. The total domestic demand for PA is estimated to be 280,000 metric tonnes per year, which is largely concentrated around the western part of the country where most of the end-users of PA are located. It is estimated that almost 80 per cent of PA demand is attributed to western India which accounts for nearly 224,000 metric tonnes of consumption of PA in the country.

PA is used by a variety of end-users in India for an almost endless array of applications. These range from paints, PVC, construction, textile dyes, pigments and inks, leisure boats, pipes and transportation. All these end-user industries of PA are experiencing robust growth, driven by long-term and strong consumption story in the country.

Company Profile

IG Petrochemicals Limited is part of the HP Dhanuka Group of companies who are old and reputed players in the petrochemicals industry. The Company started in 1988 and has completed 25 years in 2013, which was celebrated as a silver jubilee year.

The Company has its plant located at Taloja, near Mumbai in Maharashtra. The year 2013 was a significant year for the Company as it completed its expansion of its plant in the month of September 2013. This expansion, named PA-3, began in 2011 and was completed in 2013 without any cost or time over-runs. After the completion of PA-3, IG Petrochemicals has emerged as one of the largest producer of PA in the world with a capacity of 1,66,110 metric tonnes per year.

Besides being the largest producer of PA in India, the Company also enjoys excellent and strong competitive advantages :

1. Location Advantage

The manufacturing plant of the Company is located at Taloja, about 50 kms. from the commercial capital of the country – Mumbai.

The location of the plant has several distinct advantages:

a) Procurement
Almost 70 per cent of the raw material used for the production of PA is produced and procured by the Company from the largest petroleum refinery in the country, which is located in the neighbouring state of Gujarat. This close proximity gives the Company tremendous advantages in terms of costs of transportation as well as time.

b) Reach to Customers
Western India accounts for nearly 80 per cent of

all PA consumption in the country due to a high concentration of end-user industries in the region. As the plant of the Company is also located at Taloja near Mumbai, with excellent road and rail links, this provides a compelling advantage to its customers who do not have to incur additional transport costs, coupled with less delivery time.

2. Leveraging Economies

With the expansion of PA-3, the Company is able to fully leverage economies of size, scale and scope, which has resulted in the Company having unbeatable advantages in cost of PA.

3. Assured Quality of Products

The Company has one of the most stringent Quality Control norms and is committed to providing the best in class quality to its customers through both world-class products as well as top-class service.

The Company has adopted and implemented ISO 9000:2000 Quality Management Systems with a view to ensure strict compliance of process at its plant. The Company also has ISO 9001 certification as well as ISO 14001:2004 by Bureau Veritas. The plant of the Company has six-sigma system to ensure quality control and has also implemented ERP system across the organisation for better utilisation and planning of its resources.

Opportunities and Outlook

The long-term Indian growth story is robust and intact. While there has been a minor slowdown in the economy due to macro factors, the larger picture is still promising and positive. The recent elections have resulted in a stable government at the centre which has revived confidence amongst both domestic as well as overseas investors. The new government is expected to push many reforms and policies, particularly in the infrastructure segment, and this is likely to have a positive impact in the economy. According to RBI estimates, the Indian GDP is expected to register a growth of between 5 and 6 per cent in the year 2014-15. Since PA is used by a wide range of industries and in a still wider array of applications ranging from industrial to consumer goods, the outlook for the PA industry remains firm and optimistic.

Risks and Concerns

The PA industry is closely linked to the fortunes of the petrochemicals industry, and therefore, is correlated to any risk that arises in and accrues from the petrochemicals industry. In case of any major fluctuations in global prices of crude oil, or in case of any disruptions in the supply of crude oil, there is bound to be an effect on the business of the Company. Besides this, the risks of economic slowdown, governmental policies, and exchange rate fluctuations are some of the more regular risks that are faced by every industry. All these macro and industry specific risks are regularly analysed and assessed by the Board of Directors who take appropriate and adequate corrective measures to ensure these risks are either entirely mitigated or their impact is minimised.

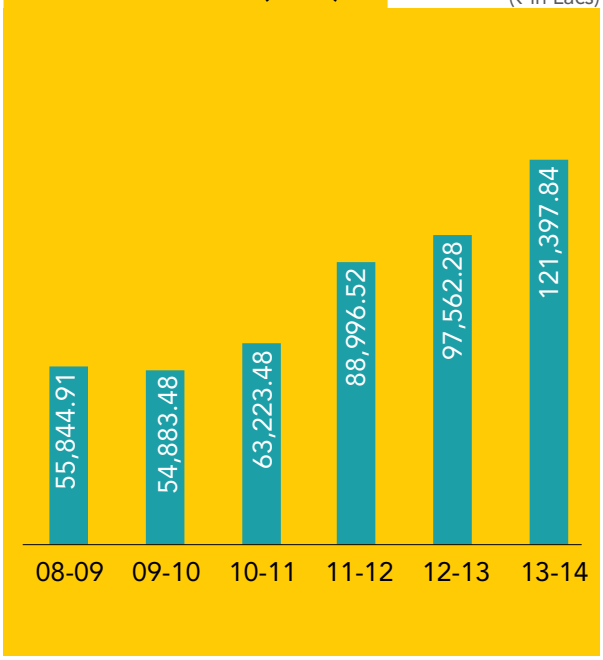
Financial Performance

₹ in Lacs

Particulars	2013-2014	2012-2013
Revenue from Operations (Gross)	132,153.75	106,718.64
Revenue from Operations (Net)	120,429.59	97,033.91
Profit before extraordinary item & tax	2,177.20	3,154.76
Exceptional item – Exchange Loss (Net)	1,785.85	—
Extraordinary item – Depreciation relating to earlier years	—	2,765.78
Tax Expense – Current Tax Net (MAT)	78.27	79.68
Tax provision for earlier years	—	1.41
Profit for the year after extraordinary item & Tax	313.08	307.89

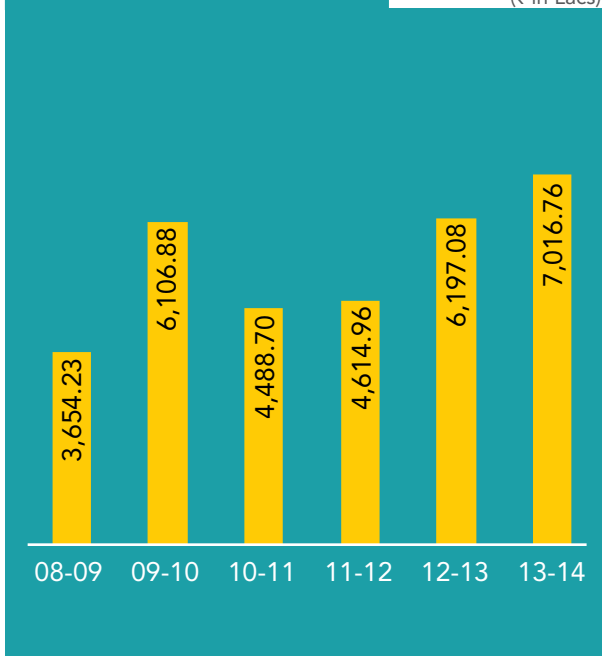
Total Revenue (Net)

(₹ in Lacs)



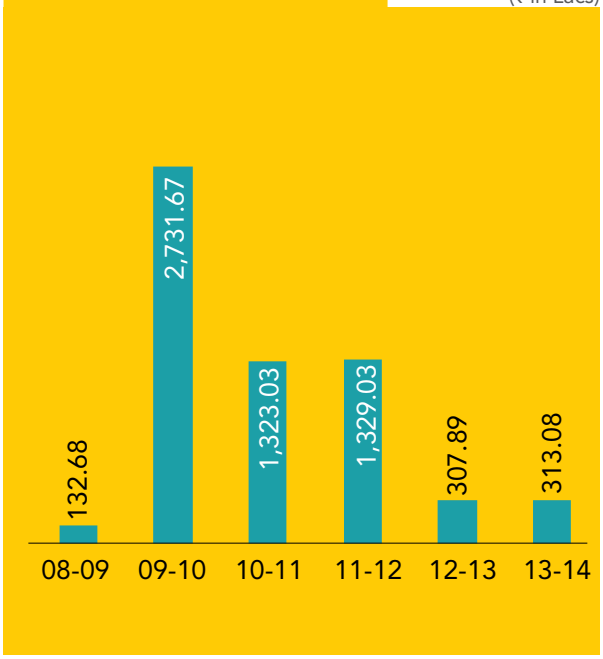
Gross Profit /EBIDTA

(₹ in Lacs)



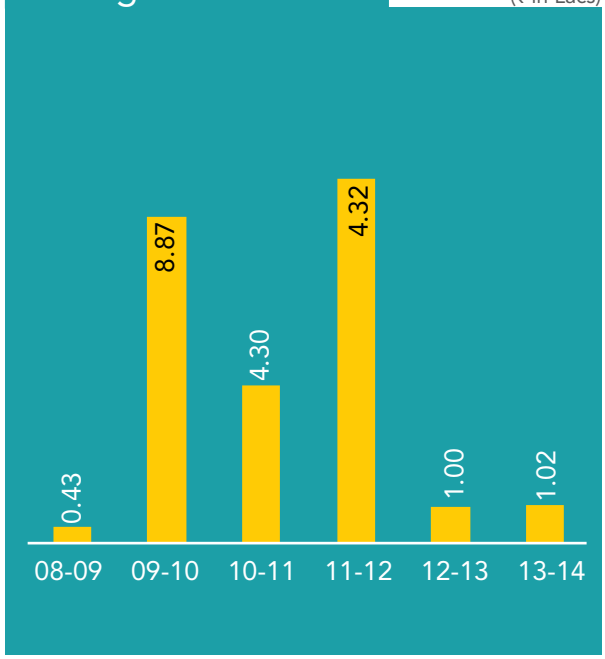
Profit After Tax

(₹ in Lacs)



Earning Per Share

(₹ in Lacs)



Internal Control Systems and their adequacy

The Company has adequate internal control systems commensurate with its size and the industry. All processes and systems are well-defined and well-documented in the form of Standard Operating Processes (SOP). The Company strictly complies of all rules, laws, and statutes of the land. All business transactions are properly recorded and are in total compliance and conformity with accounting principles and processes. The Company also regularly monitors all expenses and ensures these are strictly within the allocated budgetary limits. The strict Code of Conduct lays down clear guidelines to be followed by employees of the Company and business associates in their day to day activities. There are regular internal audits conducted through an internal audit programme that check and correct any discrepancy or non-adherence or non-compliance with set and defined norms. The Senior management of the Company supervises the internal audit programme.

Material Developments in HR

The Company believes that through its strong set of values and cohesive work-culture, the employees will be able to achieve their potential not only on the professional level, but also in their personal lives. The plant of the Company has all safety features to ensure its workers can work in a safe and secure environment. Health of its employees is paramount to the Company. The Company regularly organises workshops and trainings at all levels to ensure that its employees have the best-in-class skills, and that these are always upgraded.

Cautionary Statement

This report contains statements that are "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Company's future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Company undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

Directors' Report

To

The Members

Your Directors hereby present the Twenty Fifth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2014:

1. FINANCIAL RESULTS

₹ in Lacs

	2013-2014	2012-2013
Revenue from Operations (Gross)	132,153.75	106,718.64
Less: Excise duty	11,724.16	9,684.73
Revenue from Operations (Net)	120,429.59	97,033.91
Other Income	968.25	528.37
Total Revenue	121,397.84	97,562.28
Gross Profit	7,016.76	6,197.08
Less:		
Finance Cost	3,036.22	1,667.29
Depreciation and Amortisation Expenses	1,803.34	1,375.02
Profit/(Loss) before exceptional item & Tax	2,177.20	3,154.76
Exceptional Item – Exchange Loss (Net)	1,785.85	—
Profit/(Loss) before extraordinary item & Tax	391.35	3,154.76
Extraordinary item – Depreciation relating to earlier years	—	2,765.78
Profit before Tax	391.35	388.98
Tax Expenses:		
Current Tax Net (MAT)	78.27	79.68
Tax provision for earlier year	—	1.41
Profit for the year	313.08	307.89
Balance brought forward from previous year	17,694.62	17,386.73
Profit available for appropriation	18,007.70	17,694.62

2. DIVIDEND

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

3. OPERATIONAL REVIEW

The expansion project of 50,000 MT. was completed during September 2013 thereby increasing the total production capacity to 1,66,110 MT. The Company delivered sustainable performance and achieved a production of 1,28,076 MT. for the year 2013-2014 as compared to 1,06,662 MT. during the previous year 2012-2013. The production was marginally lower due to closure of one of its Plant for change of Catalyst. The Net Sales Turnover from operations was ₹ 120,429.59 Lacs as against ₹ 97,033.91 Lacs for the previous year 2012 -2013, an increase of 24.11 % over the previous year. Net Profit during the year was ₹ 313.08 Lacs as against ₹ 307.89 Lacs during the previous year 2012-2013.

The operating margins were stable during most part of the year. However due to significant movement and volatility in value of Indian Rupee against US Dollar the Company suffered foreign exchange loss to the tune of ₹ 1,785.85 Lacs which

affected the performance and profitability of the Company. The crude oil prices remained high during the first three quarters due to which the raw material prices were high. However the last quarter witnessed easing of raw material prices due to which the margins were better and are expected to remain so.

In view of the increased production due to expansion, the Company has increased the export sales which helps in hedging the volatility of the Rupee. The international markets are gradually picking up and the realizations are better compared to the previous years.

The Company continues to avail the Working Capital limits from various banks of around ₹ 288 crores (both fund based and non-fund based) during the year (Previous year ₹ 170 crores). The Company has also availed Rupee Term Loan of ₹ 65 crores (Previous year ₹ 41 crores) from Banks and External Commercial Borrowings (ECB) of EURO 11.329 million (Previous year EURO 10.140 million) as project finance to fund the PA-3 project which was completed during September 2013.

4. CONTRIBUTION TO THE EXCHEQUER

The Company has contributed ₹ 17475.26 Lacs to the Central and State Exchequer by way of Excise Duty, Sales Tax (including Surcharge), Income Tax, Wealth Tax, Professional Tax and Customs Duty.

5. OPPORTUNITIES, CONCERNS AND FUTURE OUTLOOK

The global economic slowdown that started a few years ago increased the complexity and volatility in the environment. Even though the Indian economy was able to sustain the growth momentum during that year, the stress on the economy had started to show during 2011. In subsequent years the growth rate for GDP continued to slide even lower. Various factors, both internal and external have contributed to this including the political environment, high fiscal deficit, consistently high inflation, and volatility in currency.

The environment continued to remain challenging during the year. Despite a good monsoon the manufacturing indices declined. Commodity prices continued peaking with food inflation hitting all time highs, resulting in high overall inflation, Rupee depreciated significantly before reviving a little, and the consumer sentiment remained subdued as well. These are the areas of serious concern but the general consensus remains optimistic about long term growth. The Government and the Reserve Bank managed to control the exchange rate fluctuation to some extent with appropriate monetary and fiscal policies during the latter part of the year. The economic potential of India remains promising. The current state of economic and social turmoil in the country indicates a desire for balanced growth. We hope that the transformation will lead to greater stability and future growth, thereby strengthening and unlocking India's economic potential.

The business operations of the Company are susceptible to risks which are inherent to any petrochemical business as well as to those inherent to international operations. Apart from these, there is always an exposure to general commercial risks which accrue to any commercial organization. The PA industry in particular continues to remain under severe pricing pressures, high raw material costs, volatility in demand and supply, government policies, exchange rate risk, increase in dumping of PA into the country 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 risk involved.

The Company's expansion project of 50,000 MT. was completed during the year and commercial production commenced during September 2013. In view of the same the Company is the largest producer of PA in India and one of the largest in the world. Due to the integration of three units at one place by optimum utilization of existing facilities and the advantages of economies of scale, the Company would be one of the lowest cost producers of PA in the world. In view of the increased production and reduction in costs the performance of the Company will improve in the years to come.

The Company is exploring to add certain value added products to captively utilize the large production capacities to de-risk the existing business and fuel growth.

6. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 the Company has constituted the Corporate Social Responsibility (CSR) Committee of Directors comprising of Shri Rajesh Muni (Independent Director) as Chairman and Shri M M Dhanuka and Shri J K Saboo as other Members.

The terms of reference:

The Company's CSR Policy shall ensure the following -

a) To identify core areas where social activities are required to be done i.e. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

b) promoting education among children, women, elderly, and the differently abled and livelihood enhancement projects.

c) rural development projects.

7. LISTING OF SHARES

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

8. ISO 9001 : (2008) AND ISO 14001 (2004) CERTIFICATIONS

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

9. DIRECTORS

Shri M M Dhanuka retires by rotation and being eligible has offered himself for reappointment.

Shri P H Ravikumar was co-opted on the Board w.e.f. 30th October 2012 due to the casual vacancy created by resignation of Shri Premjit Singh Marwah. In terms of Section 161 of the Companies Act, 2013, Shri P H Ravikumar would have held office up to the date of the ensuing Annual General Meeting and accordingly, the term of Shri P H Ravikumar as a Director appointed in casual vacancy will expire at the ensuing Annual General Meeting. Shri P H Ravikumar is being appointed as the Director of your Company at the ensuing Annual General Meeting.

In terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent directors can hold office for a term of up to five (5) consecutive years on the Board of your Company and are not liable to retire by rotation. Accordingly, it is proposed to appoint Shri P H Ravikumar, Shri Rajesh Muni and Dr. A K A Rathi as Independent Directors of your Company up to five (5) consecutive years for the term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Shri J K Saboo, Executive Director is being re-appointed for a further period of three (3) years in the forthcoming Annual General Meeting of the Company.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, all the applicable accounting standards have been followed and no material departures have been made from the same;

b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at

the end of the financial year ended 31st March 2014 and of the profit of the Company for that year;

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

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

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

12. PARTICULARS OF EMPLOYEES

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

13. CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance, along with Auditors' Certificate on its compliance, forms a part of this Annual Report.

14. AUDITORS AND AUDITOR'S REPORT

The Company's Auditors, M/s. Hariharan & Company, Chartered Accountants, Bengaluru (Firm's Registration No.001083S) retire at the ensuing Annual General Meeting and are eligible for reappointment for the financial year 2014-15. As per the requirement of Section 139 of the Companies Act, 2013 the Company has obtained written confirmation from M/s. Hariharan & Company that their appointment, if made, would be in conformity with the limits specified in the said Section. Your Directors commend their appointment for the ensuing year.

Observations made in para 'Basis for qualified opinion' has been dealt with in Note 5(4) – Fixed Assets and Note 30(b) – Exceptional Item.

15. COST AUDITORS

As per the requirements with the Central Government and pursuant to the provisions of section 233B of the Companies Act, 1956 your Company has been carrying out an audit of cost records relating to Phthalic Anhydride.

The Company has appointed M/s. Krishna S & Associates, Cost Accountants, Mumbai, as Cost Auditors to audit the cost accounts of the Company for the financial year 2014-15.

The Cost Audit Report for the financial year 2012-13 was filed with the Ministry of Corporate Affairs on 27th September 2013.

16. ACKNOWLEDGEMENT

The Board expresses its sincere gratitude to the shareholders, Bankers, State and Central Government authorities and the valued customers for their continued support. The Board also wholeheartedly acknowledges and appreciates the dedicated efforts and commitment of all employees of the Company.

For and on behalf of the Board

M M Dhanuka
Chairman

Place : Mumbai
Date : 22nd May 2014

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report to the members for the year ended 31st March 2014.

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

1. 50 bar steam is used in PA-1 & PA-2 distillation in addition to energy supplied by thermic fluid heaters as additional source of heat energy for distillation sections & thus reducing specific consumption of FO per ton of Phthalic Anhydride processed.
2. M/s. TUV carried out energy audit after integration of all three PA plants & recommendations which are medium/ short term pay back had been implemented.
   a) Motors operating less than 50% load had been converted from delta to star & power saving is about 20kwh.
   b) Oxygen analyzer installed in PA-1/2 for monitoring oxygen level in fluid gas from thermic fluid heaters & thereby controlling combustion air to ensure optimum excess air is used for reducing loss of energy & better combustion of residues.
   c) Thermal images taken at various equipment & pipe lines in the plant & based on thermal image, thermal insulation has been improved to reduce radiation loss.
   d) Steam traps functioning survey had been carried out & list of traps which were not functioning were serviced/ replaced with high performance traps.
   e) PA-3 cooling water pumps are having higher head & thus new impeller with reduced diameter is being procured so as to save power by 40kwh.
   f) During routine maintenance smaller issues are also attended in time like replacement of damaged/missing bands. Thus not allowing further damage to the insulation system.
3. Steam leaks are being attended to prevent losses by carrying out related necessary actions.
4. Condensate recovery system is being contemplated to recover the possible condensate to reduce any additional load on De-mineralised (DM) plant that generates DM water.
5. Predictive and preventive maintenance jobs are carried out by which energy is saved.

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

Energy audit is being contemplated to asses the possible other sources for improving energy efficiency.

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

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

d) (i) Total energy consumption and energy consumption per unit of production:
Power & Fuel Consumption

	2013-2014	2012-2013
1. Electricity		
a. Purchased (Units)	538,180	262,720
Rate / Unit (₹)	8.08	8.71
b. Own Generation		
i. Through Diesel Generator	1,111,400	477,280
Units per Ltr. of Diesel Oil	3.93	3.61
Cost / Unit (₹)	16.30	14.84
ii. Through Steam Turbine	34,204,815	27,846,720
Generator (Units)	—	—
Units per Ltr. of Fuel/Oil/Gas	—	—
2. Coal is not used in manufacturing process	—	—
3. Furnace Oil quantity (MT)	6,809	5,248
Total Amount (₹)	284,696,583	215,135,624
Average Rate / MT (₹)	41,812	40,992
4. Other/Internal Generation	—	—

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

Phthalic Anhydride	Standard		
Electricity – Units	Not Specified	266	268
Furnace Oil – Litres	Not Specified	50	49

B) TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific area in which R&D carried out by the Company:
   The Company is conducting its R&D activities for developing the process of Phthalic Anhydride downstream value added products.
2. Benefits derived as a result of above R&D:
   Benefits in terms of better quality and increased productivity.
3. Future plan of action:
   All the efforts are being continued in the direction of product/process development as mentioned above.
4. Expenditure incurred on R&D:
   The Company has incurred expenditure to an extent of ₹ 33.01 Lacs.

   Total R&D expenses as a % of turnover : 0.03%

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	2013-2014	2012-2013
Total Foreign Exchange Earnings	18,649.01	10,989.70
Total Foreign Exchange Outgo	31,006.70	26,687.49

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to secure information on the performance of the Company. The Company's business objective and that of its management and employees is to manufacture products of highest standard so as to maximise the long term value to the shareholders, employees, business partners of the Company.

The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

Composition and size of the Board

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

BOARD MEETINGS AND ATTENDANCE

During the financial year under review, four Board meetings were held i.e. on 20th May 2013, 12th August 2013, 12th November 2013 and 13th February 2014.

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 the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the AGM held on 27th July 2013	Number of Directorship in other Companies (excluding Directorship in foreign & private Companies)	Number of Committee positions held in other Companies	
					Chairman	Member
Shri M M Dhanuka Chairman	Non-Executive Director	4	No	1	—	1
Shri Nikunj Dhanuka Managing Director	Executive Director	4	No	1	—	—
Shri Rajesh Muni	Independent & Non-Executive Director	4	Yes	—	—	—
Dr. A K A Rathi	Independent & Non-Executive Director	3	Yes	—	—	—
Shri P H Ravikumar	Independent & Non-Executive Director	3	No	8	3	7
Shri J K Saboo	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.

Shareholding of Directors :

Shareholding of Non-Executive Directors as on 31st March 2014 are as under :

Name	No. of ordinary shares held	% of Paid-up Capital
Shri M M Dhanuka	104904	0.34
Shri Rajesh R Muni	5500	0.02
Dr. A K A Rathi	—	—
Shri P H Ravikumar	—	—

CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the Certificate from Shri Nikunj Dhanuka, Managing Director & CEO and Shri R Chandrasekaran, Chief Financial Officer & Secretary was placed before the Board of Directors at their meeting held on 22nd May 2014.

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 2013-2014. The text of the declaration signed by the Managing Director (CEO) confirming compliance of Code of Conduct forms part of this report.

AUDIT COMMITTEE

Terms of Reference :

i. To oversee Company's financial reporting/financial information/financial statements.

ii. To review with management the Annual Financial Statement before submission to Board, focusing primarily on changes in accounting policies and practices.

iii. To look into compliance with Stock Exchange and legal requirements concerning financial statements.

iv. To review the external and internal management systems and internal control systems.

v. To discuss with the Auditors periodically about internal control system, the scope of audit including the observations of the Auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control system.

The Audit Committee comprises mainly of Independent Directors and their meetings were held on 20th May 2013, 12th August 2013, 12th November 2013 and 13th February 2014.

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

Name of the Director	Position	Category	No. of Meetings	
			Held	Attended
Shri Rajesh Muni	Chairman	Independent & Non-Executive Director	4	4
Shri M M Dhanuka	Member	Non-Executive Director	4	4
Dr. A K A Rathi	Member	Independent & Non-Executive Director	4	3
Shri P H Ravikumar	Member	Independent & Non-Executive Director	4	3

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 Rajesh Muni was present at the last Annual General Meeting of the Company held on 27th July 2013.

NOMINATION AND REMUNERATION COMMITTEE

In the Board Meeting held on 22nd, May, 2014 the nomenclature of Remuneration Committee was changed to Nomination & Remuneration Committee pursuant to Section 178 of the Companies Act, 2013.

Composition, Number of meetings and Attendance :

The Nomination and 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 Nomination and Remuneration Committee comprises of four members out of which three are Independent Directors. Shri Rajesh Muni is the Chairman and Shri M M Dhanuka, Dr. A K A Rathi and Shri P H Ravikumar are other members.

Terms of Reference:

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

Name of the Director	Position	Category	Held on 21.3.2014 & Attended
Shri Rajesh Muni	Chairman	Independent & Non-Executive Director	Yes
Shri M M Dhanuka	Member	Non-Executive Director	Yes
Dr. A K A Rathi	Member	Independent & Non-Executive Director	Yes
Shri P H Ravikumar	Member	Independent & Non-Executive Director	Yes

The Chairman of the Nomination and Remuneration Committee Shri Rajesh Muni was present at the last Annual General Meeting held on 27th July 2013.

Remuneration Policy

The remuneration of the Managing/Executive Directors / Key Managerial Personnel is decided by the Nomination and 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 Nomination and Remuneration Committee and approved by the Board and shareholders at the General Meetings.

Non-Executive and Independent Directors were paid sitting fees of ₹ 10,000/- each for Board / Audit Committee meetings and ₹ 5,000/- each for Shareholders / Investors Grievance Committee and Remuneration Committee meetings.

The details of the remuneration paid to all the Directors during the year 2013-2014 is given below :

Name of the Director	Designation	Remuneration	Sitting fees	Total
Shri M M Dhanuka	Chairman	—	95,000.00	95,000.00
Shri Nikunj Dhanuka	Managing Director	53,70,941.00	—	53,70,941.00
Shri J K Saboo	Executive Director	34,68,226.00	—	34,68,226.00
Shri Rajesh R Muni	Director	—	95,000.00	95,000.00
Dr. A K A Rathi	Director	—	75,000.00	75,000.00
Shri P H Ravikumar	Director	—	65,000.00	65,000.00

STAKEHOLDERS RELATIONSHIP COMMITTEE

In the Board Meeting held on 22nd May 2014, the nomenclature of Shareholders/Investors Grievance Committee was changed to Stakeholders Relationship Committee pursuant to Section 178 of the Companies Act, 2013.

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

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

MEETING & ATTENDANCE

Name of Director	Position	Category	Held on 20.05.2013 & 12.11.2013 & Attended
Shri Rajesh Muni	Chairman	Non-Executive & Independent Director	Yes
Shri M M Dhanuka	Member	Executive Director	Yes
Shri Nikunj Dhanuka	Member	Executive Director	Yes
Dr. A K A Rathi	Member	Non-Executive & Independent Director	Yes

Name and Designation of the Compliance Officer :

Shri. R Chandrasekaran
Chief Financial Officer & Secretary
401, Raheja Centre
214 Nariman Point
Mumbai – 400 021.
Tel.: (91) 022-30286100
Fax : (91) 022-22040747
Email : igpetro@vsnl.com

The company had received 89 letters from shareholders including 7 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
27.7.2013	2013	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	3.00 p.m.
28.7.2012	2012	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	3.00 p.m.
24.9.2011	2011	Annual General Meeting	Hotel Mandovi, D B Bandodkar Road, Panaji, Goa	3.00 p.m.

  No Extraordinary General Meeting was held during the year 2013-2014.

  One Postal Ballot was conducted during February 2014 for consent to borrow and create mortgage on the properties of the Company u/s. 180(1)(c) and 180(1)(a) of the Companies Act, 2013 upto a limit of ₹ 1000 crores. The results were declared on 9th April, 2014.

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. 25 of Notes on Financial Statements in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the previous three financial years.
- The Board members and senior management personnel of the Company have affirmed their compliance with the code and a declaration signed by the Managing Director and CEO within the meaning of Clause 49-V of the Listing Agreement forms part of this report.
- Qualification in the Auditors' Report for the year ended 31st March 2014 is invited to Note No. 4 of Fixed Assets Schedule of the financial statements wherein, the company continued to provide the Depreciation on the Plant and Equipments installed in Phthalic Anhydride Plant-2 with effect from 01.04.2006 on Staight Line method based on balance useful life of the Assets as determined by an approved valuer which is higher as compared to schedule XIV of the Companies Act 1956. Had the depreciation been provided on Stright Line method based on the rates specified in Schedule XIV of the Companies Act 1956, the depreciation charged for the year would have been higher by ₹ 280.19 Lacs and accumulated depreciation would have been higher by ₹ 2,111.10 Lacs (Previous year ₹ 1,830.91 Lacs) with its equivalent impact on the profits for the year and accumulated reserves

MEANS OF COMMUNICATION

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

GENERAL SHAREHOLDERS INFORMATION

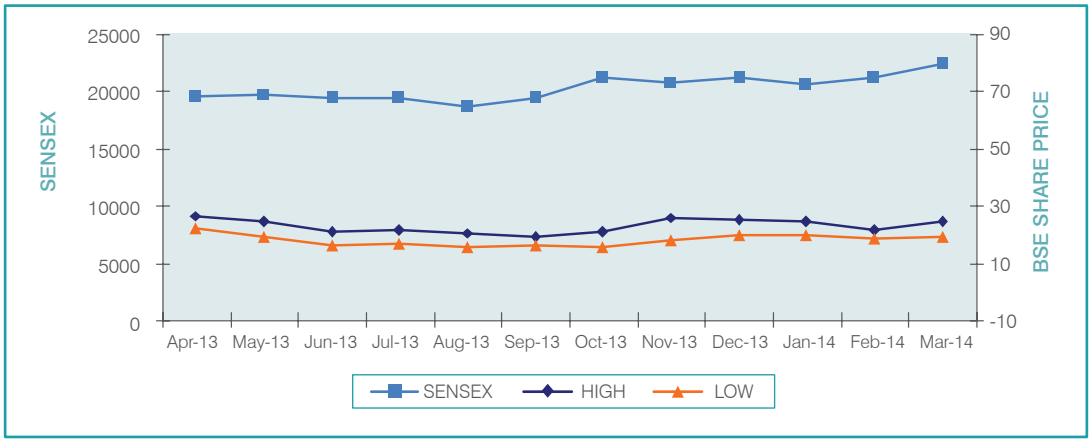
Annual General Meeting Date, Time and Venue.	Saturday, 26th July 2014 at 3.00 p.m. at Hotel Mandovi, D. B. Bandodkar Road, Panaji, Goa - 403 001
Date **of** Book Closure	The share transfer books and the Register of Members will be closed from Tuesday, 22nd July 2014 to Saturday, 26th July 2014 (both 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 2013-2014.
Stock Exchange Listing	Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange (NSE). The listing fees payable to BSE & NSE for 2014-2015 have been paid in full by the Company.
Stock Code	500199 on BSE and IGPL on NSE.
ISIN Code	INE 204A01010
Share Transfer System	Being done by the Registrars & Transfer Agents in compliance of the provisions in this regard.
Dematerialisation of share	92.30 % of the shares have been dematerialised by the members as on 31.3.2014
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 – Mrs. Flavia D'souza / Ms. Ujata Pokharkar Tel No.: (91) 022-40430200/40430210 | Fax No.: (91) 022-28475207 E-mail : info@bigshareonline.com
Website	The website of the Company www.igpetro.com contains information about the business activities of the Company and the financial results of the Company.

Dedicated e-mail for Investors	To enable investors to register their grievances, the Company has designated an exclusive e-mail id viz. igpl.complaints@igpetro.com. All investors are requested to avail this facility.
Corporate Office	**I G Petrochemicals Limited** 401, Raheja Centre, 214, Nariman Point, Mumbai - 400 021 Phone : (91) 022-30286100 *Contact person :* **Shri R Chandrasekaran** Chief Financial Officer & Secretary E-mail- igpetro@vsnl.com Members holding shares in demat mode should address all their correspondence to their respective Depository Participant.

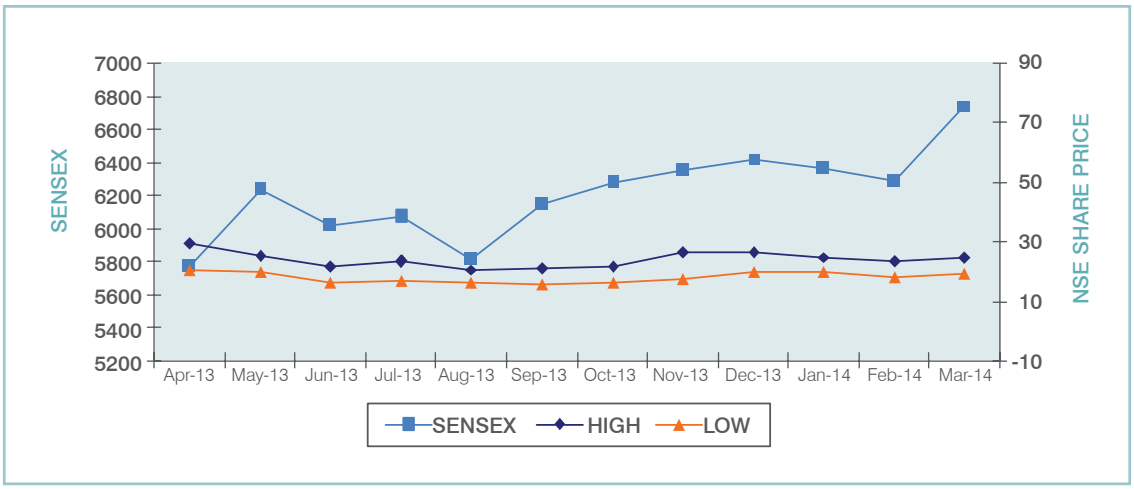
MARKET PRICE DATA DURING THE YEAR ENDED 31ST MARCH, 2014 (MONTH-WISE)

Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-13	26.45	22.10	29.10	20.50
May-13	24.50	19.25	24.90	19.50
Jun-13	20.90	16.00	21.15	16.00
Jul-13	21.50	16.40	22.25	16.80
Aug-13	20.45	15.50	20.45	15.30
Sep-13	19.10	16.00	20.85	15.70
Oct-13	20.90	15.50	21.35	16.10
Nov-13	25.90	17.75	26.25	17.20
Dec-13	25.00	19.70	25.95	19.35
Jan-14	24.50	19.75	24.65	19.50
Feb - 14	21.50	18.25	23.25	18.00
Mar-14	24.50	19.00	24.25	19.00

PERFORMANCE OF IGPL SHARE PRICE IN COMPARISON WITH SENSEX (BSE)



PERFORMANCE OF IGPL SHARE PRICE IN COMPARISON WITH SENSEX (NSE)



SHARE HOLDING PATTERN AS ON 31.3.2014

Sl. No.	Category	No. of shares	% of Holding
1	Promoters & Persons acting in Concert	22158642	71.96
2	Mutual funds / Banks / FIs	18000	0.06
3	Private Corporate Bodies – Indian & Foreign	933746	3.03
4	NRIs	483786	1.57
5	Indian Public	7200676	23.38
	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 : Mrs. Flavia D'souza / Ms. Ujata Pokharkar

Shareholders may also contact Shri. R Chandrasekaran, Chief Financial Officer & Secretary at the Corporate Office of the Company for any assistance.

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

CEO DECLARATION ON CODE OF CONDUCT

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

The Board of Directors 22nd May 2014
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, 2014 confirming their compliance of the same.

Thanking you.

Yours faithfully,
For **I G Petrochemicals Limited**

Nikunj Dhanuka
Managing Director and CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The members of
I G Petrochemicals Limited

We have reviewed the relevant records of I G Petrochemicals Limited for the year ended 31st March 2014 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the stock exchanges.

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

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

We state that, in respect of investors grievances received during the year ended 31st March 2014, 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
Firm's Registration No.: 001083S

K Nagarajan
Partner
Membership No. 16398

Place : Mumbai
Date : 22nd May 2014

Independent Auditor's Report

To the Members of

I G PETROCHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of I G Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair value of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act. 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

Note 5 (4) wherein the Company has been, with effect from 1st April, 2006, providing depreciation on plant and equipments stated therein based on the balance useful life of the assets as determined by approved valuer instead of providing depreciation at the minimum rates specified in Schedule XIV of the Act, and as required by Accounting Standard 6 on "Depreciation Accounting". As a result, depreciation charge for the year is lower by ₹ 280.19 Lacs and accumulated depreciation lower charged as at 31st March, 2014 is ₹ 2,111.10 Lacs. The company has certain disputed foreign currency liability which has not been converted as on 31st March, 2014 for reason stated in Note No. 30 (b) due to this amount shown under exceptional item is lower by ₹ 659.07 Lacs for the year. Had the impact of above been considered, the Loss before tax for the year would have been ₹ 547.91 Lacs instead of the reported profit before tax of ₹ 391.35 Lacs, net block of fixed assets as at 31st March, 2014 would have been ₹ 35,517.79 Lacs instead of reported figure of ₹ 37628.89 Lacs, Profit and Loss account balance as appearing in "Reserves & Surplus" would have been ₹ 15,237.53 Lacs instead of reported figure of ₹ 18,007.70 Lacs and Trade Payables as appearing in "Current liabilities" would have been ₹ 29,283.83 Lacs instead of reported figure of ₹ 28,624.76 Lacs.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Note 23 regarding certain disputed excise duty and custom duty matters amounting to ₹ 7,672.89 Lacs pending before the Honourable Supreme Court (Previous Year ₹ 7,672.89 Lacs pending before the Honourable Supreme Court and the Honourable High Court of Mumbai).

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227 (3) of the Act, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) Except for the effects of the matter described in the basis for qualified opinion, in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash flow statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

   e) On the basis of the written representations received from the directors, as on March 31 , 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31 , 2014 from being appointed as a director in terms of clauses (g) of sub-section (1) of section 274 of the Act.

For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No.: 001083S

K Nagarajan
Partner
Membership No. 16398

Place : Mumbai
Date : 22nd May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred in Paragraph 1 under the heading of "Report on Other Legal & Regulatory Requirements" of our report of even date.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us we state as under:

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no discrepancies were noticed on verification carried out at the end of the year.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory & fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five Lacs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any Deposits from the Public within the meaning of Section 58A and 58AA of the Act and the rules framed hereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

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

(ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund or Employees State Insurance, Income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have been generally regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Disputed (₹ in Lacs)	Amount paid (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 & Customs Act, 1962	Excise & Custom Duty	7,672.89	—	Various years from 1993 to 2006	Supreme Court
Central Excise Act, 1944	Excise Duty	3,768.44	854.68	Various Years from 1997 to 2009	CESTAT
Central Excise Act, 1944	Excise Duty	13,269.31	—	Various years from 1997 to 2009	Commissioner of Central Excise
The Bombay Electricity Duty Act, 1958	Cess on Electricity produced	29.63	—	2001 to 2004	Mumbai High Court.
Income Tax Act, 1961	Income Tax	1,408.69	—	Assessment Years 1998-99, 2005-06 to 2011-12	Karnataka High Court / CIT (Appeals)

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.

(xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Hariharan & Co.**
Chartered Accountants
Firm's Registration No.: 001083S

K Nagarajan
Partner
Membership No. 16398

Place : Mumbai
Date : 22nd May 2014

Balance Sheet

as at March 31, 2014

(₹ in Lacs)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	3,079.81	3,079.81
Reserves and Surplus	2	22,646.55	22,722.87
		25,726.36	25,802.68
Non Current Liabilities	3		
Long Term Borrowings	3 (a)	14,083.50	12,307.45
Long Term Provisions	3 (b)	213.39	170.30
		14,296.89	12,477.75
Current Liabilities	4		
Short Term Borrowings	4 (a)	4,393.61	3,587.50
Trade Payables	4 (b)	28,624.76	18,384.90
Other Current Liabilities	4 (c)	3,387.35	1,979.39
Short Term Provisions	4 (d)	1.10	0.83
		36,406.82	23,952.62
TOTAL		76,430.07	62,233.05
ASSETS			
Non Current assets			
Fixed Assets (Net)			
Tangible Assets	5	37,625.01	17,171.27
Intangible Assets	5	3.88	5.66
Capital Work-In-Progress	5	64.25	17,161.11
		37,693.14	34,338.04
Non-Current Investments	6	6.91	6.91
Long Term Loans and Advances	7	186.84	470.63
		37,886.89	34,815.58
Current Assets			
Inventories	8	14,148.85	8,222.41
Trade Receivables	9	17,429.60	12,430.75
Cash and Bank Balances	10	2,852.32	3,458.94
Short Term Loans and Advances	11	4,112.22	3,305.18
Other Current Assets	12	0.19	0.19
		38,543.18	27,417.47
TOTAL		76,430.07	62,233.05
Significant Accounting Policies	A		
Notes on Financial Statements	1- 32		

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

Place : Mumbai
Date : 22nd May 2014

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

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lacs)

	Note	2013-2014	2012-2013
REVENUE			
Revenue from Operations (Gross)	13	132,153.75	106,718.64
Less : Excise Duty		11,724.16	9,684.73
Revenue from Operations (Net)		120,429.59	97,033.91
Other Income	14	968.25	528.37
Total Revenue		121,397.84	97,562.28
EXPENDITURE			
Cost of Material Consumed	15	107,509.72	82,994.86
Decrease / (Increase) in Inventories	16	(2,671.51)	(622.07)
Employees Benefits Expense	17	2,513.53	2,444.14
Other Expenses	18	7,029.34	6,548.27
Depreciation and Amortisation Expenses	5	1,803.34	1,375.02
Finance Cost	19	3,036.22	1,667.30
Total Expenses		119,220.64	94,407.52
Profit before exceptional item & tax		2,177.20	3,154.76
Exceptional Item			
Exchanage Loss (Net)	30 (a)	1,785.85	—
Profit before extraordinary item & tax		391.35	3,154.76
Extraordinary item - Relating to Earlier Years Depreciation		—	2,765.78
Profit before Tax		391.35	388.98
Tax Expenses			
Current Tax Net (MAT)	20	78.27	79.68
Tax Provision for Earlier Year		—	1.41
Profit for the year		313.08	307.89
Earning per share:			
Face value of shares ₹ 10 each, (Previous Year: ₹ 10 each)			
Basic & Diluted	21		
Before extraordinary item		1.02	9.98
After extraordinary item		1.02	1.00
Significant Accounting Policies	A		
Notes on Financial Statements	1- 32		

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

Place : Mumbai
Date : 22nd May 2014

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

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Cash Flow Statement

for the year ended March 31, 2014

(₹ in Lacs)

		2013-2014	2012-2013
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax and Extraordinary Items	391.35	3,154.76
	Non -cash Adjustment to reconcile profit before tax to net cash flow:		
	Depreciation / Amortisation Expenses	1,803.34	1,375.02
	Loss / (Profit) on Sale / Write off of Fixed Assets	4.89	(2.74)
	Foreign Exchange Translation Difference Loss (Net)	1,785.85	469.38
	Sundry Balances / Excess Provision Written Back	(14.99)	57.34
	Interest Expense	1,317.68	534.59
	Interest Income	(524.63)	(527.14)
	Dividend Income	(0.12)	—
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,763.37	5,061.21
	Movements in Working Capital		
	Increase / (decrease) in Trade Payables / Other Current liabilities	9,499.29	3,019.66
	Decrease / (increase) in Trade receivables	(4,896.87)	(2,151.05)
	Decrease / (increase) in Inventories	(5,926.44)	(2,470.96)
	Decrease / (increase) in loans and advances	(608.22)	(496.84)
		(1,932.24)	(2,099.19)
	CASH GENERATED FROM/(USED IN) OPERATIONS	2,831.13	2,962.02
	Direct Taxes Paid (Net of refunds)	(22.15)	(59.00)
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	2,808.98	2,903.02
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets, including intangible assets,CWIP	(4,050.58)	(13,860.26)
	Proceeds from Sale of Fixed Assets	9.32	11.28
	Interest Received	476.30	485.60
	Dividend Received	0.12	—
	NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES	(3,564.84)	(13,363.38)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds / (Repayments) of Long-term borrowings (Net)	1,419.99	10,064.80
	Proceeds / (Repayments) of Short -term borrowings (Net)	798.83	2,024.81
	Interest Paid	(2,069.58)	(1,174.68)
	Dividend Paid	—	—
	NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES	149.24	10,914.93
	NET INCREASE / (DECREASE) (A+B+C)	(606.62)	454.57
	CASH AND BANK BALANCES AS AT 1.4.2013 (Opening Balance)	3,458.94	3,004.37
	CASH AND BANK BALANCES AS AT 31.3.2014 (Closing Balance)	2,852.32	3,458.94

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

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

Place : Mumbai
Date : 22nd May 2014

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

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Significant Accounting Policies

Note A :

a. Basis of preparation

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

b. Use of estimates

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

c. Fixed Assets

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

d. Depreciation and Amortisation :

i. Leasehold land is amortized over the period of lease.

ii. Intangible assets are amortized over the estimated useful life of 4 years.

iii. Depreciation on Furniture, Office Equipments and Vehicles is provided using written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis with reference to date of acquisition.

iv. Depreciation on Building is provided using straight line method at the rates prescribed in Schedule XIV of the Companies Act 1956, on pro-rata basis with reference to date of acquisition.

v. Depreciation on Plant & Equipments (historical cost) for the year is provided on Straight line Method as per rates specified in schedule XIV of the Companies Act, 1956 / the balance useful life of 12 to 28 years of the assets as determined by an approved Valuer on pro rata basis with reference to date of acquisition, the useful life is higher than that provided in Schedule XIV of the Companies Act 1956. The continuous process plant as defined therein have been taken on technical assessment and depreciation provided accordingly. The depreciation on incremental revalued amount is provided on straight line method as per the rates in Schedule XIV of the Companies Act 1956.

e. Impairment of Assets

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

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

Significant Accounting Policies
(Contd.)

f. Investments

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

g. Inventories

Inventories are valued as follows:

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

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

h. Revenue Recognition

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

Sale of Goods

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

Interest

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

Dividends

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

i. Foreign Currency Transaction

i. Initial Recognition

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

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction

Significant Accounting Policies
(Contd.)

and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. Exchange Differences

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

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

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

j. Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund, in case of certain employees, are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

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

iv. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

k. Income taxes

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

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

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

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized

Significant Accounting Policies
(Contd.)

deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

l. Earnings Per Share

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

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

m. Provisions, Contingent Liabilities & Contingent Assets

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

n. Cash and Cash equivalents

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

o. Derivative Instruments

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

As per our report of even date

For Hariharan & Co.
Chartered Accountants
Firm's Registration No: 001083S
K. Nagarajan
Partner
Membership No: 16398

Place : Mumbai
Date : 22nd May 2014

For and on behalf of the Board of Directors of

I G Petrochemicals Limited

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

Notes
on Financial Statements

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
NOTE - 1 : SHARE CAPITAL		
Authorised		
4,00,00,000 (Previous Year: 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
10,00,000 (Previous Year: 10,00,000) Preference Share of ₹ 100/- each	1,000.00	1,000.00
	5,000.00	5,000.00
Issued		
3,08,01,350 (Previous Year: 3,08,01,350) Equity Shares of ₹ 10/- each	3,080.14	3,080.14
Subscribed and Paid up		
3,07,94,850 (Previous Year: 3,07,94,850) Equity Shares of ₹ 10/- each	3,079.49	3,079.49
Add: Amount paid up on 6,500 shares forfeited	0.32	0.32
	3,079.81	3,079.81
Shareholders holding more than 5% Shares in the company Brahamputra Enterprises Ltd. No. of Shares 1833528 (Previous Year 1833528) Gembel Trade Enterprises Ltd. No. of Shares 2431489 (Previous Year 2431489) Kamrup Enterprises Ltd. No. of Shares 1894884 (Previous Year 1894884) Mysore Petrochemicals Ltd. No. of Shares 4075000 (Previous Year 4075000) Savita Investment Co. Ltd. No. of Shares 1933414 (Previous Year 1933414) Shekhavati Investment Corpn. Ltd. No of Shares 4122210 (Previous Year 4078210) Vincent (India) Ltd. No.of Shares 2590159 (Previous year 2565716)		
NOTE - 2 : RESERVES & SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	116.25	116.25
Securities Premium Reserve		
Balance as per last Balance Sheet	2,275.00	2,275.00
Revaluation Reserve		
Balance as per last Balance Sheet	2,637.00	3,022.98
Less: Transferred to the Statement of Profit and Loss (Refer Serial No. 3 to Note 5)	385.98	385.98
Reversal on account of Sale / Disposal of Fixed Assets	3.42	—
	2,247.60	2,637.00
Surplus in the Statement of Profit and Loss		
Opening Balance at the beginning of the year	17,694.62	17,386.73
Add : Profit for the year	313.08	307.89
	18,007.70	17,694.62
	22,646.55	22,722.87

Notes

on Financial Statements (Contd.)

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
NOTE - 3 : NON-CURRENT LIABILITIES		
a. Long Term Borrowings		
Secured Loans		
Rupee Term Loan from Banks	4,550.00	4,097.56
External Commercial Borrowing	7,157.21	6,221.87
Hire Purchase Finance	40.24	51.97
	11,747.45	10,371.40
Unsecured Loans		
From Bodies Corporate	2,336.05	1,936.05
Total Long Term Borrowings	14,083.50	12,307.45
b. Long Term Provisions		
Provision for Gratuity	57.28	16.74
Provision for Leave Encashment	156.11	153.56
	213.39	170.30

i. The Rupeee Term Loans are secured by Hypothecation of movable properties (other than current assets) and registered mortgage on immovable properties of the Company on first pari passu charge basis with ECB lenders. It is further secured by second charge on the Current Assets of the Company. The Rupee Term Loans are further secured by personal guarantee of two directors of the company and by others. The Term Loans are payable in 20 equal quarterly / 60 equal monthly instalments from commencement of commercial production of new Phthalic Anhydride Plant i.e. 28th September 2013.

ii. The External Commercial Borrowings (ECB) is secured by Hypothecation of movable properties (other than current assets) and registered mortgage on immovable properties of the Company on first pari passu basis with Rupee Term Loan lenders. The ECB is payable in 17 equal semi annual instalments from 15.09.2013.

iii. Hire Purchase finance are secured by the assets acquired through such finance.

NOTE - 4 : CURRENT LIABILITIES		
a. Short Term Borrowings - Secured		
Working Capital facilities from Banks	856.26	673.01
Factoring Facility	3,487.48	2,871.90
Current Maturities of Finance Lease Obligations (Secured by the assets so acquired)	49.87	42.59
	4,393.61	3,587.50

i. Working Capital facilities are secured by Hypothecation of current assets of the company i.e. stock of raw materials, stock in process, finished goods, stores & spares and book debts on first pari passu basis amongst Working Capital lenders under consortium banking arrangement excluding receivables pertaining to specific customers assigned for Factoring facilities. It is further secured by hypothecation of movable properties and registered mortgage of immovable properties of the Company on second charge basis.
Working Capital facilities are further secured by Personal Guarantee of two Directors of the company and by others.

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

Notes

on Financial Statements (Contd.)

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
b. Trade Payables		
Acceptances	15,819.87	11,769.80
Sundry Creditors		
Total outstanding dues of Micro, Medium and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	12,804.89	6,615.10
	28,624.76	18,384.90
c. Other Current Liabilities		
Advance from Customers	180.50	74.27
Investor Education and Protection Fund shall be credited (as and when due) for unpaid dividend	6.50	6.50
Security Deposits	2.50	1.50
Current maturities of long term Secured debts		
– Rupee Term Loan from Banks	1,300.00	455.28
– External Commercial Borrowing	1,101.11	829.58
Interest Accrued But not Due on Loans	268.37	226.15
Other Liabilities	528.37	386.11
	3,387.35	1,979.39
d. Short Term Provisions		
Provision for Wealth Tax	1.10	0.83
	1.10	0.83

NOTE 5: FIXED ASSETS

(₹ in Lacs)

Description	Gross Block				Depreciation / Amortisation					Net Block	
	As at 01.04.13	Additions	Deductions	As at 31.03.14	As at 01.04.13	For the year	Arrears	Deletions/ Adjustments	As at 31.03.14	As at 31.03.14	As at 31.03.13
Tangible Assets											
Freehold Land	1.45	—	—	1.45	—	—	—	—	—	1.45	1.45
Leasehold Land	1,029.29	435.37	—	1,464.66	158.98	15.49	—	—	174.47	1,290.19	870.31
Buildings	2,122.55	462.02	—	2,584.57	696.42	72.15	—	—	768.57	1,816.00	1,426.13
Plant & Equipments	49,455.01	21,633.79	64.21	71,024.59	34,934.85	2,005.40	—	58.32	36,881.93	34,142.66	14,520.16
Office Equipments	255.60	18.56	—	274.16	195.40	12.09	—	—	207.49	66.67	60.20
Furniture & Fixtures	340.19	49.80	—	389.99	284.64	12.79	—	—	297.43	92.56	55.55
Vehicles	483.58	56.20	62.88	476.90	246.11	66.45	—	51.14	261.42	215.48	237.47
	53,687.67	**22,655.74**	**127.09**	**76,216.32**	**36,516.40**	**2,184.37**	—	**109.46**	**38,591.31**	**37,625.01**	**17,171.27**
Intangible Assets											
Software	41.17	3.17	—	44.34	35.51	4.95	—	—	40.46	3.88	5.66
TOTAL	**53,728.84**	**22,658.91**	**127.09**	**76,260.66**	**36,551.91**	**2,189.32**	—	**109.46**	**38,631.77**	**37,628.89**	**17,176.93**
Previous year	53,612.64	145.26	29.06	53,728.84	32,045.65	1,761.00	2,765.78	20.52	36,551.91	17,176.93	

Note :

1. Land, Buildings at factory site and Plant & Equipments as on 30.09.99 were revalued on the basis of net replacement value determined by an approved valuer resulting in an increase in value of Land by ₹ 666.95 Lacs, Buildings by ₹ 35.53 Lacs and Plant & Equipments by ₹ 7,330.20 Lacs which was credited to Revaluation Reserve.
2. Buildings include ₹ 250/- (Previous year ₹ 250/-) for shares in office premises in a co-operative society. Vehicles include vehicles with Gross book value of ₹ 342.96 Lacs (Previous Year ₹ 312.96 Lacs) and Net book value of ₹ 172.44 Lacs (Previous year ₹ 185.01 Lacs) acquired on Hire Purchase contracts.
3. Details of depreciation are as follows.

Particulars	2013-14	2012-13
Depreciation for the year as above	2,189.32	1,761.00
Less: Transferred from Revaluation Reserve	385.98	385.98
Depreciation as per Statement of Profit and Loss	**1,803.34**	1,375.02

4. The company continued to provide the Depreciation on the Plant and Equipments installed in Phthalic Anhydride Plant - 2 with effect from 01.04.2006 on Straight Line method based on balance useful life of the Assets as determined by an approved valuer which is higher as compared to Schedule XIV of the Companies Act 1956. Had the depreciation been provided on Straight Line method based on the rates specified in Schedule XIV of the Companies Act 1956, the depreciation charged for the year would have been higher by ₹ 280.19 Lacs and accumulated depeciation would have been higher by ₹ 2,111.10 Lacs (Previous year ₹ 1,830.91 Lacs) with its equivalent impact on the profits for the year and accumulated reserves.
5. a) Addition to Fixed Assets includes preoperative and trial run expenses incurred during the year in the form of Employees benefits expenses of ₹ 170.50 Lacs (Previous Year ₹ 176.36 Lacs), Interest & Finance charges ₹ 794.12 Lacs (Previous Year ₹ 959.86 Lacs), Power Fuel & Water Charges ₹ 1,256.18 Lacs (Previous Year ₹ 99.84 Lacs), Raw material consumed ₹ 5,863.54 Lacs (Previous Year Nil), Stores and packing material consumed ₹ 43.05 Lacs (Previous year ₹ Nil), Catalyst written off ₹ 36.40 Lacs (Previous year ₹ Nil), Other expenses ₹ 442.08 Lacs (Previous Year ₹ 382.64 Lacs), less Sales ₹ 6,492.18 Lacs (Previous Year ₹ Nil), and Stock in Process during Trial Run ₹ 4.24 Lacs.

   b) Capital Work in Progress includes Employee benefit Expenses ₹ 44.97 Lacs (Previous Year Nil), Other Expenses ₹ 14.58 Lacs (Previous Year ₹ Nil) and Plant & Machinery under Construction ₹ 4.70 Lacs (Previous Year ₹ Nil).
6. Pursuant to the amendment to the Companies (Accounting Standard) Rules 2006 by notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs, the Company has exercised the option in terms of Para 46A inserted in the Standard for long term foreign currency monetary assets and liabilities. Consequently the difference of foreign exchange of ₹ 1,458.93 lacs has been capitalised upto 31st March, 2014.

Notes

on Financial Statements (Contd.)

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
NOTE - 6 : NON CURRENT INVESTMENTS		
Long Term Investments, Other than Trade		
Unquoted		
Units		
40537.392 (Previous Year: 40537.392) units of ₹ 10 each fully paid in Principal Mutual Fund	2.00	2.00
Shares		
1200 (Previous Year: 1200) shares of ₹ 10 each fully paid in Blue Circle Fine-Chem (P) Ltd	3.60	3.60
1000 (Previous Year: 1000) shares of ₹ 100 each fully paid in Cosmos Co-operative Bank Ltd.	1.00	1.00
Government Securities		
Six years National Saving Certificates of the face value of ₹ 31,000 (Previous Year: ₹ 31,000) lodged as security with Government Departments	0.31	0.31
	6.91	6.91
NOTE - 7 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Deposits – Others	166.30	91.48
Capital Advances	20.54	379.15
	186.84	470.63
NOTE - 8 : INVENTORIES		
(at lower of cost and net realisable value)		
Raw Material (including stock in transit ₹ 994.72 Lacs, Previous Year ₹ 908.82 Lacs)	3,593.26	3,169.82
Stores and Spares	2,789.44	1,273.82
Work-in-Progress	721.87	638.62
Finished Goods (including stock in transit ₹ 86.89 Lacs, Previous Year ₹ NIL)	5,737.30	2,850.70
Catalyst (at cost less amortisation)	1,306.98	289.45
	14,148.85	8,222.41

Notes

on Financial Statements (Contd.)

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
NOTE - 9 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months		
Unsecured, Considered Good	39.20	29.98
Unsecured, Considered Doubtful	—	—
Other debts		
Unsecured, Considered Good	17,390.40	12,400.77
	17,429.60	12,430.75
Less : Provision for Doubtful Debts	—	—
	17,429.60	12,430.75
NOTE - 10 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	5.57	4.91
Balance with Scheduled Banks		
In Current Accounts	204.84	805.28
In Margin Money Accounts	4.63	—
	215.04	810.19
Other Bank Balances		
In Fixed Deposits (Held with Scheduled Banks as Margin)	2,629.42	2,640.95
In Fixed Deposits (Held with Government Department as Security)	1.36	1.30
In Unpaid Dividend Account	6.50	6.50
	2,637.28	2,648.75
	2,852.32	3,458.94
NOTE - 11 : SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received		
Considered Good	811.41	908.83
Balance with Custom, Excise Authorities including Deposits	2,641.32	1,756.10
Security Deposit – Related Party	625.00	625.00
Income Tax Deducted at Source/Advance Tax (Net of Provision)	34.49	15.25
	4,112.22	3,305.18
NOTE - 12 : OTHER CURRENT ASSETS		
Interest Accrued on Investment	0.19	0.19
	0.19	0.19

Notes

on Financial Statements (Contd.)

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
NOTE - 13: REVENUE FROM OPERATIONS		
Sale of products		
Phthalic Anhydride	131,320.97	106,187.71
Other Sale	832.78	530.93
Revenue from Operations (Gross)	132,153.75	106,718.64
NOTE - 14 : OTHER INCOME		
Interest		
Bank Deposits (TDS ₹ 32.10 Lacs Previous year: ₹ 30.52 Lacs)	326.11	301.79
Others (TDS ₹ 19.84 Lacs Previous year: ₹ 22.52 Lacs)	198.52	225.35
Insurance Claim Received	173.88	—
Service Charges Received	250.00	—
Sundry Balances / Excess Provision Written Back	14.99	—
Dividend Received	0.12	—
Miscellaneous Income	4.63	1.23
	968.25	528.37
NOTE - 15: COST OF MATERIAL CONSUMED		
Orthoxylene		
Inventories as at March 31, 2013	3,169.82	1,314.68
Add: Purchases (Net)	107,933.16	84,850.00
	111,102.98	86,164.68
Less: Inventories as at March 31, 2014	3,593.26	3,169.82
	107,509.72	82,994.86
NOTE - 16 : DECREASE / (INCREASE) IN INVENTORIES		
Inventories as at March 31, 2013		
Work - in- Progress	638.62	698.42
Finished Goods	2,850.70	2,079.40
Work - in- Progress - Trial Run	4.24	—
Inventories as at March 31, 2014		
Work - in- Progress	721.87	638.62
Finished Goods	5,737.30	2,850.70
	(2,965.61)	(711.50)
Differential Excise duty in respect of Closing Stock & Opening Stock (Refer Note below)	294.10	89.43
	(2,671.51)	(622.07)

In accordance with AS 14 (Revised) on disclosure of Revenue from Sales Transactions issued by Institute of Chartered Accountants of India, Excise duty on sales has been reduced from sales in the Statement of Profit & Loss and Excise duty on increase/decrease in stock amounting to ₹ 294.10 Lacs, (Previous Year ₹ 89.43 Lacs) has been considered as expense / (income) as above.

Notes

on Financial Statements (Contd.)

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
NOTE - 17 : EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,880.03	1,883.41
Contribution to Provident and Other Funds	121.21	119.32
Gratuity Expenses	67.33	62.67
Workmen and Staff Welfare Expenses	444.97	378.74
	2,513.53	2,444.14
NOTE - 18: OTHER EXPENSES		
Consumption of Stores, Spares and Consumables	189.03	174.41
Consumption of Packing Materials	530.36	392.87
Power, Fuel and Water charges	2,238.37	2,461.14
Amortisation of Catalyst cost	322.40	205.64
Repairs and Maintenance		
Plant and Equipments	856.22	543.39
Buildings	60.92	24.07
Others	52.94	82.94
Insurance Premium	183.36	138.26
Rent	16.66	5.61
Rates and Taxes	87.84	54.39
Selling Expenses		
Brokerage and Commission	77.95	77.29
Freight outward	1,669.75	1,167.62
Port charges	57.36	37.29
Other selling expenses	75.20	50.50
Loss / (Profit) on Sale/Write off of Fixed Assets (Net)	4.89	(2.74)
Bad Debts Written off	—	229.48
Less : Reversal of Provision	—	(229.48)
Directors' Sitting Fees	3.30	2.65
Payment to Auditors (Refer Note 18.1)	12.41	12.31
Travelling & Conveyance	240.25	258.44
Legal & Professional fees	96.15	105.19
Foreign Exchange Translation Difference	—	469.38
Communication Cost	31.76	29.35
Donations and Contributions to Charitable Institutions	23.72	26.92
Miscellaneous Expenses	198.50	231.35
	7,029.34	6,548.27

Notes

on Financial Statements (Contd.)

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
NOTE - 18.1 : PAYMENTS TO AUDITORS		
Audit Fees including Limited Review Fees ₹ 3.00 Lacs (Previous Year ₹ 3.00 Lacs) excluding service tax of ₹ 1.48 Lacs (Previous Year ₹ 1.48 Lacs)	12.00	12.00
Reimbursement of Expenses	0.41	0.31
	12.41	12.31
NOTE - 19 : FINANCE COST		
Interest		
- on Term Loans	882.47	121.28
- on Others	435.21	413.31
Bills Discounting and Bank Charges	1,718.54	1,132.71
	3,036.22	1,667.30

NOTE - 20 : TAX EXPENSES

The Company has carried forward losses and unabsorbed depreciation as per the Income Tax Act 1961. The deferred tax assets have not been recognized considering the principle of virtual certainty as stated in the Accounting Standard AS-22 – Accounting for Taxes on Income.

In view of availability of Carried Forward benefits as referred above, the Company has provided for the liability for the Current Year under Section 115 JB (MAT) of the Income Tax Act 1961.

NOTE - 21: EARNING PER SHARE OF ₹ 10 EACH (EPS)		
Profit after tax as per the Statement of Profit & Loss	313.08	307.89
Profit before extraordinary item	313.08	3,073.67
Weighted average No. of Shares in calculating basic and diluted EPS	30794850	30794850
Basic & Diluted EPS - ₹		
Before extraordinary item	1.02	9.98
After extraordinary item	1.02	1.00
	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
NOTE - 22: CAPITAL COMMITMENT		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	27.31	1202.98
NOTE - 23: CONTINGENT LIABILITIES		
Contingent Liabilities not provided for		
a. Bills of Exchange Discounted - with Banks	4,694.36	374.45
b. Disputed Excise & Service tax matters		
i) Cases decided in favour of the Company which are taken further in appeal before the appellate authorities by the department.	10,564.25	10,564.25
ii) Other Matters for which the Company is in appeal. (Deposits paid under protest ₹ 854.68 Lacs (Previous Year ₹ 818.61 Lacs)	1,969.97	1,969.97

Notes

on Financial Statements (Contd.)

	Marcsh 31, 2014 ₹ in Lacs	March 31, 2013 ₹ in Lacs
iii) Show Cause Notices received The Management is confident that the matters will be in favour of the company as per legal opinion obtained / legal precedents.	12,176.42	12,030.53
c) Claim against the Company not acknowledged as Debt in respect of Electricity Duty on internal power generation.	29.63	29.63
d) Claim against the Company not acknowledged as Debt in other matters. (Deposits paid under protest ₹ 489.00 Lacs (Previous Year ₹ Nil)	489.00	—
e) Custom Duty on Raw Material under Advance Licence pending Export Obligation. (Includes Cenvat Credit available ₹ Nil (Previous Year ₹ 208.42 Lacs).	—	273.14
f) The Income tax assessments of the Company have been completed upto the assessment year 2011-2012 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:	1,408.69	2,127.91

These matters are in appeal before the Appellate authorities. Based on the interpretation of the relevant provisions of the Income Tax Act, the Company has been legally advised by an eminent Counsel that the matters will be in favour of the Company.

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

* Against certain demands on these matters, the Company / Department had filed appeal during the earlier years in the case of certain Excise / Custom demands amounting to ₹ 7,672.89 Lacs (Previous Year ₹ 7,672.89 Lacs) before the Honourable Supreme Court which are disputed by the Company and the matter is subjudice. Based on decisions of the Supreme Court and other interpretation of the relevant provisions, the Company has been legally advised by an eminent Counsel that matter will be in favour of the Company.

NOTE - 24 : SEGMENT INFORMATION

Primary Business Segment

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

Geographical Segments

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

Information about Secondary Geographical Segments (₹ in Lacs)

Segment Information	Year ended March 31, 2014			Year ended March 31, 2013		
	India	Outside India	Total	India	Outside India	Total
Revenue (Gross Sales)	1,16,186.01	15,967.74	1,32,153.75	95,728.94	10,989.70	1,06,718.64
Carrying amount of segment assets	74,375.16	2,054.91	76,430.07	60,632.36	1,600.69	62,233.05
Carrying amount of segment liabilities	42,445.39	8,258.32	50,703.71	29,378.92	7,051.45	36,430.37
Additions to fixed assets	22,658.91	—	22,658.91	145.26	—	145.26

Notes

on Financial Statements (Contd.)

NOTE - 25 : RELATED PARTY DISCLOSURE

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

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

Sr. No.	Nature of Transaction	(₹ in Lacs)		
		Related parties referred to in		
		ii(a) above	ii(b) above	ii(d) above
	Income			
1	Sale of Goods *			**79.15** (130.14)
2	Service Charges Received			**280.90** (—)
	Expenses			
3	Remuneration			
	Shri.Nikunj Dhanuka	**53.71** (53.61)		
	Shri.J.K.Saboo	**34.68** (31.18)		
	Shri.Umang Dhanuka		**7.07** (5.23)	
4	Rent			
	Mrs.Rajkumari Dhanuka		**3.00** (3.00)	
5	Amount Receivable at year end			
	Security Deposit			**625.00** (625.00)
6	Trade Receivables			— (171.62)

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.

Notes

on Financial Statements (Contd.)

NOTE - 26 : 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 statement of profit and loss and the funded status and amounts recognized in the balance sheet.

a. **Statement of Profit and Loss**

Net employee benefit expense (recognized in Personnel Expenses in Note 18)

(₹ in Lacs)

	Gratuity (funded) March 31, 2014	Gratuity (funded) March 31, 2013
Current service cost	35.70	29.71
Interest cost on benefit obligation	31.94	25.06
Expected return on plan assets	8%	8%
Net actuarial (gain) / loss recognized in the year	33.10	38.92
Actual return on plan assets	33.41	31.02
Net Benefit / Cost	67.33	62.67

b. **Balance Sheet**

Details of Provision for gratuity

(₹ in Lacs)

	Gratuity (funded) March 31, 2014	Gratuity (funded) March 31, 2013
Defined benefit obligation	484.25	399.24
Fair value of plan assets	426.97	382.50
Less: Unrecognized past service cost		
Plan asset / (liability)	(57.28)	(16.74)

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2014	Gratuity (funded) March 31, 2013
Opening defined benefit obligation	399.24	313.29
Interest cost	31.94	25.06
Current service cost	35.70	29.71
Benefits paid	15.72	7.74
Actuarial (gains) / losses on obligation	33.10	38.92
Closing defined benefit obligation	484.26	399.24

Notes

on Financial Statements (Contd.)

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

(₹ in Lacs)

	Gratuity (funded) March 31, 2014	Gratuity (funded) March 31, 2013
Opening fair value of plan assets	382.50	318.97
Expected return	8%	8%
Contributions by employer	16.43	32.51
Benefits paid	5.37	—
Actuarial gains / (losses)	(33.10)	(38.92)
Closing fair value of plan assets	426.97	382.50
Actual Return on plan Assets	33.41	31.02
Estimated contribution to be made in next annual year	36.00	36.00

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

(₹ in Lacs)

	Gratuity (funded) %	Gratuity (funded) %
Investments with insurer	100	100
e. **The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**	%	%
Discount rate	8	8
Expected rate of return on assets	8	8
Employee turnover	1	1
Salary Escalation	4	4
Mortality	L.I.C (1994-96) Ultimate	L.I.C (1994-96) Ultimate

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

	2013-2014 ₹ In Lacs	2012-2013 ₹ In Lacs

Provident Fund

Pending the issuance of Guidance Note from the Actuarial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund Liability. There is no deficit in the fund as at March 31st 2014 and no provision has been made.

ii. **Defined Contribution Plan**

Employees Benefits Expenses in Note 17 includes the following contributions to defined contribution plan

Contribution to Provident and Other Funds		
Contribution to Provident Fund	100.90	99.73
Employees Pension Fund	19.11	18.36
EDLI	1.20	1.23
Total	121.21	119.32
Workmen and Staff Welfare fund		
ESIC	0.53	1.41
Labour Welfare Fund	0.08	0.10
	0.61	1.51

Notes

on Financial Statements (Contd.)

NOTE - 27: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

i. Forward Contracts of sale outstanding as at the balance sheet date

	March 31, 2014		March 31, 2013	
	Amount in Foreign currency US$	₹ in Lacs	Amount in Foreign currency US$	₹ in Lacs
Forward currency contract	3,079,662	1,935.73	3,303,660	1,827.23

ii. Forward Contracts of purchases outstanding as at the balance sheet date

	March 31, 2014		March 31, 2013	
	Amount in Foreign currency US$	₹ in Lacs	Amount in Foreign currency US$	₹ in Lacs
Forward currency contract	10,987,814	6,976.95	—	—

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

	March 31, 2014		March 31, 2013	
	Amount in Foreign currency	₹ in Lacs	Amount in Foreign currency	₹ in Lacs
Amount Receivable				
USD	—	—	—	—
Amount Payable				
USD	6,760,665	4,063.14	15,173,811	8,252.93
EURO	15,469,192	12,114.84	15,196,647	10,568.32

Notes

on Financial Statements (Contd.)

NOTE - 28 : SUPPLEMENTARY STATUTORY INFORMATION

	2013-2014 ₹ In Lacs	2012-2013 ₹ In Lacs
i. Earnings in foreign currency (Accrual basis)		
FOB value of goods exported (Excluding Sales during Trial Run ₹ 2681.27 Lacs, Previous Year Nil)	15,967.74	10,989.70
ii. Expenditure in foreign currency (Accrual basis)		
Travelling	89.94	90.37
Brokerage and Commission	48.73	28.25
Interest & Finance Charges	340.92	155.17
Others	7.76	22.90
Total	487.35	296.69
iii. Value of imports calculated on CIF basis		
Raw Materials	28,744.57	19,082.57
Stores & Spares	163.44	66.25
Catalyst	1,203.92	—
Capital goods	407.42	7,241.98
Total	30,519.35	26,390.80

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

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

NOTE - 29: IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS & SPARE PARTS CONSUMED.

i. Imported and indigenous raw materials consumed

Product	March 31, 2014		March 31, 2013	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported #	21	23,044.13	20	16,414.58
Indigenous	79	84,465.59	80	66,580.28
Total	100	107,509.72	100	82,994.86

Excluding consumed during Trial Run ₹ 5,863.54 Lacs (Previous Year ₹ Nil)

ii. Imported and indigenous spare parts consumed

Product	March 31, 2014		March 31, 2013	
	% of total	₹ in Lacs	% of total	₹ in Lacs
Imported	25	131.67	18	47.54
Indigenous	75	391.83	82	213.44
Total	100	523.50	100	260.98
Part cost of Imported Catalyst amortised #		322.40		205.64

Excluding consumed during Trial Run ₹ 36.40 Lacs (Previous Year ₹ Nil)

NOTE - 30 : EXCEPTIONAL ITEM

a. Due to significant movement and volatility in value of Indian rupee against US dollar the net foreign exchange loss has been considered by the Company as exceptional in nature.

b. Foreign currency Liability of ₹ 3,516.89 Lacs shown under sundry Creditors (current Liabilities) has been disputed, a counter claim has been made and is not likely to be settled in a near future, hence this liability has not been converted by applying exchange rate at the close of the year as the liability may not reflect with reasonable accuracy the amount that is likely to be settled due to significant movement and volatility in value of Indian Rupee against Euro. Had the liability been converted as on the rates prevailing as at the close of the year (31st March, 2014) as recommended in the Accounting Standard issued by ICAI, the amount shown under exceptional item would have been higher by ₹ 659.07 Lacs and Trade Payable as appearing in "Current liabilities" would have been higher by the similar amount.

NOTE - 31: RESEARCH & DEVELOPMENT

Research & Development Expenditure of ₹ 33.01 Lacs (Previous Year ₹ 30.51 Lacs) have been accounted for in the respective heads of the Statement of Profit and Loss.

NOTE - 32 : PREVIOUS YEAR COMPARATIVES

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

As per our report of even date

For Hariharan & Co.
Chartered Accountants
Firm's Registration No: 001083S
K. Nagarajan
Partner
Membership No: 16398

Place : Mumbai
Date : 22nd May 2014

For and on behalf of the Board of Directors of

I G Petrochemicals Limited

M. M. Dhanuka
Chairman

Nikunj Dhanuka
Managing Director

P. H. Ravikumar
Director

Rajesh Muni
Director

Dr. A.K.A. Rathi
Director

J. K. Saboo
Executive Director

R Chandrasekaran
Chief Financial Officer & Secretary

I G PETROCHEMICALS LIMITED

CIN: L51496GA1988PLC00915

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

Corporate Office: 401, Raheja Centre, 214, Nariman Point, Mumbai – 400 021

ATTENDANCE SLIP

(to be presented at the entrance)

DP-ID No. _____

Folio No./Client ID No. _____

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company at Hotel Mandovi, Dr. D B Bandodkar Road, Panaji, Goa – 403 001 on Saturday, 26th July, 2014 at 3.00 p.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Affix Revenue Stamp

_____

Signature of the Member/Proxy

TEAR HERE

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

I G PETROCHEMICALS LIMITED

CIN: L51496GA1988PLC00915

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

Corporate Office: 401, Raheja Centre, 214, Nariman Point, Mumbai – 400 021

Name of the Member(s):

Registered Address:

E-Mail Id:

Folio No./Client ID:

DP ID:

I/We the member(s) of _____ shares of the above named Company hereby appoint:

(1) Name: _____
Address: _____
E-Mail Id: _____ or failing him;

(2) Name: _____
Address: _____
E-Mail Id: _____ or failing him;

(3) Name: _____
Address: _____
E-Mail Id: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Saturday, 26th July, 2014 at 3.00 p.m. at Hotel Mandovi, Dr. D B Bandodkar Road, Panaji, Goa- 403 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	For	Against
	Ordinary Business		
1.	Consider and adopt the Directors' Report and audited Statement of Accounts of the Company for the year ended 31 March 2014.		
2.	Shri M M Dhanuka (DIN 00193456) who retires by rotation and being eligible offers himself for reappointment.		
3.	Appointment of Statutory Auditors and fixing their remuneration.		
	Special Business		
4.	Appointment of Shri P H Ravikumar (DIN 00280010) as an Independent Director.		
5.	Appointment of Shri Rajesh Muni (DIN00193527) as an Independent Director.		
6.	Appointment of Dr. A K A Rathi (DIN00209505) as an Independent Director.		
7.	Re-Appointment of Shri J K Saboo as an executive Director for a period of 3 (three) years w.e.f. 1st April 2014 and fixing his remuneration.		
8.	Ratification of the remuneration payable to M/s. Krishna S & Associates, Cost auditors of the Company for the financial year ending 31st March, 2015.		

Signed this _____ day of _____ 2014

Signature of the Shareholder _____

_____ _____ _____

Signature of the first proxy holder Signature of the second proxy holder Signature of the third proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

IGPL

I G PETROCHEMICALS LIMITED

Corporate Office:

401-404, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai-400 021, India.
Tel.: (91) 22 - 3028 6100; Fax: (91) 22 - 2204 0747
E mail: igpetro@vsnl.com; http://www.igpetro.com
CIN: L51496GA1988PLC000915

Regd. Office:

T-10, 3rd Floor, Jairam Complex, Mala, Neugi Nagar,
Panaji, Goa - 403 001, India
Tel: 0832 - 2434973

PRISM Strategic Communications [www.prism.net.in]