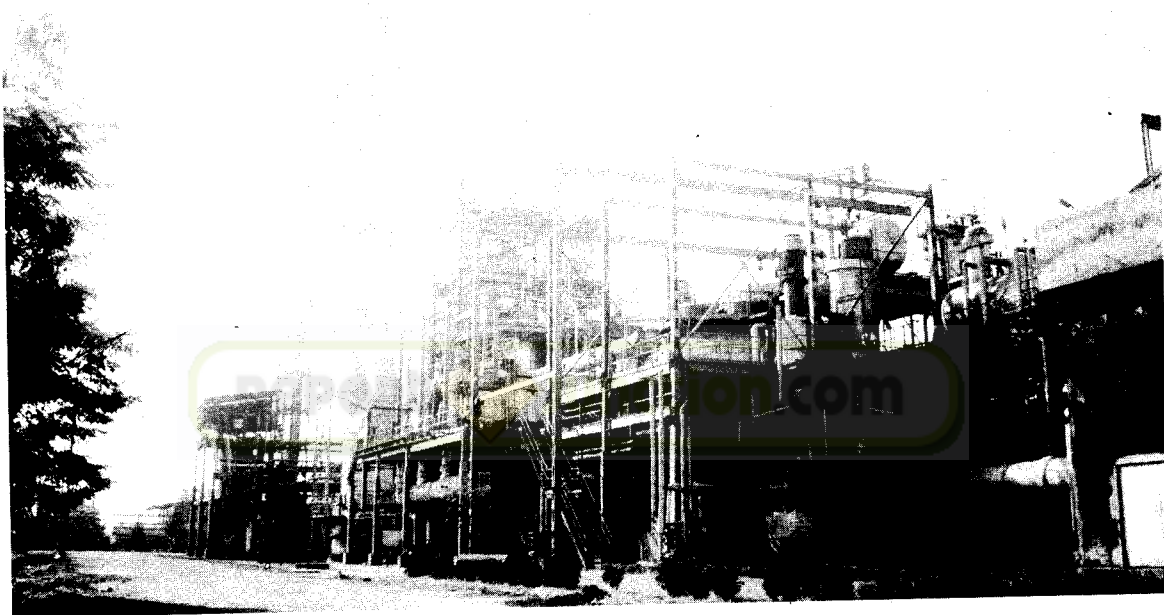


**15TH
ANNUAL REPORT
2002-2003**



I G PETROCHEMICALS LIMITED



A view of Phthalic Anhydride plant at Taloja



I G PETROCHEMICALS LIMITED**BOARD OF DIRECTORS**

SHRI M M DHANUKA
 SHRI PREMJI SINGH
 SHRI NIKUNJ DHANUKA
 SHRI RAJESH R MUNI
 SHRI J K SABOO, Executive Director

COMPANY SECRETARY

SHRI G K PREM KUMAR

AUDITORS

M/S HARIHARAN & CO.
 Chartered Accountants
 220/5, First Main Road
 Sampangiram Nagar
 Bangalore – 560 027

M/S D L MEHTA & CO.
 Chartered Accountants
 12, Surtee Chambers, 2nd Floor,
 2nd Dhobi Talao Lane
 Mumbai 400 002

INTERNAL AUDITORS

M/S K N AJMERA & CO.
 Chartered Accountants
 Sonal Link Industrial Estate
 2/334(Service), 3rd Floor
 Link Road, Malad (West)
 Mumbai 400 064

REGISTERED OFFICE

106/107, "Gurudatta"
 M G Road
 Panaji 403 001
 Goa.
 Tel.No.0832-2426364/5

CORPORATE OFFICE

401/404, Raheja Centre,
 214, Nariman Point,
 Mumbai 400 021
 Tel. No 022 – 22840714
 Fax (91) 22-22040747 / 22836392
 E-mail : igpetro@vsnl.com

BANKERS

Bank of Baroda
 Bank of India
 United Bank of India
 Canara Bank
 ICICI Bank Limited
 UTI Bank Limited
 Dena Bank
 Standard Chartered Bank
 Vijaya Bank

REGISTRAR & TRANSFER AGENT

M/S BIGSHARE SERVICES PVT. LTD.,
 E 2/3 Ansa Industrial Estate
 Sakivihar Road, Sakinaka
 Andheri (E), Mumbai 400 072.
 Tel.No.022-28523474/28560652/53
 E-mail:bigshare@bom7.vsnl.net.in

PLANT

T-2, MIDC Industrial Area,
 Taloja – 410208, Dist. Raigad
 Maharashtra.

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I G PETROCHEMICALS LIMITED**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 15th Annual General Meeting of the members of I G PETROCHEMICALS LIMITED will be held on Wednesday, the 31st March 2004 at 10.30 a.m at Hotel Nova Goa, Dr. Atmaram Borkar Road, Panaji, 403 001, Goa to transact the following business:

1. To consider and adopt the Directors' report and audited Accounts of the Company for the year ended 30 September 2003.
2. To appoint a Director in place of Shri M M Dhanuka who retires by rotation and offers himself for reappointment.
3. To appoint a Director in place of Shri Nikunj Dhanuka who retires by rotation and offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Hariharan & Co., Chartered Accountants, Bangalore & M/s D L Mehta & Co., Chartered Accountants, Mumbai the retiring auditors be and are hereby reappointed Auditors of the Company to hold office from 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 plus applicable service tax plus out of pocket expenses that may be incurred by them in the Course of audit".

Special Business

5. To consider and if thought fit, to pass with or without modification, the following resolution as a **special resolution**.

RESOLVED THAT, pursuant to the applicable provisions of Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, under any clause of Listing

Agreement with Stock Exchanges and all other applicable rules, regulations and guidelines and subject to the approvals, consents, permissions or sanctions of the Stock Exchanges where the shares of the Company are listed, SEBI and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited.

Mumbai
29 January 2004

By order of the Board

Registered Office
106/107, Gurudatta
M G Road, Panaji-403 001 Goa

G K PREM KUMAR
Secretary

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the commencement of the meeting. Proxy Form is enclosed.
2. Explanatory Statement pursuant to the provisions of section 173(2) of the Companies Act, 1956 is annexed.
3. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the members at the registered office of the Company between 10.30 a.m. to 12.30 p.m. on all working days upto the date of Annual General Meeting.
4. Members who are holding Company's shares in dematerialised form are requested to bring details of their Depository Account Number for identification.
5. The Register of members and Share Transfer Books of the Company will remain closed from 25 March 2004 to 31 March 2004 (both days

I G PETROCHEMICALS LIMITED

inclusive)

6. Members requiring further information on Accounts at the meeting are requested to send the queries in writing so as to reach at the Corporate office of the Company atleast 10 days before the meeting.
7. Members holding shares in physical form are requested to notify any change in their address to the Company's Registrar and Transfer Agent, M/s Bigshare Services Pvt. Ltd., E 2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai 400 072. Members holding shares in electronic form may intimate any such change to their respective Depository Participants (DPs).
8. Pursuant to provisions under Section 205A of the Companies Act, 1956, the amount declared under Dividend, remained unpaid / unclaimed, for the financial years up to 1994-95 were transferred to the Investor Education and Protection Fund of the Central Government. As per the provisions under Section 205C of the Companies Act, 1956, no claim shall lie against the Fund or the Company in respect of individual amounts which were unclaimed or unpaid. The members who have not claimed / encashed the dividend warrants for the financial year 1995-96 are requested to make their claims immediately.
9. The equity shares of the Company are available for trading in dematerialised form (scripless trading in electronic form) through Depository Participants. The ISIN Code is INE 204A01010.
10. Details of Directors being re-appointed

The brief particulars of the Directors of the Company retiring by rotation and offered to be re-appointed at the ensuing Annual General Meeting are as under:

1. Shri. M M Dhanuka retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment as per Article 150 of the Articles of Association of the Company.

Shri. M M Dhanuka is a qualified Chemical Engineer and has extensive experience of the working of Phthalic Anhydride plant being associated with Promoter Company M/s Mysore Petro Chemicals Limited since 1982. Presently Shri. M M Dhanuka is the Managing Director of Mysore Petro Chemical Ltd.

2. Shri. Nikunj Dhanuka retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment as per Article 150 of the Articles of Association of the Company.

Shri. Nikunj Dhanuka is a qualified management graduate from United States and has been actively associated with the Company since 1998. Presently Shri. Nikunj Dhanuka is also the Director of the promoter company, M/s Mysore Petro Chemicals Limited.

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956.

Item No.5

The Securities and Exchange Board of India (SEBI) has issued guidelines for voluntary Delisting of Securities from the Stock Exchanges by a promoter or an acquirer or any other person from the Stock Exchanges vide SEBI (Delisting of Securities) Guidelines 2003.

The Company's equity shares are listed with Mumbai (Regional), Calcutta and Delhi Stock Exchanges for more than three years. The delisting of shares from Calcutta and Delhi Stock Exchanges is to save the Listing fees and other costs which is disproportionately on a higher level compared to the extremely low trading volumes on those Exchanges. With the extensive networking of the Mumbai (BSE) Stock Exchange and the extension of the terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. Therefore an exit opportunity is not given as per the extant guidelines. The Company's equity shares will continue to be listed in Mumbai Stock Exchange after the delisting from Calcutta and Delhi Stock Exchanges.

Your Directors recommend the special resolution for members' approval.

None of the Directors of the Company is interested in this resolution.

Mumbai
29 January 2004

By order of the Board

Registered Office
106/107, Gurudatta
M G Road, Panaji, - 403 001 Goa

G K PREM KUMAR
Secretary

I G PETROCHEMICALS LIMITED**DIRECTORS' REPORT**

To

The Members

Your Directors have pleasure in presenting the 15th Annual Report together with the audited Accounts of the Company for the financial year ended 30 September 2003.

Financial Results

	2002-03	2001-02
	Rs. in Lakhs	
Gross Profit	2082.50	2354.18
Less : Interest and Finance Charge	6388.85	6644.37
Depreciation	2740.95	2760.88
Loss before Extra Ordinary Item	7047.30	7051.07
Less : Extra Ordinary Item	1588.75	—
Loss before Tax	5458.55	7051.07
Provision for-wealth Tax	0.22	0.15
Loss after Tax	5458.77	7051.22
Loss carried to Balance Sheet	21962.46	16503.69

In the absence of profit, your Directors are unable to recommend any dividend for the year ended 30 September 2003.

Review of operations and Outlook

The year under review has witnessed the Phthalic Anhydride (PAN) industry facing volatile price bands and subdued market conditions. However, your Company has made marginal improvements in sales turnover during the financial year at Rs.27649.04 Lacs as compared to Rs.25388.70 Lacs during the previous year. The gross profit before interest, depreciation & tax stood at Rs. 2082.50 Lacs as

compared to the previous year at Rs.2354.18 Lacs. The profitability of the Company was affected due to volatile market conditions, shut down of the plant for catalyst change and non-availability of raw-materials from Reliance Industries due to their plant shut down on account of *force majeure*. After providing for interest, depreciation and tax, the Net Loss stood at Rs.5458.77 Lacs as compared to previous year Net Loss Rs.7051.22 Lacs. The decrease in Net Loss was due to the credit of an Extra Ordinary item amounting to Rs.1588.75 Lacs representing relief on account of full and final settlement of outstanding dues of few Banks.

During the year, the company achieved a capacity utilisation of 82.10%, with a production of 90311 MT as compared to the previous year capacity utilisation of 81.18% and a production of 89303 MT.

In the year to come, your Company has initiated major cost effective measures to improve the margins. Sustainable medium and long term goals are envisaged and pursued. Your Company foresee a market condition with good conversion margins and a 5 % to 7 % growth in PAN industry, internationally. With good conversion margins and market stability, your directors foresee that, the performance of the Company will be better.

Restructuring of Company's debts and liabilities

The Company has been following up vigorously the restructuring of it's debts and liabilities with Financial Institutions and Banks. Your Directors are happy to inform you that, the Company has fully satisfied the debts of few Banks under Compromise settlement.

Meanwhile the Company is exploring the possibility of satisfaction of debts with Financial Institutions and other Banks as well.

Taxes and Duties

The Company has contributed Rs.1398.74 Lacs to the Central and State Exchequer by way of Excise duty, Customs duty and Sales tax.

ISO 9001(2000) Certification

Your Company continued to be certified under ISO 9001:2000 by Bureau Veritas Quality International (Holding) S A London recognising the quality of the management systems being followed up by the company as per their specific standards.

BIFR Registration

The Company's reference with BIFR (Board for Industrial and Financial Reconstruction) registered under No.424/2001 on 21.11.2001 came up for hearing on 27.11.2002. During the hearing, Banks and Financial Institutions raised certain queries for which we submitted our explanations as required by BIFR. However BIFR rejected our reference stating our case is time-barred. Against this order the Company has filed an appeal with Appellate Authority, AAIFR (Appellate Authority for Industrial and Financial Reconstruction). Meanwhile we have got registered another reference application based on 2001-2002 Balance Sheet with BIFR under No.196/2003 on 24.04.2003, which is yet to be heard.

Auditors' Report

Observations made in paragraph 4e(i), (ii), (iii), (iv) and (v) have been dealt with in Note Nos.5, 9(b) & 11, 9(c), 17(a) and 14 of the Notes to Accounts.

With regard to observation made in paragraph 4f of the Notes to Accounts, it is to be stated that, the company has obtained a legal opinion, from an eminent legal luminary, stating that, privately placed debentures cannot be construed as debentures for the purpose of clause (g) of sub-section (1) of section 274 of the companies act, 1956. The auditors have relied upon the said opinion.

Regarding observation of auditors in paragraph 9 of the Annexure to Auditors' Report in respect of loans and advances, this is to be stated that, earnest endeavor is being followed for recovery of the loans and advances. In paragraph 20 of the Annexure to the Auditors' Report, the auditors have stated that, the accumulated losses of the Company as on 30.09.2003 has exceeded its entire net worth and hence the Company has become a sick industrial company within the meaning of Clause (o) of subsection 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company's first reference application registered with BIFR has been rejected and the matter is under appeal with AAIFR(Appellate Authority for Industrial and Financial Reconstruction). However the Company has again registered by a second application with BIFR under Section 15 of that Act.

The Companies' Auditors Report Order (CARO) 2003 is effective from 01.07.2003. The Company faced difficulties to comply with the order fully as the systems could not be updated in compliance of the order at short notice. However as required under the latest General Circular dated 10 November 2003 from Department of Company Affairs the detailed report is furnished under MAOCARO.

Directors

Shri. M M Dhanuka & Shri.Nikunj Dhanuka, Directors retire by rotation and being eligible have offered themselves for reappointment.

Directors' Responsibility statement

As required u/s 217(2AA) the Directors of the company confirm that, they have –

- a) followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation in the respective notes to accounts of the company.
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- d) prepared the annual accounts on a going concern basis.

Particulars of Employees u/s.217 (2A) of the Companies Act, 1956.

The Company has no employee whose salary exceeds the limits prescribed u/s 217(2A) of the Companies Act, 1956. Hence information required under the said section read with the Companies (Particulars of Employees) Rules, 1975 as amended has not been provided in this report.

Industrial Relations

Industrial Relations remained cordial during the year under report.

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 conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

Auditors

M/s Hariharan & Company and M/s D L Mehta & Company, Chartered Accountants retire and have offered themselves for reappointment.

Corporate Governance Report

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance together with certificate from the Company's Statutory Auditors confirming the compliance of the conditions of Corporate Governance and Management Discussion and Analysis are attached to this report.

Acknowledgements

Your directors express their grateful thanks to the Financial Institutions and Banks for their continuous support and co-operation to the company. Your directors wish to place on record their sincere appreciation for the services rendered by the employees at all levels.

For and on behalf of the Board

Mumbai
29 January 2004

M M Dhanuka
Chairman

I G PETROCHEMICALS LIMITED**Annexure to Directors' Report showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo.****A) Conservation of Energy**

a. The following measures have been taken for energy conservation:

1. Proven method of regenerating existing old heat transfer salt system is introduced in the second reactor also and the same is resulting in increase in efficiency of heat generation and better energy conservation.
2. Insulation upgradation of major critical equipment with calcium silicate insulation has been introduced in the plant, which has given way for reduction in heat losses and better conservation of energy.
3. All rotating equipment including prime movers vibration monitoring is being carried out everyday. Predictive/preventive maintenance jobs are strictly carried out by which substantial energy saving is achieved by avoiding higher power consumption than rated.
4. Steam losses are minimised by arresting steam leakages as and when required followed by preventive maintenance of thermodynamic steam traps on regular basis to ensure the conservation of energy effectively.
5. Additional low pressure steam of 500 Kg/hr is effectively directed through desuperheating system developed in-house earlier and cooled in the corresponding condensing system. By carrying out the steam, 500 Kg/hr steam/DM water is conserved which used to vent to atmosphere earlier.
6. Necessary energy conservation studies were made in distillation section by which the Furnace Oil consumption is having a downward trend.

However, due to two major shut downs for catalyst change, the overall Furnace Oil consumption for the financial year is on higher side as boilers were running continuously for a period of 90 days each (approx) for required steam back up.

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

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

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

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. Power & Fuel Consumption:	2002-2003	2001-2002
1. Electricity		
a. Purchased (Units)	259,237	304,892
Total Amount (Rs.)	25,82,612	34,44,502
Rate/Unit (Rs.)	9.96	11.30
b. Own Generation		
i Through Diesel Generator	210,240	79,200
Units per Ltr. Of Diesel oil	1.87	1.63
Cost / Unit (Rs.)	12.49	11.87

I G PETROCHEMICALS LIMITED

	2002-2003	2001-2002
ii Through Steam Turbine		
Generator (Units)	24572930	23835110
Units per liter of Fuel/Oil/Gas	—	—
Cost/Unit (Rs.)	—	—
2. Coal is not used in Manufacturing Process	—	—
3. Furnace Oil quantity (KL)	5393	4,139
Total Amount (Rs.)	5,08,66,498	3,52,64,549
Average rate/KL (Rs.)	9,432	8,520
4. Other / Internal generation	—	—

B) Consumption per Unit (MT) of product

Phthalic Anhydride	Standard		
Electricity – Units	Not Specified	277	271
Furnace Oil – Liters	Not Specified	60	46

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**C) Technology Absorption
Reserch & Development (R&D)****i) Specific area in which R & D carried out by the Company :**

The company is continuing it's R & D activities for developing the process of Phthalic Anhydride down stream value added products.

ii) Benefits derived as a redult of above R & D.

Benefits are in terms of better quality and increased productivity.

iii) Future plan of action.

All the efforts are being continued in the direction of product/process development as mentioned above.

iv) Expenditure incurred on R&D

The Company has incurred expenditure to an extent of Rs. 20.24 lacs.

Total R&D expences as a % of turnover : 0.08%

	2002-2003	2001-2002
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D) Foreign Exchange Earnings & Outgo

(Rs. In lacs)

Total foreign exchange earnings	15680.99	16475.39
Total foreign exchange outgo	5938.29	5861.51