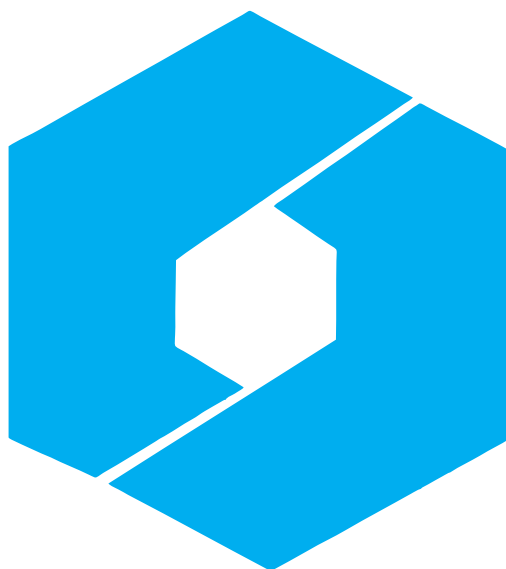


Twenty-Fifth  
Annual Report  
2008-09



India Glycols Limited

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# Corporate Information

## Board of Directors

U.S. Bhartia	Chairman & Managing Director
Jayshree Bhartia	Director
Jagmohan N. Kejriwal	Director
Pradip Kumar Khaitan	Director
Autar Krishna	Director
R.C. Misra	Director
M.K. Rao	Executive Director

## Audit Committee

R.C. Misra	Chairman
Jagmohan N. Kejriwal	
Autar Krishna	

## Investors' Grievance Committee

R.C. Misra	Chairman
U.S. Bhartia	
Autar Krishna	
Jagmohan N. Kejriwal	

## Company Secretary

Lalit Kumar Sharma

## Auditors

Lodha & Co. Chartered Accountants

## Bankers

State Bank of India  
State Bank of Patiala  
Axis Bank Limited  
Punjab National Bank  
Union Bank of India  
IDBI Bank Ltd.  
Hongkong & Shanghai  
Banking Corporation Ltd.

## Registered Office

A-1, Industrial Area,  
Bazpur Road, Kashipur,  
Distt. Udham Singh Nagar,  
Uttarakhand - 244 713

## Corporate Office

3A, Shakespeare Sarani,  
Kolkata - 700 071

## Head Office

2B, Sector-126, NOIDA,  
Dist. Gautam Budh Nagar,  
Uttar Pradesh - 201304

## Registrars & Transfer Agents

MCS Ltd.  
F-65, Okhla Industrial Area Phase-I  
New Delhi - 110 020

# Notice

NOTICE is hereby given that the Twenty fifth Annual General Meeting of the members of India Glycols Limited will be held on 17<sup>th</sup> August, 2009 at 12.30 P.M. at the Registered Office of the Company at A-1, Industrial Area, Bazpur Road, Kashipur, District Udham Singh Nagar, Uttarakhand to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended on that date, the Reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.
3. To appoint a Director in place of Shri Uma Shankar Bhartia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri R.C. Misra who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Autar Krishna, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Statutory Auditors to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

## Special Business

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

“RESOLVED THAT pursuant to the provisions of Sections 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof), the Memorandum and Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals,

permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which expression shall also include an ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company or its subsidiaries, including any Directors of the Company, whether whole time or otherwise, options exercisable into equity shares being not more than 13,94,000 (Thirteen Lacs Ninety Four Thousand) equity shares of Rs.10/- (Ten) each of the Company not exceeding 5% of the subscribed and paid up equity share capital after issue of shares under a Scheme titled “Employee Stock Option Plan 2009” (hereinafter referred to as the “**ESOP 2009**”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the ESOP Compensation Committee in accordance with the provisions of the law and guidelines issued by the relevant Authority, each option granted being exercisable for one (1) equity share of the Company.”

“RESOLVED FURTHER THAT the ESOP Compensation Committee be and is hereby authorised to issue and allot equity shares upon exercise of such options from time to time in accordance with the ESOP 2009 and such equity shares shall rank *pari-passu* in all respects with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP 2009 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present

face value of Rs.10/- (Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the ESOP Compensation Committee be and is hereby authorized to determine the form and terms of the issue, the issue price and all other terms and matters connected therewith, make modifications, changes, variations, alterations or revisions in the ESOP 2009 including to withdraw, suspend or revive the ESOP 2009 from time to time,

as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue and to do all such acts, deeds, matters and things as it may deem necessary or desirable for such purpose in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and any other Regulations in force for the time being.”

**By order of the Board**

Place : New Delhi  
Date : 20<sup>th</sup> June, 2009

**Lalit Kumar Sharma**  
*Company Secretary*

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself. The proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 10<sup>th</sup> August, 2009 to 17<sup>th</sup> August 2009 (both days inclusive). The names of the shareholders, whose share transfer request received in order, either at the Head office/ Registered office of the Company or at the Registrars & Share Transfer Agents, M/s. MCS Limited, F-65, Okhla Industrial Area Phase-I, New Delhi 110 020, before the book closure, shall be included in the members register as on the date of the Annual General Meeting.
3. If the dividend on equity shares, as recommended by the Directors, is declared at the meeting, the payment of such dividend will be made to those members of the Company whose name appear on the Register of Members of the Company as on the date of the Annual General Meeting. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished

by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

4. In order to provide protection against fraudulent encashment of Dividend warrant(s), shareholders holding shares in physical form are requested to intimate the Company under the signature of the sole/ first joint holder, the following information be printed on the dividend warrant(s).
  - i) Name of the sole/first joint holder and Folio Number.
  - ii) Particulars of Bank Account viz., Name of Bank, Branch address with pin code, Bank Account Number with Account type whether saving or current account.
5. Members holding shares in Electronic form may kindly note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrant(s), and that the Company will not entertain any direct request from such member for deletion of/change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank account in which they wish to receive dividend, directly to their depository participants.

6. The Company provides the facility of remittance of dividend through Electronic Clearing Services (ECS) to the Shareholders residing in the following cities:

Agra, Ahmadabad, Amritsar, Bangalore, Bhubaneswar, Bhopal, Chandigarh, Chennai, Coimbatore, Delhi, Guwahati, Hyderabad, Indore, Jaipur, Kanpur, Kochi, Kolhapur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Nagpur, Patna, Panaji, Pune, Rajkot, Surat, Vadodara, Vidisha and Thiruvananthapuram.

Shareholders holding shares in physical form and wish to avail of the ECS facility may authorise the Company with their ECS mandate in the prescribed form, available at our Head Office at Plot No. 2B Sector 126 Distt Gautam Budh Nagar Noida Uttar Pradesh - 201304 or at Registrar and share transfer agent M/s. MCS Limited, F-65, Okhla Industrial Area Phase-I, New Delhi 110 020.

7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31<sup>st</sup> March, 2002, which remain unclaimed/unpaid for a period of 7 years from the date such dividend first become due for payment, will be transferred on 3<sup>rd</sup> October, 2009 to the Investors Education and Protection Fund established by the Central Government. It has been noticed that some shareholders have not encashed the dividend warrant(s) so far for financial year ended 31<sup>st</sup> March, 2002 or any subsequent financial years. Such shareholders are requested to make their claim to the Company in respect of their unclaimed/unpaid dividend before being transferred to Investors Education and Protection Fund as aforesaid. Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of

said unclaimed and unpaid dividend, if transferred to the Investors Education and Protection Fund on due dates.

## 8. MEMBERS ARE REQUESTED TO:

- A Immediately notify any change of address to their depository participants (DPs) in respect of their holding in Electronic Form and to the Company in respect of their holding in physical form.
  - B Send their queries, if any, atleast 15 days in advance of the meeting at the Company's Head Office at Plot No. 2B, Sector 126, Noida, Distt Gautam Budh Nagar, Uttar Pradesh -201304 so that the information can be made available at the meeting.
  - C Fill the attendance slip for attending the meeting and those who hold the shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
  - D Send their shares for dematerialisation to the Company's Registrars and Share Transfer Agents, if so far, are not held in dematerialised form, as the Company comes under compulsory demat as per directive issued by the SEBI.
9. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 with respect to items of Special Business is appended hereto, and forms part of this Notice.
10. Shri U.S. Bhartia, Shri R.C. Misra, and Shri Autar Krishna, Directors due to retire by rotation and are eligible for reappointment at this Annual General Meeting. Brief resumes of the said Directors are as under:

Name	U.S. Bhartia	R.C. Misra	Autar Krishna
Age	55 Years	81Years	78 Years
Qualifications	B.Com. (Hons.)	M.A, LL.B	B.Sc. G.M.Mech. Eng.(U.K.)
Expertise in Specific functional Area	Industrialist.	Indirect & Direct Taxation, Former Chairman, Central Board of Excise & Customs.	Industrialist
Date of appointment on the Board of the Company	29.11.1996	24.11.1987	13.03.1999
Name(s) of the other companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	<ol style="list-style-type: none"> <li>1. Kashipur Holdings Limited</li> <li>2. IGL Finance Ltd.</li> <li>3. Shakumbari Sugar &amp; Allied Ind. Ltd.</li> <li>4. Polylink Polymers Ltd.</li> <li>5. Hindustan Wires Limited</li> </ol>	—	<ol style="list-style-type: none"> <li>1. Saksoft Ltd.</li> <li>2. Sak Technologies Ltd.</li> <li>3. Sak Abrasives Ltd.</li> <li>4. Panasonic AVC Networks India Co. Ltd.</li> <li>5. Acuma Holdings Limited</li> <li>6. Acuma Solutions Limited</li> <li>7. Acuma Software Limited</li> </ol>
Name(s) of Companies in which Committee Membership(s)/ Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stock Exchanges)	<p><b>India Glycols Ltd</b>  <b>Chairman</b>  Borrowing Committee  Share Transfer Committee and  <b>Member</b>  Investor Grievance Committee</p> <p><b>Hindustan Wires Ltd.</b>  Audit &amp; Remuneration Committee  <b>Polylink Polymers India Limited</b>  Audit Committee  Remuneration Committee  Investor Grievance Committee</p>	<p><b>India Glycols Ltd</b>  <b>Chairman</b>  Audit Committee  Investors Grievance Committee;  and  Appointment &amp; Remuneration Committee</p> <p><b>Member</b>  Borrowing Committee</p>	<p><b>India Glycols Ltd</b>  <b>Member</b>  Audit Committee,  Investors Grievance Committee;  and  Borrowing Committee</p> <p><b>Panasonic AVC Networks India Co. Ltd</b>  Audit Committee</p>

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 7

Human Resource is the key resource for the continuing growth and development of the Company. To motivate the employees and enable them to participate in the long-term growth and financial success of the Company, with a common objective of maximizing the shareholder's value, it is proposed to introduce the Employees Stock Option Scheme ("ESOP"), applicable to the permanent employees of the Company and all its subsidiaries, whether now or hereafter existing, as well as to all the Directors of the Company. The principal objectives of the scheme are to attract, retain and motivate the employees of our Company, encourage employees to align individual performance with Company's objectives, reward employee performance with ownership in proportion to their contribution and provide an incentive for employees to expand and improve the profits and prosperity of the Company.

Pursuant to the provisions of the Securities and Exchange Board of India (Employees' Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "SEBI Guidelines"), an ESOP Compensation Committee of the Board of Directors of the Company has been constituted for administration and superintendence of the ESOP.

The salient features of the ESOP 2009 are given hereunder:-

- (a) The total number of options to be granted would not exceed 5% of the paid up equity share capital of the Company ;
- (b) A permanent employee of the Company, including a Director, whether whole time or not shall be entitled to participate in the ESOP Scheme 2009. Any Employee who is a Promoter or belongs to the Promoter Group or who is a Director who, either by himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent (10%) of the outstanding equity Shares of the Company, shall not be eligible for Grant of Options under this IGL ESOP;
- (c) The Compensation Committee shall decide the vesting period for the Options granted to each employee, so however that the minimum period, over which the Options will vest, will be one year. The Compensation Committee may also provide for vesting of the Options over 4 to 6 year period as they may deem fit;

- (d) The maximum period within which the options shall be vested will be determined by the Compensation Committee subject to the maximum period over which the vesting takes place should not exceed 5 years;
- (e) The exercise price shall be determined by the Compensation Committee and shall be fixed as a percentage of the market value of shares on the date of Grant. The Compensation Committee shall not fix the exercise price below 90% of the market price of shares on the date of grant of an option. The exercise price of the shares under this ESOP shall not be less than the face value of the shares as on the date of grant of an option;
- (f) An employee can exercise his options on the vesting period of the option being completed. The employee shall make a written application for the exercise of such Options through an Exercise Application to the Compensation Committee;
- (g) The Compensation Committee will determine the appraisal process for determining the eligibility of employees to the ESOP Scheme 2009 in consultation with the supervisor, manager or the team leader of the Eligible Employee;
- (h) The maximum percentage of Options which can be issued to an employee in any one fiscal year cannot exceed 0.99% of the issued capital of the Company. The percentage may be increased with the approval of the shareholders of the Company in a general meeting;
- (i) The Company shall conform to the accounting policies as set out in Schedule 1 of the SEBI ESOP Guidelines;
- (j) The company shall use the valuation method for valuing its options as prescribed by the provisions of SEBI ESOP Guidelines;
- (k) In case the company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

The ESOP Compensation Committee shall, *inter alia*,



formulate the detailed terms and conditions of the ESOP including:

- (a) the quantum of option to be granted under an ESOP per employee and in aggregate;
- (b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- (c) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- (d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- (e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

In this regard, following shall be taken into consideration by the ESOP Compensation Committee:

- (i) the number and the price of ESOP shall be adjusted in a manner such that total value of the ESOP remains the same after the corporate action;
  - (ii) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
  - (iii) The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- (g) the grant, vest and exercise of option in case of employees who are on long leave; and
  - (h) the procedure for cashless exercise of options

The ESOP Compensation Committee shall also frame suitable policies and systems to ensure that there is no violation of;

- (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and
- (b) Securities and Exchange Board of India

(Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any employee.

The ESOP Compensation Committee shall have the authority in its discretion:

- i. to determine exercise price;
- ii. to select the employees to whom options may from time to time be granted hereunder;
- iii. to determine the number of shares to be covered by each such option granted hereunder;
- iv. to determine the vesting period and the exercise period.
- v. to approve forms of agreement for use under the ESOP 2009;
- vi. to determine the terms and conditions, not inconsistent with the terms of the plan, of any option granted hereunder;
- vii. to prescribe, amend and rescind rules and regulations relating to the ESOP 2009;
- viii. to construe and interpret the terms of the ESOP 2009 and options granted pursuant to the ESOP 2009; to determine the quantum of option to be granted per employee and in aggregate; and
- ix. to delegate such power and authorities to such person/s on such terms as the Compensation Committee may deem fit and approve.

As the ESOP 2009 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the SEBI Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the ESOP 2009.

The Board of Directors has recommended the proposed resolutions set out at the item No.7 for your approval by way of a Special Resolution.

**By order of the Board**

Place : New Delhi  
Date : 20<sup>th</sup> June, 2009

**Lalit Kumar Sharma**  
*Company Secretary*

# Directors' Report

## To The Members

Your Directors are pleased to present Twenty Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

### Financial Results

(Rs. in lacs)

	Year ended 31.03.2009	Year ended 31.03.2008
Sales and other income	116368.11	153867.94
Profit/(loss) before depreciation, exceptional item and tax	(2670.90)	30367.34
Depreciation	5673.45	6611.18
Exceptional item	5380.67	0.00
Profit/ (loss) before tax	(13725.02)	23756.16
Provision/(credit) for tax	(4535.86)	5903.51
Net profit/(loss)	(9189.16)	17852.65
Debenture redemption reserve written back	0.00	125.00
Profit/(loss) brought forward	35213.78	23040.98
Profit available for a appropriation	26024.62	41018.63
Which the directors have appropriated as follows:		
- Transfer to general reserve	0.00	4500.00
- Proposed dividend	278.83	1115.30
- Corporate dividend tax	47.39	189.55
Balance carried forward	25698.40	35213.78

### Dividend

Your Directors are pleased to recommend a dividend of Re.1/- (Rupee One only) per equity share. The outgo on dividend will be Rs.326.22 lacs including tax on dividend.

### Performance

During the year under review performance of the Company has been adversely affected on account of dramatic global meltdown from August, 2008 onwards. The price of Glycols

crashed from US\$ 1200 per MT to US\$ 450 per MT. However, the prices of feedstock like molasses and alcohol did not come down in line with international prices of crude oil, which came down from USD 150 per barrel to US\$ 40 per barrel. The performance was further adversely affected as domestic prices of our feedstock viz. molasses and alcohol was high on account of poor availability of sugar cane. Consequently, Company was forced to regulate its Glycols production as it was not economically viable.

Sales and other income for the year under review has been Rs.116368 Lacs compared to Rs.153868 Lacs. Loss before depreciation, exceptional item and tax for the year has been Rs.2670.90 Lacs as compared to profit of Rs.30367.34 Lacs last year and net loss after tax for the year has been Rs.9189.16 Lacs.

The decline in the bottom line is also on account of higher interest cost on borrowed fund during the year. The borrowing cost of funds has increased to 9.73% as compared to 8.5% last year. The current year has been an extra ordinary and abnormal year for the company in terms of the turnover and the profit due to the sub-prime crises and global meltdown in the overall industry.

During the year, your Company produced 66324 MT of Glycols compared to 135360 MT last year. Ethylene Oxide Derivatives (EODs) production has been reduced to 65196 MT compared to 73008 MT last year.

Company has produced 77077 KBL of Alcohol at its distilleries at Kashipur and Gorakhpur, which has supplemented ethanol, required for production of Glycols and has reduced the dependence on purchase of alcohol. Company has also produced 33965 KBL of Potable Alcohol.

Company has set up a Turbo Generator of 12 MW capacity at Kashipur. This plant generates power by using high pressure steam before the same is used at low pressure in the process. This has resulted in substantial power saving.

## Marketing

Sale of Glycols has been 63159 MT compared to 131145 MT last year. The sale of Ethylene Oxide Derivatives (EODs) has been 63908 MT compared to 73840 MT last year.

## Exports

During the year under review, your Company has achieved total export turnover of Rs.23199 lacs as compared to Rs.21027 lacs last year. Your Company expects reasonable growth in the overall export sales in the current year. Company has been granted 'One Star Export House' status by Government of India, Office of the Jt. Director General of Foreign Trade. With its improved performance Company expects further improvement in this status.

## Natural gum

During the year, your Company achieved total sales of Rs.1566 lacs of the Natural Gum/Guar Gum products out of which the export turnover was Rs.1555 lacs compared to total sales of Rs.534 lacs out of which the export turnover was Rs.525 lacs last year. Company is diversifying into the field of Guar Gum derivatives used for Oil Field Industry and Textile Industry. The Company is modifying its existing Guar Gum Plant to produce value added derivatives for Oil Field Industry, specialty derivatives for food & paper industry and Textile Industry.

## Ethyl alcohol (potable) & extra-natural alcohol

During the year, there has been substantial growth in the Ethyl Alcohol (Potable) segment, your Company registered total sales of Rs.26865 lacs compared to Rs. 24617 lacs last year. Efforts are being made to further increase the sales of Ethyl Alcohol (Potable). The Segment contributes around 24% in the total revenues of the Company. Company has most modern & largest captive distillery in Asia.

## Ennature bio-pharma division (100% export oriented-undertaking)

Company has set up a 100% Export Oriented undertaking (100% EOU) by the name of Ennature Bio-pharma division. The Company has taken 47 acres land on lease from Uttarakhand government, where it is growing a wide variety of medicinal plants etc. It has also set up a Supercritical Fluid Extraction facility (SCFE) at Dehradun, which will be cGMP compliant and in the process of being cGMP and HACCP. The unit is Kosher certified and approved by India Food & Drug Authorities (FDA). SCFE at Dehradun has started trial run production of the plant and is in process of stabilizing and developing various Phytopharmaceuticals and Nutraceuticals products. The unit is in process of commercialising the production after necessary approvals. The unit has received accreditation from the Indian Spices Board, enrolled as members of Pharmexcil and Shellac Export Promotion Council. This unit will be used for extraction of Dietary Food supplements, Natural Colors, Health care fruits & vegetables, Herbal Extracts, Fruit flavors & fragrances & Spice flavors & extracts. Future thrust is to become supplier of more refined natural active pharmaceutical ingredients (API) & intermediates to pharmaceutical & natural health product industries. All these are very high value added products. Since this will be a 100% EOU, this diversification will provide tax benefit also.

## Industrial gases

The Company has also set up an Industrial Gases division producing Oxygen, Nitrogen and Argon with an overall capacity of 13000 NM<sup>3</sup>/h. During the year under review, Company produced 50148619 NM<sup>3</sup> of Oxygen and 15406578 NM<sup>3</sup> of Nitrogen. Both Oxygen and Nitrogen were successfully marketed and also used for own requirement. Industrial gases division also produced 1246469 NM<sup>3</sup> of Argon.

The Industrial Gases division has diversified to produce food grade liquid Carbon Di-oxide (CO<sub>2</sub>), both at Kashipur and Gorakhpur Plants having capacities of 80 MT/day each, to meet growing domestic market. The facilities have been commissioned at Kashipur Plant in April 2008 and at Gorakhpur Plant in July 2008, during the year Company has produced 15226 MT of Carbon Di-oxide (CO<sub>2</sub>).

During the year, Industrial Gases segment registered total sales of Rs.1607 lacs compared to Rs.1473 lacs last year.

### **RAB (concentrated sugarcane juice)**

During the year under review, RAB (concentrated sugarcane juice) unit was completely operational. Entire production of RAB consumed captively to supplement ethanol requirement.

### **Expansion / modernisation / diversification plans**

Company is setting up 9 MW Turbo Generator and slop boiler at Kashipur Plant for generation of steam by way of incineration of effluent coming out of distillery after concentration in evaporator to optimize the cost of power by replacing essential power of DG Set for continuous running of plant. The power generated through 9 MW Turbo Generator will be captively used, which will result in saving of power cost.

Company is also setting up a 12 MW Turbo Generator and slop boiler at Gorakhpur Plant for generation of power by way of heat energy of distillery effluent incineration in the Boiler after concentration. The Company proposes to sell about 7 to 8 MW power generated to the Grid.

### **Finance**

During the year under review, Company has raised Rupee Term Loans of Rs.305 Crores to part finance the project cost of ongoing capital expenditure. The Company has repaid total loans of Rs.151 Crores, out of which Company

repaid Rupee Term Loan of Rs.42 Crores and Foreign Currency Loans of USD 24.5 million and JPY 276.25 million equivalents to Rs.109 Crores.

The Company has been regular in meeting its obligations towards payment of principal/interest to Financial Institutions/Banks/Debentureholders/Fixed Deposit holders.

### **Listing of securities**

The shares of the Company shall continue to be traded at the Bombay Stock Exchange and the National Stock Exchange.

### **Subsidiary companies**

The Company is having controlling stake in Shakumbari Sugar & Allied Industries Limited (SSAIL), which operates a sugar manufacturing plant in the state of Uttar Pradesh with a crushing capacity of 5500 tones per day (TCD) alongwith a modern distillery of 40 KL per day (KLPD) producing high quality rectified spirit, ethanol and country liquor and an internal bagasse fired co-generation plant of 11.4 MW catering to the captive power needs of the sugar and distillery units.

The Company has completed first phase of expansion plan, the capacity of sugar manufacturing plant has been enhanced from 3200 TCD to 5500 TCD and co-generation plant capacity has been enhanced from 3 MW to 11.4 MW of power generation. In the second phase of expansion plan, the capacity of sugar manufacturing plant will be enhanced from 5500 TCD to 7500 TCD, the distillery's capacity would be expanded to 240 KLPD from the present 40 KLPD for making ethanol from molasses/sugarcane juice and co-generation plant capacity will be enhanced from 11.4 MW to 25.5 MW of power generation out of which approximately 15.5 MW power generation will be used to cater the captive power need of expanded sugar and distillery units, the surplus power of approximately 10 MW will be sold to grid.

Your Company has also established a subsidiary in Singapore to augment its activities in South Eastern region & help the marketing of products from Supercritical Fluid Extraction facility at Dehradun to large buyers in US & Europe.

As required under Section 212 of the Companies Act, 1956, the Audited statement of accounts, alongwith the report of the Board of Directors and the Auditors' Report thereon, of the subsidiary Company viz. IGL Finance Limited, IGLCHEM International Pte. Ltd. and Shakumbari Sugar and Allied Industries Ltd., for the year ended 31<sup>st</sup> March, 2009, is annexed.

### Fixed Deposit

The amount of Fixed Deposit held as on 31<sup>st</sup> March, 2009 was Rs.1573.39 lacs. There are no overdue deposits except for unclaimed deposits amounting to Rs. 385.91 lacs.

### Directors

Shri U.S. Bhartia, Shri R.C. Misra and Shri Autar Krishna, Directors of the Company, retiring by rotation and being eligible, offer themselves for reappointment. Your Directors recommend the reappointment of retiring Directors for your approval.

Shri K.N. Memani has resigned from the Board of Directors w.e.f. 12<sup>th</sup> June 2009 due to his preoccupation in other professional activities. The Board of Directors place on record their deep appreciation for the contribution made by Shri K.N. Memani as Director of the Company.

Your Directors at their meeting held 31<sup>st</sup> October, 2008 expressed their condolence on sad demise of Shri N. Ramachandran, Director of the Company, who left for heavenly abode on 15<sup>th</sup> August, 2008. The Board remembered Late N Ramachandran for his invaluable professional guidance, considerable talent, poise, commitment and determination.

### Directors' responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently and 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 31<sup>st</sup> March, 2008 and of the profit and loss of the Company for that period;
- 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 and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

### Management discussion and analysis

A separate report is appended herewith.

### Corporate governance

The Board of Directors supports the broad principles of Corporate Governance. The report on Corporate Governance as stipulated in clause 49, as amended, of the listing agreement with the stock exchanges for the year ended 31<sup>st</sup> March, 2009 and Auditor's Certificate on Corporate Governance are appended herewith.

### Auditors

The Auditors, M/s. Lodha & Co., retiring at the ensuing Annual General Meeting and offer themselves for

reappointment. They have confirmed that they are eligible under Section 224(1B) of the Companies Act, 1956 for reappointment.

### **Environment, energy conservation, technology absorption, etc.**

Your Company has taken various measures for energy conservation at its chemical plant, such as installation of Extraction / Back pressure steam turbine capacity 8.64 MW, MEG return condensate for Rab boiler deaerator resulting in increase heat recovery from MEG DM water preheater, LP Steam saving in T-320 by utilization of steam generated from MEG column condenser, OSBL Alcohol preheating by utilization of heat of recycle water, Reducing the RFO consumption in MEG heater by maximizing the bio gas in heater, Use of MP steam instead of HP steam in all three new evaporator trim reboilers of MEG resulting in increased power generation from Extraction/Backpressure turbine and Preheating of 12 MW turbine Condensate with Dehydration Steam Condensate (Exchanger is to be replaced with new exchanger) resulting in more energy saving.

Energy conservation measures have also been taken at Distillery plant such as use of Centrifuge Decanter (4 nos) commissioned to reduce the T.S.S. in effluent feed, resulting in reduction of scaling frequency of evaporator calandria, use of process steam condensate of ENA plant as a boiler feed water thereby enhancing the steam condensate recovery and Installation of Economizer & Airpreheater in existing Boiler for recovery of energy from the flue gases.

Your Company has also taken environmental conservation measures by setting up a bio-composting facility to produce natural manure as a substitution to chemical fertilizers. Company is also working actively for reducing effluent generation at source by achieving zero discharge by way of adopting ferti-irrigation, bio-composting, Reverse Osmosis (RO), concentration followed by

incineration to conserve the fossil fuel and other effective and competitive techniques.

The Company has installed distillery effluent Evaporators at Gorakhpur and the concentrated effluent is burnt in specially designed boiler the calorific value of concentrated effluent generates super heated steam which is utilized in Turbo Generator capacity of 12.5 MW for power generation. The Company proposes sell surplus 8 MW power generated to the grid. In the same way, your company has installed distillery evaporator at Kashipur Plant alongwith Boiler and the same superheated steam produced will generate power in 9 MW back pressure Turbo generator. The power will be utilized for plant operation as essential power which is being generated by DG set and back pressure steam will be utilized for plant operation.

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 the required information relating to "Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo" is annexed hereto and forms part of this Report.

### **Human resources**

Your Directors wish to place on record their deep appreciation to employees at all levels for their all-round efforts, dedication, commitment and loyal services which helped in achieving satisfactory performance during the year.

The required information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company excluding the Statement of particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining



a copy of the said statement may write to the Company Secretary at Head Office of the Company.

### **Social responsibility**

Good governance demands adherence of social responsibility coupled with creation of value in the larger interest of the general public. Your Company, Directors and its dedicated employees continue to contribute towards society by several worthwhile causes. Your Company aims to enhance the quality of life of the community in general and has a strong sense of social responsibility.

The range of our activities begins in and around Kashipur (Uttarakhand) by organizing regular Medical camps (three days a week) so that villagers get medical assistance free of cost and also active participation in organizing blood donation camps, facilitating plantation of trees for better environment, facilitating in constructing roads, bridges, drains and installing street lamps and hand pumps for drinking water, which is benefiting near by areas. The Company also extends support to the victims of flood affected during Monsoon, distributing of blankets to poor during winter, promoting Sports and socio-cultural activities in the State of Uttarakhand, supporting the local administration in fighting and managing fire accidents and other disasters taking place in the close by areas of factory and other noble works in the surrounding area of factory.

Your Company is supporting a community school at Dwarka, New Delhi through Nirmal Bhartia Society for

Education Promotion, a charitable institution by making grants, School is now operational. The school is equipped with modern facilities and also has a good infrastructure. The school posses qualified and experienced faculties, which enable children to make a great future.

The Company has also sponsored a faculty position in Herbal Research & Development Institute, Centre of Aromatic Plants at Dehradun to promote the Herbal Development in the state of Uttarakhand.

Your Company extending educational and on-job training to the students of many professional Institutions and the professionals of many other Management and Engineering Institutions, which helps them to start a new beginning for their future professional career.

At the end your Directors constantly strive hard to serve the society by implementing such other policies which benefited people at large.

### **Acknowledgement**

Your Directors place on record their deep appreciation of the support given by the Central Government, States of Uttarakhand and Uttar Pradesh, Financial Institutions and banks and looks forward to their continued support.

for and on behalf of the Board

Place : New Delhi

U.S. Bhartia

Dated : 20th June, 2009

*Chairman and Managing Director*

# Annexure to the Directors' Report

Particulars as required under Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ending 31<sup>st</sup> March 2009.

## Conservation of energy

### (a) Energy Conservation Measures Taken.

1. MEG return condensate for Rab boiler deaerator resulting in increase heat recovery from MEG DM water preheater.
2. LP Steam saved in T-320 by utilization of steam generated from MEG column condenser.
3. OSBL Alcohol preheated by utilization of heat of recycle water.
4. Preheated of 12 MW turbine Condensate with Dehydration Steam Condensate resulting in more energy saving.
5. Centrifuge Decanter (4 nos) commissioned to reduce the T.S.S. in effluent feed, resulting in reduction of scaling frequency of evaporator calandria.
6. Process steam condensate of ENA plant is used as a boiler feed water thereby enhancing the steam condensate recovery.
7. Installation of Economizer & Airpreheater in existing Boiler for recovery of energy from the flue gases.

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

Following schemes are being implemented:

1. Proposal for a Extraction / Back pressure steam turbine capacity 8.64 MW.
2. Reducing the RFO consumption in MEG heater by maximizing the bio gas in heater.
3. Use of MP steam instead of HP steam in all three new evaporator trim reboilers of MEG resulting in increased power generation from Extraction/ Backpressure turbine.
4. Provision of VFD in cooling tower fans.
5. Using dry vacuum pumps in GE-1 to save energy.
6. Utilization of hot condensate in GEA and GE.
7. Installation of 2nd Sloped fired boiler which will increase utilization of concentrated slops for steam generation and reduce the rice husk consumption.

8. Installation of 12MW STG set to sell the surplus power to UPCL.
9. Installation of Reboiler in ENA plant Analyzer column to reduce the effluent.
10. Installation of VFD in spent wash recycles pumps to save the power.

### (c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact

Energy conservation measures:	Benefits:
<b>I. Saving of Coal by</b>	
Max. Biogas utilization in Boilers	Upto 66.0 MT/day*
Preheating of Boiler Feed Water	Upto 60.0 MT/day*
Operation of Evaporator reflux Preheater	Upto 5.5 MT/day
Installation of Boiler feed water preheater in MEG Process Heaters	Upto 4.0 MT/day
<b>II. Saving of Power by</b>	
Operation of TG Set at Optimum load (Kashipur)	85291.66 MWH of Power Generated during the Year (Last year 86184.98 MWH)
Operation of TG set at Optimum load (Gorakhpur)	9204 MWH of Power Generated during the year (Last year 21987 MWH)
<b>III. Saving of Fuel by</b>	
Utilization of waste gas/Biogas in the Process Heater	Upto 7.0 MT/Day*

\* Plant has been running at lower load since Oct.'08

### (d) Total energy consumption and energy consumption per unit of production as prescribed under Form – A.



## Form-A

### Form for disclosure of particulars with respect to conservation of energy

	Units	Year ending March, 2009	Year ending March, 2008
<b>A. Power and fuel consumption</b>			
<b>KASHIPUR PLANT</b>			
<b>i) Electricity</b>			
a) Purchased Unit	1000 KWH	111418.5	139892.50
Total Amount	Rs. Lacs	4400.25	4068.71
Rate per unit	Rs. /KWH	3.95	2.91
b) Own Generation through DG Sets	1000 KWH	11887.347	29581.22
Units per Kg/Liter of Diesel Oil/HPS	KWH/Kg	5.90	4.82
Cost/ Unit	Rs/KWH	5.73	4.36
<b>ii) Coal</b>			
Quantity	MT	300792.0	305624
Total Cost	Rs. Lacs	8415.6	7672.87
Average Rate	Rs/MT	2797.8	2510.56
<b>iii) Fuel oil (LDO/RFO)</b>			
Quantity	MT	3705.41	4394.83
Total Cost	Rs. Lacs	1133.81	921.88
Average Rate	Rs/MT	31338.08	20976.61
<b>iv) Others/internal generation</b>			
<b>a) From back pressure turbine</b>			
Quantity	1000 KWH	30466.98	37025.02
Total Cost	Rs. Lacs	Nil	Nil
Average Rate	Rs. /KWH	Nil	Nil
<b>b) From extraction, back pressure &amp; condensing turbine</b>			
Quantity	1000 KWH	54824.68	49159.94
Total Cost	Rs. Lacs	1261.28	1062.52
Average Rate	Rs./KWH	2.30	2.16
Total (a +b)	1000 KWH	85291.66	86184.98
<b>GORAKHPUR PLANT</b>			
<b>i) Electricity</b>			
(a) Purchased Unit	1000 KWH	2804.10	2378.60
Total Amount	Rs. Lacs	166.06	150.98
Rate per unit	Rs./KWH	5.73	6.35
(b) Own Generation through			
DG sets Unit per Kg/Lit	1000KWH	30.373	136.01
Diesel Oil/HPS	Rs.Lacs	3.57	2.77
Cost/Unit	Rs/KWH	11.76	12.39
<b>ii) Others/internal generation</b>			
<b>(From Back Pressure Turbine)</b>			
Quantity	1000 KWH	9204	21987
Total Cost	Rs. Lacs	Nil	Nil
Average Rate	Rs./KWH	Nil	Nil
<b>B) Consumption per unit of production</b>			
<b>KASHIPUR PLANT</b>			
Electricity	MWH/MT	1.272	1.202
Fuel Oil (LDO/RFO)	MT/MT	0.023	0.021
Coal	MT/MT	1.893	1.467
<b>GORAKHPUR PLANT</b>			
Electricity	MWH/KBL	0.411	0.333

## TECHNOLOGY ABSORPTION

### Form – B

Form for disclosure of particulars with respect to Absorption and Research and Development (R & D).

#### A. Research and Development

##### 1. Specific areas in which R&D is carried out by the Company

###### Chemical Plant

- Development of “Green” sugar based surfactants.
- Product development for Ore beneficiation as binders in briquetting.
- Development of biodegradable and user friendly surfactants for textile processing.
- Water retention aid for use in agriculture in desert and hilly areas.
- Development of low temperature & low dosage demulsifiers for crude oil production.
- Development of specialty surfactants for pigment dispersion and defoamer in paints.
- Development of Emulsifiers for newly introduced combo pesticides for export.
- Development of wetting and dispersing agents for powder formulations in pesticides.
- Development of specialty chemicals for Pulp & Paper Industries.
- Adjuvants for the Herbicides formulations.
- Technology development of low PEG content in higher mole alkoxyates.
- Development of house hold cleaning and personal care surfactants.

###### Ennature bio-pharma plant

- Stabilized the process techniques for Extraction and enrichment of the Herbal products using supercritical fluid CO<sub>2</sub> extraction technology.
- Stabilized the process techniques for Extraction and enrichment of the Herbal products using aqueous and solvent extraction technology.

###### Distillery Plant

- Use of condensate from Evaporator to fermentation.
- Development of slop fired boiler for maximum utilization of slop & working hours.

##### 2. Benefits derived as a Result of above R&D

###### Chemical Plant

- Providing eco-friendly surfactant for premium application.
- Developed low dosage application to reducing the load on effluent treatment.
- Product with cost advantage to customer with better attributes.

###### Ennature Bio-pharma Plant

- A very economic cost saving technology for the extraction and isolation of Colchicine & Thiocolchicoside from Glorisa superba seed has been developed.
- Some of very promising & potential products like Tabersonine etc. are developed.

###### Distillery Plant

- Reduction of effluent generation per KL of alcohol production.
- Reduction of raw water consumption per KL of alcohol production.
- Reduction of rice husk consumption per MT of steam generation.

##### 3. Future Plan of Action

###### Chemical Plant

- Random / block copolymers for various applications.
- New delivery system for control release in crop protection.
- Modified polymeric surfactants for oil field and construction application.
- In-situ amphoteric surfactants for textile and person care application.
- Fluorocarbon based surfactants for flame retardant applications.
- Enzyme based formulations for textile and paper application.
- Upgradation of laboratories and instrument application labs.

#### Ennature Bio-pharma Plant

- Development and improvement of some of the very high and attractive value products like Vinpocetin, Glabridin and Oxyresveratrol.
- Developing better extraction, reeving and recovery techniques, thereby stabilize the processes to control the process related expenses.
- Developing more economic and cost saving technologies for the extraction and isolation of the herbal materials.

#### Distillery Plant

- Recycling of spent lees in fermentation/cooling tower

#### 4. Expenditure on R&D

(Rs. in Lac)

	2008-09	2007-08
Capital	0.00	26.81
Recurring	157.41	127.90
Total	157.41	154.71
Total expenditure as a percentage of turn over	0.13%	0.10%

#### B. 1. Technology absorption and innovation

- Developed APEO free emulsifiers for textile applications.
- Developed low temperature, low dosage demulsifier for crude oil demulsification and dehydration.
- Method development for chain distribution and Ethoxylated products by G.C./HPLC.
- Developed scaling inhibitors, biocides for oil and gas industries applications.
- Developed new cost effective emulsifier for emulsion explosive.
- Developed environmental friendly process for manufacturing different herbal extracts, nutraceuticals, spices, oils and oleoresin.
- To develop the strain which may sustain at higher percentage of alcohol in medium (>12%) and to increase the fermentation efficiency up to 95%.

Information about imported technology (imported during the last 5 years reckoned from the beginning of the financial year)

Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not been taking place reasons thereof and future plan.
MEG Debottlenecking	2003	Yes	Completed in February 2005
MEG Debottlenecking	2007	Yes	Completed in May 2008
Carbon Dioxide			
Supercritical Extraction	2007	Yes	Completed in March 2008

#### Foreign exchange earning and outgo:

(i) Activities relating to exports, initiative taken to exports, development of new export for products and services and export plans.	: Total Export during - Rs. 23199 Lacs the year 2008-09
(ii) Total Foreign Exchange used	: Net earning of Rs.7866 lacs (Previous year net earning of Rs.17065.99 lacs)

For and on behalf of the Board

Place: New Delhi  
Date: 20th June, 2009

U.S. Bhartia  
Chairman & Managing Director

# Management Discussion and Analysis

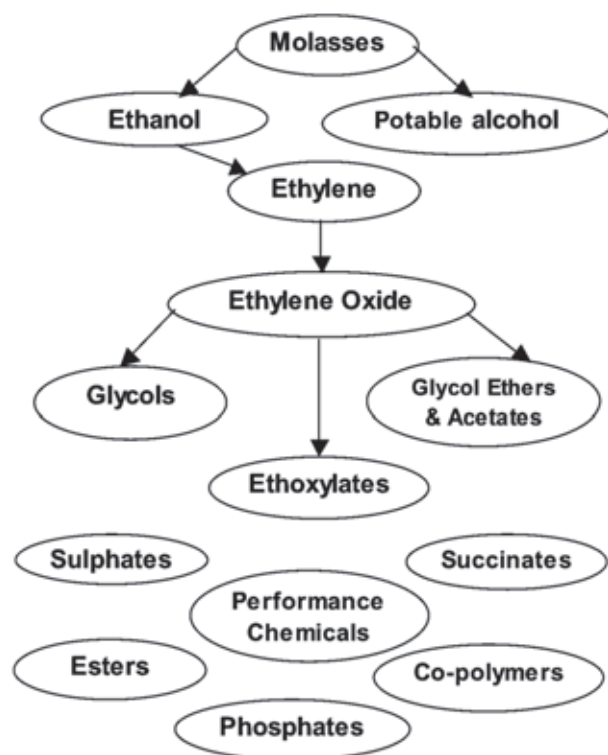
## Products

INDIA GLYCOLS LIMITED is one of the leading manufacturer of Glycols, Ethylene Oxide Derivatives, Ethyl Alcohol (Potable),

Natural Gum & Derivatives and Industrial Gases. Our belief in providing the desired products with the help of the best technology is reflected in our state-of-the-art integrated manufacturing facilities.

The manufacturing building blocks are represented :-

## Manufacturing Building Blocks



**Fully Integrated Facilities for better Control and value addition at every step**

The Company has organised its business into chemicals and other segments.

A. Chemical segments comprises :-

- Glycols (MEG, DEG, TEG and Heavy Glycols)
- Ethylene Oxide Derivatives (EODs)

B. Ethyl alcohol (Potable) and extra natural alcohol

C. Others includes high sulphur alcohol, hydro chloric acid, natural gum, industrial gases etc.

The segmentwise business share is indicated as follows :-

Segment	Sales Value 2008-09 (Rs. In Millions) (domestic + Exports)	% Share
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A. Chemicals

Glycols (MEG, DEG, TEG and Heavy Glycols)	3,226	28%
Ethylene Oxide Derivatives (EODs)	5,134	45%

B. Ethyl alcohol (potable) 2,686 24%

C. OTHERS 330 3%

TOTAL 11,376 100%

## Glycols

Sales of Glycols (MEG, DEG, TEG and Heavy Glycols) has been reduced from 131145 MT to 63158 MT and in Sales Value from Rs.7475 million in FY 2007-08 to Rs. 3226 million in FY 2008-09. Sales volumn of Glycols has been adversely affected mainly due to meltdown in the world economies, adversely affecting Glycols demand resulting in its surplus supply globally, consequently price of Glycols crashed from US\$ 1200 per MT to US\$ 450 per MT. However, the prices of feedstock like molasses and alcohol did not come down in line with international prices of crude oil, which came down from USD 150 per barrel to US\$ 40 per barrel. The performance was further adversely affected as domestic prices of our feedstock viz. molasses and

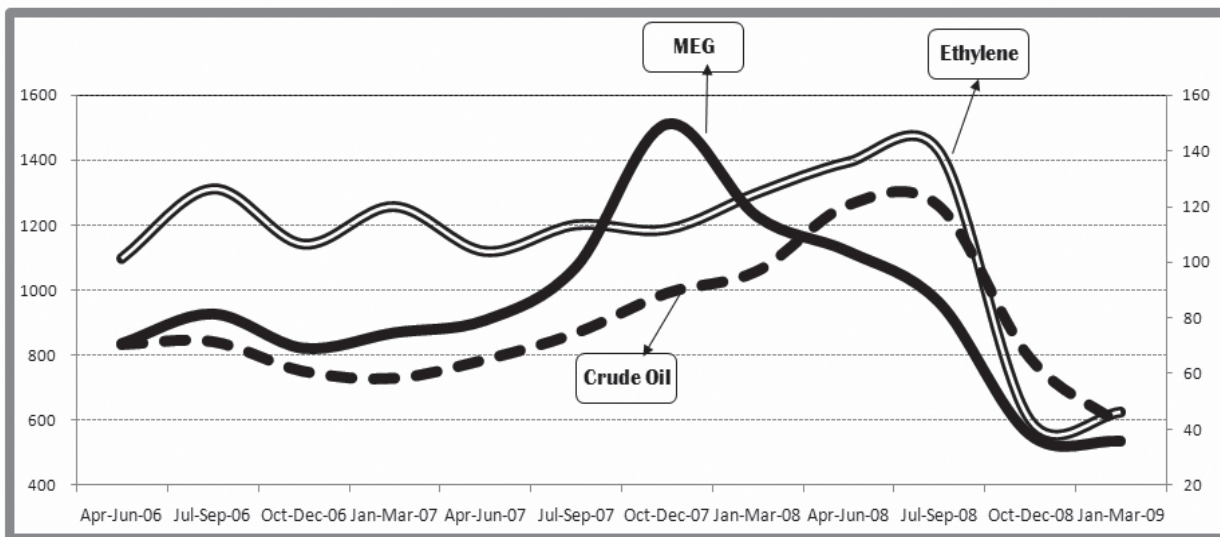
alcohol was high on account of poor availability of sugar cane. Consequently, Company was forced to regulate its Glycols production as it was not economically viable.

MEG, Ethylene & Crude Oil price trends are given below, which reflects a steep drop in its prices in Oct'08 - Mar'09 period, which has affected the profitability of the entire petrochemical industry in the world.

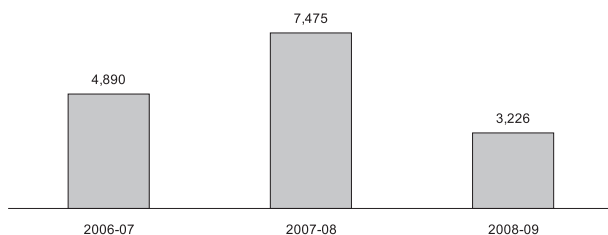
### INTERNATIONAL PRICE TREND

Prices in USD

	Apr-Jun-06	Jul-Sep-06	Oct-Dec-06	Jan-Mar-07	Apr-Jun-07	Jul-Sep-07	Oct-Dec-07	Jan-Mar-08	Apr-Jun-08	Jul-Sep-08	Oct-Dec-08	Jan-Mar-09
CRUDE OIL (Per Brl)	70	71	61	58	65	74	89	97	120	120	66	42
ETHYLENE (PMT)	1097	1311	1141	1257	1118	1200	1186	1298	1393	1428	600	623
MEG (PMT)	836	928	822	869	908	1071	1513	1228	1120	963	555	535



Glycols Sales Value	4,890	7,475	3,226
(Rs. in Million)			



### Opportunities & challenges

There has been substantial increase in polyester manufacturing capacities in India due to major expansion undertaken at Reliance, Indo Rama, JBF and Garden Mills. Consequently, polyester industry is expected to grow at 11% during the financial year 2009-10. Overall demand of MEG in India is 1,200,000 MTPA as compared to supply of 750,000 MTPA and the balance shortfall is being met by imports.

Despite the recessionary trend in the international markets, there is high demand of MEG in India due to increased

capacity of polyester production and low input prices. The viability of manufacture MEG from alcohol would improve once sugarcane crop is better and improved demand of petrochemical products will result in firming up of Crude, Ethylene and Glycols prices in the international markets, as is being noticed in the recent months. Meanwhile, we are promoting our Glycols as BIO/ GREEN MEG to potential customers interested in meeting their objective of using environment friendly chemicals made from natural renewable resources. We are hopeful to convert this concept into a good business opportunity in the coming years.

In terms of challenges, there is a capacity creation in Saudi Arabia and Iran, which may result in short term excess availability of MEG in the world market during the year 2009-10. However, low profitability on MEG will result in curtailing production of MEG from plants in Europe/ USA which are dependent on Naptha/ Ethylene processes. Large availability of PTA and MEG at competitive prices will result in price competitiveness of polyester compared to cotton resulting in its higher growth in the subsequent years.

IGL, in its long term strategy, is shifting from commodity to speciality products and would divert EO molecule used for MEG production to more viable EO Derivative/ Speciality products which will give us a much better returns. Our market share for EODs and Speciality products have gone up from 40% to 61% over the previous year sales. Moreover, the niche markets of BIO MEG in the packaged water, automobile, personal care & cosmetics are going to give us better margins.

### Ethylene Oxide Derivatives (EODs)

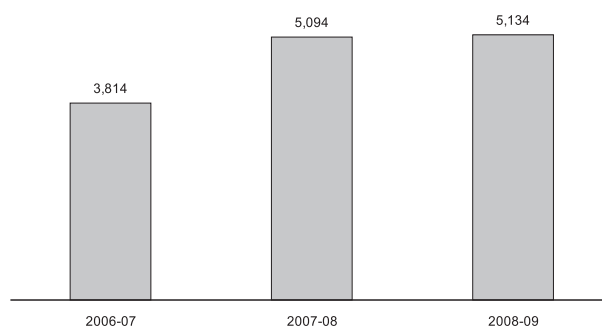
The EO Derivatives business has registered sales of Rs. 5134 million during FY 2008-09 compared to Rs 5094 million in 2007-08, despite the market slow down, we have been able to manage to increase the revenues, though the volumes decreased by 13% from 73,840 MT in 2007-08 to 63,908 MT in 2008-09. This segment accounted for 61% of company's total net revenues of Chemical business and is highest contributor at 45% to the total revenue of the Company.

The Ethylene Oxide Derivatives produced by the company are used by diverse industries like Textile, Agrochemicals, Detergents, Pharmaceuticals & Personal Care, Oil Field and Automotive industry, paint & coating industry, etc.

The company aims to increase its business by developing new products and applications especially in areas of textile chemicals, oil field chemicals, paper chemicals, home care & personal care applications.

Company has initiated expansion of our ethoxylation capacities by 10,000 MTPA in view of increasing the usage of EO for EO Derivatives for improved margins.

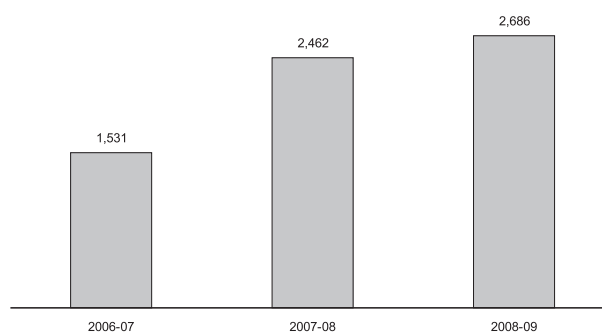
EODs Sales Value	3,814	5,094	5,134
(Rs. in Million)			



### Ethyl alcohol (potable) and extra natural alcohol

In the Ethyl Alcohol (Potable) and Extra natural Alcohol segment, Company registered total sales of Rs.2686 million compared to Rs.2462 million last year and Rs. 1531 million a year before. Efforts are being made to further increase the sales in the segment.

Sales Value (Rs. in Million)	1,531	2,462	2,686
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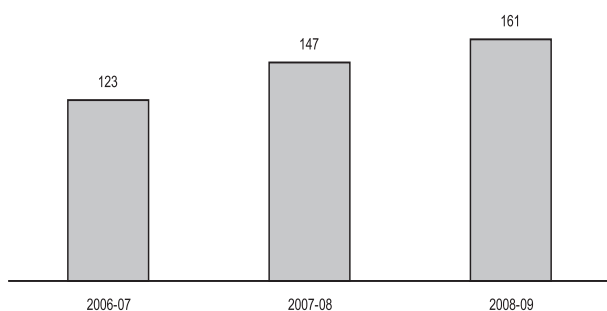


## Industrial gases

Company produced 50148619 NM<sup>3</sup> of Oxygen and 15406578 NM<sup>3</sup> of Nitrogen during the year. Both Oxygen and Nitrogen successfully marketed and also used for own requirement of MEG Plant. Industrial gases division also produced 1246469 NM<sup>3</sup> of Argon and 15226 MT of Carbon Di-oxide, which were marketed at remunerative prices.

Under the Industrial Gases division, Company registered total sales of Rs.161million compared to Rs.147 million last year and Rs.123 million a year before.

Sales Value	123	147	161
(Rs. in Million)			



## Exports

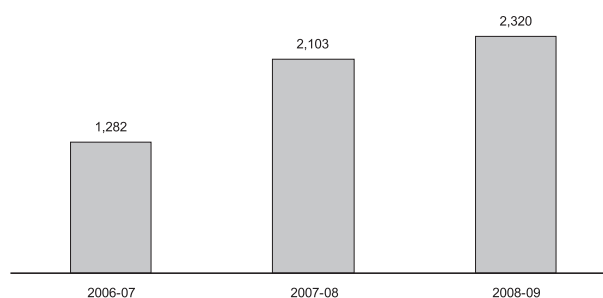
Company has identified exports as a key future growth driver. It has already established itself as a major domestic speciality ethoxylates company.

Exports has achieved a growth of more than 10% in turnover from Rs.2103 million in 2007-08 to Rs.2320 million in 2008-09. The main product for export is Ethylene Oxide derivatives, capacities of which can be utilised fully in the coming year and would result in higher export values.

To strengthen our export operations, Company has set up a Subsidiary Company in Singapore. Apart from Company's business, this office is also doing trading of chemicals from other international manufacturers.

We have increased our EXPORTS at Rs. 2320 million despite severe slow down in the international markets. We hope to increase our exports in the coming year by atleast 12,000 MTPA.

Exports Sales Value	1,282	2,103	2,320
(Rs. in Million)			



The major export markets are the South East Asia, Middle East and China as we have logistic advantage in these region. export to more than 30 countries worldwide and the thrust for exports would be to other regions in Europe, USA & Latin America. The future thrust would be in the area of marketing BIO MEG for achieving better contribution.

## FINANCIAL REVIEW

During the year under review performance of the Company has been adversely affected on account of dramatic global meltdown from August, 2008 onwards. The price of Glycols crashed from US\$ 1200 per MT to US\$ 450 per MT. However, the prices of feedstock like molasses and alcohol did not come down in line with international prices of crude oil, which came down from US\$ 150 per barrel to US\$ 40 per barrel. The performance was further adversely affected as domestic prices of our feedstock viz. molasses and alcohol was high on account of poor availability of sugar cane. Consequently, Company was forced to regulate its Glycols production as it was not economically viable.

Sales and other income for the year under review has been Rs.116368 Lacs compared to Rs.153868 Lacs last year and Rs.108122 lacs a year before. Loss before depreciation, exceptional item and tax for the year has been Rs.2670.90 Lacs as compared to profit of Rs.30367.34 Lacs last year and Rs. 10511.46 lacs a year before and net loss after tax for the year has been Rs.9189.16 Lacs. The current year has been an extra ordinary and abnormal year for the company in terms of the turnover and the profit due to the sub-prime crises and global meltdown in the overall industry.



The decline in the bottom line is also on account of higher interest cost on borrowed fund during the year. The borrowing cost of funds has increased to 9.73% as compared to 8.5% last year.

During the year under review, Company has raised Rupee Term Loans of Rs.305 Crores to part finance the project cost of ongoing capital expenditure. The Company has repaid total loans of Rs. 151 Crores, out of which Company repaid Rupee Term Loan of Rs.42 Crores and Foreign Currency Loans of USD 24.5 million and JPY 276.25 million equivalents to Rs.109 crores.

During the year under review, the gross fixed assets have been increased to Rs.108650 lacs from Rs.42740 lacs in 2003-04.

Company has been regular in meeting its obligations towards payment of principal/interest to Financial Institutions/Banks/Debentureholders/Fixed Deposit holders.

## **SAFETY, HEALTH, ENVIRONMENT & MANAGEMENT SYSTEMS**

### **SAFETY**

The Company has set up elaborate safety systems to ensure proper safe work environment. Emphasis is given to prevention of any accident. As a result of strict safety norms being followed company has been able to maintain very good safety record and has received various prestigious national and international safety awards recognizing the safe working environment available at the factory.

A central Safety Committee is in place to continuously review and upgrade the safe working practices. Emergency management plan is in place for meeting any kind of emergency. Proper systems have been set up to record and report any accident, which is thoroughly investigated and corrective action taken for future prevention.

At work place appropriate protective equipment and gears are provided to the employees and usage of the same is strictly monitored to ensure high level of safety. Safety training programmes are regularly conducted for training the employees in proper use of safety equipments and following the safe work practices.

Various incentive schemes are in operation for motivating the employees to ensure working in the safe environment. The Company has its own Fire Station fully equipped with

Fire Tender, modern communication facilities and elaborate fire hydrant system and other equipment which are manned and supervised by trained experts. Live fire training drills are organized to provide hands-on training to the employees.

### **HEALTH**

The Company accords very high priority to provide healthy and safe working environment. Company has a medical center at factory site with basic amenities, two qualified and experienced doctors with trained and experienced para-medical personnel are available round the clock to meet any contingency. Company has also an ambulance to provide necessary assistance in case of any emergency. All employees are required to undergo annual medical check-up for early diagnosis of any health problems. Company has made arrangements for treatment of employees and their dependents under the mediclaim insurance policy, which allows employee to avail treatment from any of the listed hospitals without having to make any immediate cash payments. This provides the employees much needed emotional and financial security. The Company also arranges to organize medical camps at nearby villages and organize regular programs for polio eradication etc. and other immunization programs in the nearby villages as part of community welfare activities.

### **ENVIRONMENT**

The Company uses molasses, residue product of sugar mills generated in the process of manufacturing of sugar. The molasses converted into alcohol in the captive distillery and thereafter used in the process to make ethylene and its products. The Company has set up elaborate systems by making substantial capital investments for proper treatment of the effluent generated and meets all the requirements in this regard.

To make the system more Eco-friendly, company has set up controlled land application/ferti-irrigation project, which is giving good results. The response from farmers has been very encouraging. The Company has also set up a bio-composting facility to produce natural manure with highly encouraging results of using this in substitution to chemical fertilizers. Towards improvement of the environment, company has developed a green belt all around its factory by growing approx. 65,000 trees of different species some



of which are fruit bearing in addition to providing green cover. All possible efforts are being made to preserve the environment and improve the same as far as possible.

The Company has already achieved zero effluent discharge from their Ethanol Plants by way of adopting ferti-irrigation, bio-composting, RO, concentration followed by incineration to conserve the fossil fuel and other effective and competitive techniques. The Company is also working actively on various projects efficiently, approaching and targeting towards Clean Development Mechanism (CDM).

## MANAGEMENT SYSTEMS

The Company is having Integrated Management System (IMS) comprising of Quality Management System and has been accredited an ISO 9001:2000 certified Company by M/s DNV, a renowned certification agency. The Integrated Management System (IMS) also comprises Environmental Management System (ISO 14001:2004), Occupational Health & Safety Management System (OHSAS 18001:1999) and Food Safety Management System (ISO 22000:2005), in addition to the existing ISO 9001:2000 system.

## RESEARCH & DEVELOPMENT CENTRE (R&D)

Company aims for excellence, setting standards in surfactants, speciality chemicals and customer service in ever changing and increasingly complex global environment. Our goal is to reduce cost of production, accelerate introduction of new products, reduce lead-times, time to market for new products & technologies.

Company has its state-of-the-art Research and Development Center. Company has strengthened with focused research and development activities at a dedicated state-of-the-art facility, establishing specific targets, investing wisely in high growth opportunities and bringing R&D closure to market and customers. R&D's unique pool of know-how, is an invaluable asset in striving to be a steadfast, reliable long-term partner to customers by contributing to & sustaining their success. We respond rapidly and flexibly to customer needs than ever before. We are strengthening our competence to provide customers with innovative products & ensure process adherence. The Research and Development Center is fully

equipped with sophisticated instruments and highly experienced/qualified and dedicated scientists.

Apart from new product and application development, R&D center is also working on the continuous improvement / modification of existing products and process technologies and on the import substitution as well, in order to transfer the maximum benefits to the customers so that the solution truly meets the market need.

At present, R&D center is working in following areas:

### 1. Textile chemicals

Development of biodegradable and user friendly surfactant, enzyme base de-sizing agent, spin finish for polyester & acrylics, low foaming mercerizing agent and environment friendly polyglucoside based pretreatment chemicals.

### 2. Agro Business

Development of water retention aid for soil, emulsifier for newly introduce combo pesticide formulation, wetting and dispersing agent for powder pesticide formulation, emulsifier for suspension concentrate, emulsifier for "Emulsion in Water (EW)" formulation, new adjuvant for herbicide and biodegradable surfactants for WDG.

### 3. Oil & Gas Industry

Development of low temperature & low doge demulsifier for crude oil, drilling fluid additive, biocides, green demulsifiers for crude oil, well simulation chemicals, corrosion inhibitors for refinery and specialty chemicals for EOR.

### 4. Fertilizer & Cement industry

Development of anti-caking agent (oil soluble) for DAP / NPK fertilizer, import substitute of ceramic tile printing and nonionic oil / water soluble defoamer for phosphatic fertilizer.

### 5. Emulsion Polymerization & Paint Industry

Development of specialty surfactant for pigment dispersion, biodegradable emulsifier for emulsion polymerization and defoamer for paint formulation.

### 6. Paper Industry

Development of dry strength resin, deinking chemicals for recycle paper (floatation process) defoamer for paper machine and low dosage cost effective cooking aid.

## 7. Automobile industry

Development of lubricant additives and engine coolant with hybrid technology

## 8. Detergent / Personal care Industry

Development of biodegradable nonionic surfactant for house-hold cleaning & personal care and surfactant for acid thickner.

## 9. Mining / Ore Industry

Development of cost effective binder for ore beneficiation.

## 10. Low PEG Ethoxylates

Development of low PEG content in higher mole Ethoxylates.

R&D center is working mainly on; Economic and Environment friendly products. It not only develops the products as per the need of the customers, but also ensure the smooth operation of the products at customers' operating facility.

## RISK AND CONCERNS

### Risk Factors & Minimisation procedure

#### 1. Risk against fire, flood and accidents including accident due to human failure and health related problems and personal accident of the workforce

Risk against fire, flood, accident, health related problems and accidents of workforce are common risks attached to the working of any plant/company. Management has taken reasonable steps to counter the risk. Company has taken Comprehensive all risk Insurance policy, which covers company's assets against all risks. The policy also covers repair/replacement in case of any major breakdown. The policy also covers loss of profit due to interruption on account of any of these causes.

Accidents due to human failure are being tackled through the continuous training to our technical and other staff and through regular monitoring and supervision.

As a preventive measure, company has installed elaborate fire hydrant system to take care of any possible fire accident. Company also has its own fire tender located at Kashipur factory site. Company has also created teams of employees to co-ordinate fire fighting activities who have been duly trained for the purpose. Periodic drills are

carried out to see that all systems functions adequately. Company also carries out periodical special audits to review the adequacy of fire protection measures to avoid any such accidents. As a result of these preventive measures company has never had any serious fire accident.

The all the employees of the Company are insured under group mediclaim and accidental insurance policy, which provides health related security to the employees and their dependent family members.

#### 2. Availability of raw material at competitive prices

Company manufactures various products using molasses as basic raw material. Molasses is the waste product of sugar mills. Sugar cane production is dependent on adequacy of rains. Thus availability of feed stock is affected by climatic conditions. To protect against this risk company has created large storage for the feed stock so that adequate quantities can be procured during the season and also the inventories can be built up during the period of good monsoon.

Company has also set up additional distillery at Gorakhpur in Eastern U.P. so that company can procure molasses available in that area to improve availability of feed stock by expanding its procurement over larger area.

The Company has also set up a RAB Unit at Kashipur to supplement the feedstock requirement of the Company and thereby reducing the dependence on availability of raw material from external sources.

The Company has launched various incentives plans for the cane growers and for development of cane growing area, result of which has been shown as upward growth of cane growing areas in Uttarakhand (as per Government statistics).

#### 3. Competition Risk and fluctuation in market price of finished product.

To meet competition in MEG, company follows an aggressive pricing policy and follows practice of giving special discounts to customers who purchases large volumes and have long term contracts. This is to reward customers who procure their requirements from the company consistently over long term.

The Company has also expanded its capacity of MEG to compete in the volume trading and minimizing the marginal

cost on production, resulting in higher profits.

Company has broadened its product and customer base by diversifying into Ethylene Oxide based derivatives product. Company has also set up its own R & D and Application Development Centre where products to provide economic and cost effective solutions are developed to meet specific requirement of the customers and these products are provided to them at competitive prices.

The company has also diversified into other areas of business like potable alcohol, Nutra-ceutical Harbal Extraction, Industrial Gases and Guar gum to minimise risk from single business.

#### 4. Environment Risk

Company operations are governed by very strict effluent disposal requirement. Company has taken adequate steps to meet the statutory requirements and it is constantly improving upon the same. Company has installed effluent treatment systems whereby effluent is converted into fuel and is used in substitution of coal thus while meeting the environment requirements company also achieves saving in cost.

#### 5. Foreign currency fluctuations.

In the normal course of business operations company is having various foreign currency transactions for

- import of capital goods and raw materials
- export of finished products
- repayment of foreign currency loans and interest thereon.

All above transactions are exposed to the risk of exchange rate fluctuations. In addition the payment of interest on term loans is also exposed to fluctuations in interest rate due to change in LIBOR.

Most of these transactions are in US Dollars and inward and outward flows serve to counter-balance the impact of fluctuations. To further protect the company from the risk, with advice from various currency experts from Banks, preventive actions are taken to hedge the foreign currency loan transactions which are of long term nature.

#### 6. Default/late in Payment realization

In the normal course of business, it is normal practice that there is default in payment realization or realization is late. The Company has regular monitoring and reporting of

default in payment realization and/or late realization. Proper followup in the matter is ensured by the respective departments. In case of long over dues, legal notices are being served through legal department of the Company and through legal counsel as the case may be. In case of default of payment realization, if not realized even after legal notices, legal cases against the defaulters are being initiated.

#### 7. Compliance of various statutory and legal requirements

The Company is subject to compliance of various statutory and legal requirements under different laws in force. The Company adheres to the statutory requirements and regularly reviews the compliance to overcome such risk. The Company has also appointed Internal Auditors for their continuous review of the compliance and advice on better compliance reporting. The Company also places periodic compliance report on Corporate Governance before the Board of Directors as required by the SEBI and Department of Company Affairs.

#### INTERNAL CONTROL SYSTEM AND ADEQUACY

Company's internal control system and procedures are adequate. The systems, procedures, checks and controls are routinely tested and certified by our Statutory as well as Internal Auditors. Moreover, Company continuously upgrades these systems in line with best practices and standards on internal control systems and procedures.

#### HUMAN RESOURCE/INDUSTRIAL RELATIONS

Company continues to focus on training its employees on a continuous basis both on the job and through training program to face challenges in the business/industry. During the year, industrial relations have been cordial. Total numbers of employees on Company's role have been around 1300.

#### CAUTIONARY STATEMENT

The statement made in this report describing the Company's expectations and estimations may be a forward looking statement within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied in this report due to the influence of external and internal factors which are beyond the control of the Company.

# Report on Corporate Governance

## Company's philosophy on Corporate Governance

Good corporate practices ensure that a Company meets its obligations to optimise shareholders value. Corporate governance has assumed great significance in India in the recent past in the form of amendment in the Companies Act, 1956 and Listing Agreement with Stock Exchanges. Most of the provisions of the Corporate Governance code prescribed by the Companies Act and the Listing Agreement have been complied with and balance will be complied within the prescribed period.

## Board of Directors

### a) Composition of the Board

As on 31<sup>st</sup> March, 2009 the Board of Directors comprised of Eight Directors out of which Six are Non-Executive Directors, one Managing Director and one Executive Director. Out of the Eight Directors Company has Four Independent Directors.

### b) Number of Board Meetings

During the year ended 31<sup>st</sup> March, 2009, Six Board Meetings were held on 30<sup>th</sup> April, 23<sup>rd</sup> May, 31<sup>st</sup> July, 31<sup>st</sup> October, 2008, 31<sup>st</sup> January, and 20<sup>th</sup> March, 2009.

### c) Directors' attendance record and Directorship in other public Limited Companies:

Name of the Director	Position	Board Meetings held during the year	Board Meetings attended during the year	Whether attended last AGM	Directorship in other public Limited Companies*
Shri U.S. Bhartia	Chairman and Managing Director	6	6	Yes	5
Smt. Jayshree Bhartia	Promoter Director	6	6	No	2
Shri Pradip Kumar Khaitan	Non-Independent Director	6	6	No	13
Shri Autar Krishna	Independent Director	6	5	No	7
Shri K.N. Memani	Independent Director	6	4	No	9
Shri Jagmohan N. Kejriwal	Independent Director	6	5	No	Nil
Shri R.C. Misra	Independent Director	6	6	Yes	Nil
Shri N. Ramachandran**	Independent Director	6	2	No	3
Shri M.K. Rao***	Executive Director	6	5	Yes	Nil

NOTE: None of the Directors is a member of more than 10 Board Level Committees, or a Chairman of more than five such committees as required under Clause 49 of the listing Agreement.

\* Excludes Directorship in Private Limited Companies

\*\* Appointed as a Director w.e.f. 30.04.2008 and Ceased to be a Director w.e.f. 15.08.2008.

\*\*\* Appointed as an Executive Director w.e.f. 01.05.2008

#### d) Disclosures

(i) The details of related party transaction with the Company as required by Accounting Standard (AS-18) on Related Party Transactions have been given in note no. 13 of the Notes to Accounts. Besides this, Company has no materially significant transaction with the related parties viz. Promoters, Directors or the management or relatives and their subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.

(ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities on any matter related to Capital Markets for non-compliance by the Company during last three years.

(iii) Following Non-executive directors are holding equity shares of the company as per following details.

Name of Director	No of Shares
Smt. Jayshree Bhartia	383518
Shri Jagmohan N. Kejriwal	1500
Shri R.C. Misra	500
Shri Autar Krishna	1000
Shri K.N. Memani	2893

#### e) Remuneration of Directors, sitting fees etc. for the year 2008-09

Shri. U.S. Bhartia, Chairman and Managing Director was paid salary and perquisites of Rs.37,69,218.00 respectively. Besides this, the Chairman and Managing Director was entitled to Company's contribution to provident fund and gratuity fund.

Shri. M.K. Rao , Executive Director was paid salary and perquisites of Rs.29,49,088.00 respectively. Besides this, the Executive Director was entitled to Company's contribution to provident fund and gratuity fund.

Commission and Sitting fees paid to non-executive directors for the year ended 31<sup>st</sup> March, 2009

Name of director	Commission (Rs.)	Sitting Fee (Rs.)
Smt. Jayshree Bhartia	Nil	1,20,000
Shri Autar Krishna	Nil	2,00,000
Shri Pradip Kumar Khaitan	Nil	1,30,000
Shri Jagmohan N Kejriwal	Nil	2,00,000
Shri R.C. Misra	Nil	2,50,000
Shri K.N. Memani	Nil	80,000
Shri. Ramachandran	Nil	60,000

During the year, payments of Rs.12,48,105/- (Twelve Lakh Forty Eight Thousand One Hundred Five only ) were made to Khaitan & Co., in which Shri Pradip Kumar Khaitan, Director of the Company is a partner.

#### f) Code of Conduct for Board of Directors and Senior officials of the Company

The Code of Conduct duly approved by the Board has been posted on Company's web-site. All Board members and senior management personnel have affirmed compliance with the code for the year 2008-09, declaration by CMD/CEO to this effect is enclosed with this report.

#### Committees of the Board

##### a) Audit Committee

##### (i) Terms of Reference

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Audit Committee reviews report of the internal auditors, meets statutory auditors as and when required and discusses their findings, suggestions, internal control system, scope of audit, observations of auditors and other related matters. It also reviews major accounting policies followed by the Company.

##### (ii) Composition

As on 31<sup>st</sup> March, 2009, the Committee consists of three non-executive and independent Directors, namely,

Shri R.C.Misra, Shri Autar Krishna and Shri. Jagmohan N. Kejriwal.

**(iii) Attendance record of the Audit Committee**

The Committee met four times during the year. The attendance record of the members at the meetings is as follows:

Name of the member	Status	No. of meetings attended
Shri R.C. Misra	Chairman	4
Shri Jagmohan N Kejriwal	Member	3
Shri Autar Krishna	Member	3
Shri N Ramachandran*	Member	1

NOTE : None of the Directors is a member of more than 10 Board Level Committees, or a Chairman of more than five such committees as required under Clause 49 of the listing Agreement.

\*Appointed as a member of the committee w.e.f. 23.05.2008 and ceased w.e.f. 15<sup>th</sup> August, 2008.

**b) Investors' Grievance Committee**

**i) Terms of Reference**

The Committee has been constituted to look into the redressal of shareholders and investor complaints, non-receipt of Balance Sheet and Non-receipt of declared dividends and any other matter relating to shareholders/ investors grievance.

**ii) Composition**

As on 31<sup>st</sup> March, 2009, the committee comprises of three non-executive Directors, namely, Shri R.C. Misra, Chairman of the committee, Shri Autar Krishna, Shri Jagmohan N Kejriwal and one Executive Director, Shri U.S. Bhartia, Chairman and Managing Director.

**iii) Attendance record of the Investors Grievance Committee**

The Committee met four times during the year. The attendance record of the members at the meetings is as follows:

Name of the member	Status	No. of meetings attended
Shri R.C. Misra	Chairman	4
Shri U.S.Bhartia	Member	4
Shri Jagmohan N Kejriwal	Member	3
Shri Autar Krishna	Member	3

**iv) Investors' complaints received and resolved during the year**

During the year under review, Company had received 55 Investors' Complaints upto 31<sup>st</sup> March, 2009, Company had redressed 55 Complaints.

**c) Share Transfer Committee**

**i) Terms of Reference**

The Committee of the Board of Directors has been constituted to review and approve the request for transfer/ transmission of shares and issue of duplicate share certificates. The Share Transfer Committee also reviews the status of Shareholding pattern of the Company and significant changes, if any.

**ii) Composition**

As on 31<sup>st</sup> March, 2009, the Committee comprises of four Directors, namely, Shri U.S. Bhartia, Smt. Jayshree Bhartia, Shri Jagmohan N Kejriwal and Shri R.C.Misra.

**iii) Attendance record of the Share Transfer Committee**

The Committee met 18 times during the year. The attendance record of the members at the meetings is as follows:

Name of the member	Status	No. of meetings attended
Shri U.S. Bhartia	Chairman	18
Smt Jayshree Bhartia	Member	18
Shri Jagmohan N Kejriwal	Member	0
Shri R.C. Misra	Member	0



#### d) Committee for Borrowing

##### i) Terms of Reference

The Committee has been constituted to consider and approve various projects and their financing and borrowing for the same from financial institutions/banks.

##### ii) Composition

As on 31<sup>st</sup> March, 2009, the Committee comprises Chairman and Managing Director Shri U.S. Bhartia. and two non-executive Independent Directors namely Shri R.C.Misra and Shri Autar Krishna.

##### iii) Meetings of Borrowing Committee

No meeting of Borrowing Committee has held during the year.

#### e) Remuneration Committee

##### i) Terms of Reference

The Committee has been constituted to consider and review Remuneration of Chairman and Managing Director and Executive Director.

##### ii) Composition

As on 31<sup>st</sup> March, 2009, the Committee comprises three non-executive Directors namely, Shri R.C. Misra, Shri Pradip Kumar Khaitan and Shri Jagmohan N. Kejriwal.

##### iii) Attendance record of the Remuneration Committee

The Committee met once during the year. The attendance record of the members at the meeting is as follows:

Name of the Directors	Status	No. of meetings attended
Shri R.C. Misra	Chairman	1
Shri Pradip Kumar Khaitan	Member	1
Shri Jagmohan N. Kejriwal	Member	1

#### f) Compensation Committee for Employees Stock Option Scheme

##### i) Terms of Reference

The Compensation Committee has been constituted to consider administration and superintendence of the

Employees Stock Option Scheme (ESOP)

##### ii) Composition

As on 31<sup>st</sup> March, 2009, the Committee comprises Chairman and Managing Director Shri U.S. Bhartia and three non-executive Directors namely Shri Pradip Kumar Khaitan, Shri R.C. Misra and Shri Autar Krishna

##### iii) Meetings of Employees Stock Option Scheme Committee

No meeting of Employees Stock Option Scheme Committee has held during the year.

#### Management

##### a) Management discussion and analysis

Management discussion and analysis report forms part of this Annual Report.

##### b) Disclosure on Risk Management

The Company has further strengthened the Risk Management System in the Company. The Board of Directors periodically reviews the Risk Assessment and minimizing procedure thereof.

#### Shareholders

##### a) Means of Communication

The quarterly, half-yearly and annual Audited Financial Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. The results are published in accordance with the guidelines of Stock Exchanges and are posted on the Web-site of the Company.

##### b) Investor Grievances

As mentioned earlier, the Company has constituted a Investors Grievance Committee for redressing shareholders and investors' complaints. Shri Lalit Kumar Sharma, Company Secretary is the Secretary to the Committee as well as Compliance Officer.

##### c) Share Transfers

All share transfers are handled by Company's Registrar and Share Transfer Agent M/s. MCS Limited, F-65, Okhla Industrial Area Phase -I New Delhi 110 020 a Category – I Registrar registered with SEBI.

#### d) General Body Meetings

Details of the last three Annual General meetings are as under:

Financial Year	Date	Time	Venue
2007-08	14.08.2008	12.30 P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand
2006-07	25.08.2007	12.30 P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand
2005-06	12.08.2006	12.30 P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand

No Special Resolution was passed at the AGM (s) held on 12.08.2006 and 25.08.2007. One Special Resolution under section 81 (1A) was passed at the AGM held on 14.08.2008

#### e) Postal Ballot

During the year ended 31<sup>st</sup> March, 2009, there has been no ordinary or special resolution passed by the Company's Shareholders through postal ballot.

#### Additional shareholders information

##### a) Annual General Meeting

<b>Date</b>	: 17 <sup>th</sup> August, 2009
<b>Venue</b>	: A-1, Industrial Area, Bazpur Road, Kashipur, Distt. U.S.Nagar, Uttarakhand – 244713
<b>Time</b>	: 12.30 p.m.

##### b) Financial Calendar

**Financial year:** 1<sup>st</sup> April to 31<sup>st</sup> March

For the financial year 2009-10, the tentative dates for approval of unaudited financial results will be by July 31, 2009 for the first quarter, by 31<sup>st</sup> October, 2009 for half-yearly, 31<sup>st</sup> January, 2010 for third quarter for Unaudited Results and by April/June 30, 2010 for approval of Unaudited 4<sup>th</sup> Quarter/Audited Results (2009-10).

##### c) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 10<sup>th</sup> August, 2009 to 17<sup>th</sup> August, 2009 (Both days inclusive)

#### d) Dividend Payment Date:

22<sup>nd</sup> August, 2009

#### e) Listing at stock exchanges and stock codes

The name of the Stock Exchanges at which the equity shares are listed as on 31<sup>st</sup> March, 2009 and the respective stock codes are as under:

Name of the Stock Exchange	Stock Code No.
Bombay Stock Exchange Ltd.	500201
National Stock Exchange of India Ltd.	Indiaglyco

Listing fee to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited for the financial year ended 31.03.2009 has been paid.

The ISIN numbers allotted to the Company for demat of Shares are as under:

NSDL - INE 560A01015

CDSL - INE 560A01015

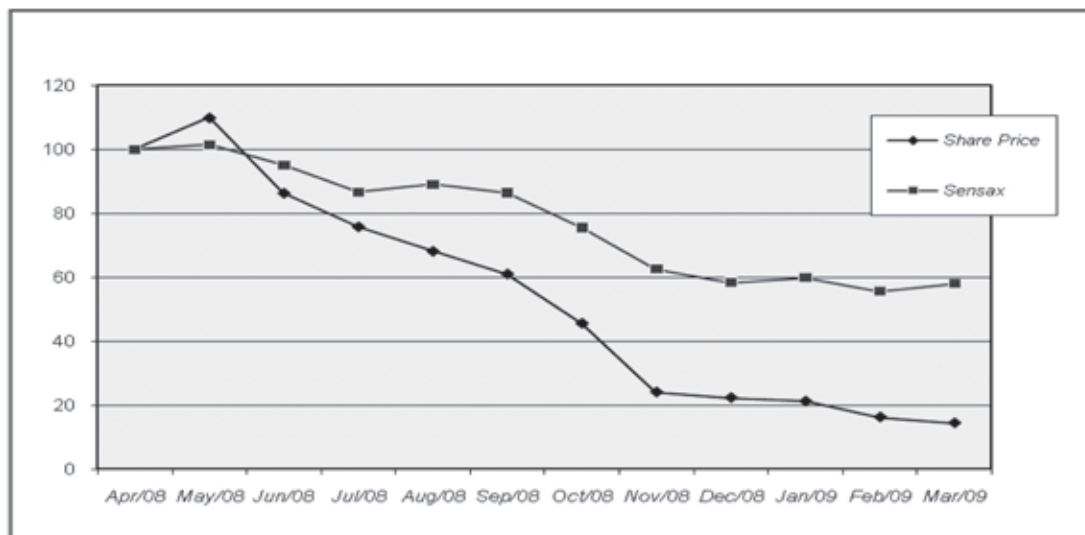
#### f) Stock Data

High/Low of market price of the Company's equity shares traded on the Bombay Exchange Mumbai Ltd. during the financial year ended 31<sup>st</sup> March, 2009 was as follows:

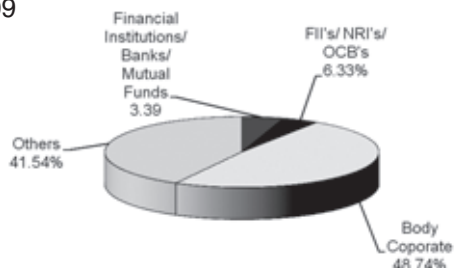


Month	High	Low	Sensex
April, 2008	351.90	242.00	17480.40
May, 2008	387.00	289.10	17735.00
June, 2008	304.00	222.40	16632.20
July, 2008	267.00	210.40	15130.90
August, 2008	240.00	198.75	15579.80
September, 2008	215.00	136.00	15107.10
October, 2008	160.70	70.00	13203.60
November, 2008	84.90	52.20	10945.10
December, 2008	78.80	49.55	10188.40
January, 2009	75.00	53.15	10469.20
February, 2009	57.50	48.40	9724.87
March, 2009	51.00	41.55	10127.90

g) Performance of Company's equity shares in comparison to BSE Sensex



(h) Distribution of shareholding as on 31<sup>st</sup> March, 2009



i) Shares held in physical and dematerialised form

As on 31<sup>st</sup> March, 2009, 45.59% of shares were held in dematerialised form and 54.41% in physical form.

j) Outstanding GDR's/ADR's/Warrants/convertible instruments and their impact on equity

Nil

**k) Plant Locations**

- 1) A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar, Uttarakhand.
- 2) E-1, Sector-15, Gorakhpur Industrial Development Area, Gorakhpur, Uttar Pradesh.
- 3) Plot No. 3 & 4 Pharma City, Selaqui, Dehradun, Uttarakhand

**l) Address for correspondence**

India Glycols Limited, 2B, Sector – 126, Noida, Gautam Budh Nagar, Uttara Pradesh - 201304 Telephone: 0120-3090100, Fax: 0120-3090111  
Website: [www.indiaglycols.com](http://www.indiaglycols.com)  
E-Mail – [compliance.officer@indiaglycols.com](mailto:compliance.officer@indiaglycols.com)

**m) Electronic Clearing Services (ECS) for payment of dividend**

ECS facility for payment of dividend is presently available at Agra, Ahmedabad, Amritsar, Bangaluru, Bhubaneswar,

Bhopal, Chandigarh, Chennai, Coimbatore, Delhi, Guwahati, Hyderabad, Indore, Jaipur, Kanpur, Kochi, Kolhapur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Nagpur, Patna, Panaji, Pune, Rajkot, Surat, Vadodara, Vidisha and Thiruvananthapuram. Shareholders can obtain ECS application form from Head Office at 2B, Sector – 126, Noida, Gautam Budh Nagar, Uttara Pradesh - 201304 or from Registrar and share transfer agent at F-65, Okhla Industrial Area Phase-I New Delhi 110 020.

**n) Shares held in electronic form**

Shareholders holding shares in electronic form may give instruction regarding bank details which they wish to incorporate on their dividend warrant to their depository participants. As per the regulations of NSDL and CDSL the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

To the Members of India Glycols Limited

## Declaration

I, U.S. Bhartia, Chairman and Managing Director and Chief Executive Officer of India Glycols Limited do hereby declare that the Company had received affirmation from all the members of the Board and Senior Management personnel stating compliance of the code of conduct for the year 2008-09 pursuant to the requirement of the Clause 49 of the Listing Agreement as amended.

Place: New Delhi  
Date: 20th June, 2009

for India Glycols Limited  
U.S. Bhartia  
*Chairman and Managing Director  
(Chief Executive Officer)*

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## Auditor's Certificate on Corporate Governance

To the Members of India Glycols Limited

We have examined the compliance of the conditions of Corporate Governance by India Glycols Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with 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 to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Lodha & Co.  
*Chartered Accountants*

Place: New Delhi  
Date: 20th June, 2009

N. K. Lodha  
*Partner*  
Membership. No. 85155

Financial section

## Auditors' Report

To  
The Members of  
**INDIA GLYCOLS LIMITED**

We have audited the attached Balance Sheet of INDIA GLYCOLS LIMITED as at 31st March 2009, the Profit and Loss Account and the also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") as amended by the Companies (Auditor's Report) order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"), we enclosed in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- e) As per explanations and information given to us, none of the directors of the company is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Regarding investment made in subsidiaries amounting to Rs.1029.91 lacs, where in the opinion of management no provision for diminution is necessary considering the long term nature and the intrinsic value of the assets of subsidiary companies as stated in the said note where Attention is invited (note no. 9 (ii) of schedule L)

In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with notes thereon, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
- (ii) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Lodha & Co.,  
*Chartered Accountants*

(N. K. Lodha)  
*Partner*

Place: New Delhi  
Date: 20th June, 2009

M. No.: 85155

## Annexure to the Auditors' Report

(Referred to in paragraph (1) of our Report of even date of INDIA GLYCOLS LIMITED for the year ended 31st March 2009)

- i. (a) The Company has maintained records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets.
- (b) As per information & explanation given to us, certain fixed assets have been physically verified by the management according to the regular programme of physical verification once in every three years, in phased manner, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information & explanation given to us, fixed assets disposed off during the year were not substantial.
- ii. (a) The inventory of the Company (except stock lying with the third parties and in transit) has been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to information & explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to information & explanation given to us, the company has maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- iii. The Company has neither granted nor taken during the year any loans, secured or unsecured to and from companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (b) to (d) and (f) & (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotation or where user department has shown specific preference, there is an adequate internal control system commensurate with the size of the company and nature of its business for the purchases of Inventory & fixed assets and for the sale of goods and services which needs to be further strengthened. Based on the audit procedure performed and information & explanations provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section; and, having regard to our comment in para 4 above, the transaction made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA of the Act or any other relevant provisions of the Act and the rules framed there under with regard to deposit accepted from the public. We have been informed that no order has been passed by the company Law Board or national company law tribunal or Reserve bank of India or any Court or other tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
- ix. (a) According to the records of the company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty (paid on time with some payment delay), Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable. Custom duty amounting to Rs.331.35 lacs and interest thereon amounting to Rs.173.86 lacs outstanding for a period of more than six

months from the date they become payable as at 31st March 2009.

- (b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Service Tax, Custom Duty and Wealth Tax, that have not been deposited

with the appropriate authorities on account of any dispute and dues in respect of Sales Tax, Excise Duty and Cess that have not been deposited with appropriate authority on account of dispute and the forum where the dispute is pending given below:-

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Period	Forum where dispute is pending
Custom Act	Custom duty	11.42	1992-93	High Court - Uttaranchal
Income Tax Act	Income Tax	38.57	2004-05	CIT (A)
Central Excise Act	Excise Duty	1.55	1996-97, 2005-2009	CESTAT
		124.31	2006-2008	Commissioner (A)
		12.51	2007-2008	Assisst. Commisisoner
Finance Act 1994	Service Tax	155.51	2001-03, 2004-2008	Commissioner (A)

This is to be read with note no.1 of schedule L

- x. The Company does not have accumulated losses at the end of financial year and in the current financial year company has incurred cash losses, however Company did not incur any loss in the immediate preceding financial year.
- xi. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- 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, debenture and other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- xiv. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debenture and other investments.
- xv. According to the information and explanation given to us, the Company has given corporate guarantee to bank for Loans taken by Shakumbari Sugar & Allied Industries Limited (the subsidiary Company) amounting to Rs.31878 lacs as stated in note no. 1 (iii) of schedule 'L'. The terms and condition on which the Company has given guarantee for loan taken by others from bank are not prima facie prejudicial to the interest of the Company. As explained to us, the Company has not given any guarantee for loans taken by others from financial institution.
- xvi. According to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of information and explanations given to us and on overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used for long-term investments.
- xviii. According to the information and explanation given to us, the company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Act.
- xix. On the basis of record made available to us and according to the information and explanations given to us, The Company does not have debentures during the year.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. As per information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For Lodha & Co.,  
Chartered Accountants

(N. K. Lodha)  
Partner

M. No.: 85155

Place: New Delhi  
Date: 20th June, 2009

**Balance Sheet** as at 31st March, 2009

*(Rs.in lacs)*

	Schedule	As at 31.03.2009		As at 31.03.2008	
<b>SOURCES OF FUNDS</b>					
1. Shareholders' Funds					
a) Share Capital	A	2788.25		2788.25	
b) Reserves and Surplus	B	35090.25	37878.50	45480.18	48268.43
2. Loan Funds	C				
Secured Loans		77763.88		49837.18	
Unsecured Loans		14368.89	92132.77	5438.49	55275.67
3. Deferred tax liability (net)			3582.24		8529.13
<b>TOTAL</b>			<b>133593.51</b>		<b>112073.23</b>
<b>APPLICATION OF FUNDS</b>					
1. Fixed Assets	D				
Gross Block		108605.43		102200.29	
Less: Depreciation		36079.12		32531.99	
Net Block		72526.31		69668.30	
Capital work-in-progress (Including pre-operative expenses)		33992.84	106519.15	14695.66	84363.96
2. Investments	E		<b>1301.23</b>		1293.57
3. Current Assets, Loans and Advances	F				
Inventories		21519.19		21408.11	
Sundry Debtors		6934.04		8623.80	
Cash and Bank Balances		3821.47		1472.53	
Loans & Advances		16898.51		15486.68	
		49173.21		46991.12	
Less: Current Liabilities and Provisions	G				
Current Liabilities		18706.13		14429.86	
Provisions		4855.24		6145.56	
		23561.37		20575.42	
<b>Net Current Assets</b>			25611.84		26415.70
4. Foreign Currency Monetary Item Translation Difference			161.29		-
<b>TOTAL</b>			<b>133593.51</b>		<b>112073.23</b>
Notes to the Accounts	L				

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

U.S. Bhartia  
Chairman and Managing Director

Anand Singhal  
Chief Financial Officer

M.K. Rao  
Executive Director  
Lalit Kumar Sharma  
Company Secretary

Pradip Kumar Khaitan  
R.C. Misra  
Autar Krishna  
Jagmohan N. Kejriwal  
Director



**Profit and Loss Account** for the year ended 31st March, 2009

*(Rs. in lacs)*

	Schedule	Current year 31.03.2009	Previous year 31.03.2008
<b>INCOME</b>			
Sales	H	113762.16	152411.92
Less: Excise Duty recovered on Sales		17889.15	22020.25
Net Sales		95873.01	130391.67
Other Income	H	2605.95	1456.02
Increase/(Decrease) in Stocks	I	685.76	(1,000.98)
		99164.72	130846.71
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	J	96596.99	95899.66
Finance Charges (net)	K	5238.63	4579.71
		101835.62	100479.37
Profit/( Loss) before Depreciation, Exceptional Item and Tax		(2670.90)	30367.34
Depreciation	D	5673.45	6611.18
Profit/(Loss) before Exceptional item & Tax		(8344.35)	23756.16
Less: Exceptional item (refer Note no. 11 of Sch -L )		5380.67	-
Profit/(Loss) Before Tax		(13725.02)	23756.16
Provision for taxation			
- Current tax		-	3349.37
- Deferred tax Charged/(Credit)		(4946.89)	2339.88
- Tax for earlier years		284.41	70.24
- Fringe Benefit Tax		126.62	144.02
Net profit/(loss) for the year		(9189.16)	17852.65
Debenture redemption reserve written back		-	125.00
		(9189.16)	17977.65
Balance brought forward		35213.78	23040.98
Balance available for Appropriation		26024.62	41018.63
Transfer to General Reserve		-	4500.00
Proposed Dividend		278.83	1115.30
Corporate Dividend Tax		47.39	189.55
Balance carried forward		25698.40	35213.78
Earning/(loss ) per share basic/diluted		(32.96)	64.03
Notes to the Accounts	L		

Schedules referred herein above form integral part of the Profit & Loss Account

As per our report of even date

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

U.S. Bhartia  
Chairman and Managing Director

Anand Singhal  
Chief Financial Officer

M.K. Rao  
Executive Director

Lalit Kumar Sharma  
Company Secretary

Pradip Kumar Khaitan  
R.C. Misra  
Autar Krishna  
Jagmohan N. Kejriwal  
Director

## Schedules forming part of the Balance Sheet

*(Rs.in lacs)*

	As at 31.03.2009	As at 31.03.2008
<b>Schedule A SHARE CAPITAL</b>		
<b>A. Authorised</b>		
30000000 (P.Y. 30000000) Equity Shares of Rs. 10 each	3000.00	3000.00
<b>B. Issued, Subscribed and Paid up</b>		
27882500 (P.Y.27882500) Equity Shares of Rs.10 each fully paid up	2788.25	2788.25
	2788.25	2788.25

	As at 01.04.2008	Additions	Deductions	As at 31.03.2009
<b>Schedule B RESERVES AND SURPLUS</b>				
Capital Reserve (*)	63.25	400.00	-	463.25
General Reserve (#)	10003.15	-	1274.55	8728.60
Reserve for Contingencies	200.00	-	-	200.00
Surplus in Profit & Loss Account	35213.78	-	9515.38	25698.40
	45480.18	400.00	10789.93	35090.25
	(28,912.38)	(22,497.65)	(5,929.85)	(45,480.18)

(\*) Represents project capital subsidy accrued / received during the year.

(#) Refer Note no.10 of Schedule-L on account of foreign exchange fluctuation.

	As at 31.03.2009	As at 31.03.2008
<b>Schedule C LOAN FUNDS</b>		
<b>Secured Loans</b>		
<b>Rupee Term Loans</b>		
Banks ( Note 3)	37567.82	8229.95
Others (Note 3)	7.04	482.00
<b>Foreign Currency Term Loans</b>		
Banks	15527.59	24246.62
<b>Working Capital Loans from Banks</b>	24661.43	16878.61
(Including working capital demand loan Rs.6613.87 lacs previous year Rs.2021.10 lacs)		
	77763.88	49837.18
<b>Unsecured Loans</b>		
Fixed Deposits	1187.48	2091.69
Packing Credit from Banks	-	1195.50
Buyer's Import Credit - Bank	8805.45	1353.64
From Subsidiary Company	1200.00	-
Short Term Rupee Loan - Bank	2500.00	-
Foreign Currency Term Loan - Bank	675.96	797.66
	14368.89	5438.49

### Notes:

- The Term Loans inter-se, are secured / to be secured by mortgage of all immovable properties of the Company both present and future and hypothecation of all movable properties of the Company (save and except book

## Schedules forming part of the Balance Sheet

debts) including movable machinery, machinery spares, tools and accessories, both present and future subject to prior charges created and / or to be created in favour of the bankers of the Company on stocks, book debts and other specified movable properties for working capital requirements.

- 2 Working Capital Loans from Banks are secured / to be secured by way of hypothecation of book debts and stocks including in-transit and second charge on all immovable properties of the Company.
- 3 Rupee Term Loans include loans from Banks of Rs.9.36 Lacs (Previous year Rs. 29.95 Lacs) and from others of Rs.7.04 Lacs (Previous year Rs. 19.50 Lacs) secured by hypothecation of Motor Vehicles purchased there under.

### Schedule D FIXED ASSETS

(Rs. in lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Addition/ Adjustment	Deduction/ Adjustment	As at 31.03.2009	Upto 01.04.2008	For the year	Deduction/ Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	669.50	602.27	-	1271.77	-	-	-	-	1271.77	669.50
Leasehold Land	1125.26	-	-	1125.26	71.80	13.46	-	85.26	1040.00	1053.46
Buildings	3737.53	65.48	-	3803.01	682.34	88.28	-	770.62	3032.39	3055.19
Plant & Machinery	94152.46	8732.10	3639.65	99244.91	30610.87	5252.05	2028.76	33834.16	65410.75	63541.59
Furniture & Fixtures	1364.38	264.97	17.19	1612.16	728.46	134.80	8.91	854.35	757.81	635.92
Vehicles (*)	901.56	124.47	82.01	944.02	232.85	82.79	46.99	268.65	675.37	668.71
<b>Intangible Assets</b>										
-Specialised										
Computer software	249.60	354.70	-	604.30	205.67	60.41	-	266.08	338.22	43.93
<b>Total</b>	<b>102200.29</b>	<b>10143.99</b>	<b>3738.85</b>	<b>108605.43</b>	<b>32531.99</b>	<b>5631.79</b>	<b>2084.66</b>	<b>36079.12</b>	<b>72526.31</b>	<b>69668.30</b>
Previous Year	90679.68	11619.44	98.83	102200.29	25965.24	6612.40	45.65	32531.99		
Capital Work-in-progress including advances									33992.84	14695.66
									106519.15	84363.96

Capital Work in progress (include advance and preoperative expenses (refer note no.14 of Sch-L))

Depreciation Rs. 4.12 Lacs (previous year 1.22 Lacs) on Dehradun assets transfer to Pre-operative expenses.

Depreciation Rs. -45.78 Lacs (previous year Rs.NIL) on account of AS-11 Exchange fluctuation gain for 2007-08 addition adjusted with General Reserve.

(Refer note no. 10 of Sch-L)

(\*) Gross Block includes Rs.74.59Lacs (previous year Rs. 144.78 Lacs) Secured by hypothecation against loan

## Schedules forming part of the Balance Sheet

*(Rs.in lacs)*

	Nominal Value	As at 31.03.2009	As at 31.03.2008
<b>Schedule E INVESTMENTS</b>			
<b>Long Term Investments (at cost, net of provision for diminution)</b>			
<b>Unquoted, fully paid up (Subsidiary Companies)</b>			
<b>Non-trade - Wholly owned</b>			
5000000 Equity shares of IGL Finance Ltd.	Rs.10.00	75.00	75.00
100000 Equity shares of IGL CHEM International. PTE Ltd.,Singapore	SGD 1.00	27.41	27.41
<b>Non-trade</b>			
31724200 Equity shares of Shakumbari Sugar & Allied Industries Ltd.	Rs.10.00	1002.50	1002.50
		<b>1104.91</b>	<b>1104.91</b>
<b>Quoted, fully paid up (Others)</b>			
211360 Equity Shares of IDBI Bank Ltd	Rs.10.00	105.00	105.00
34000 Equity Shares of Axis Bank Ltd.	Rs.10.00	7.14	7.14
2500 Equity Shares of ICICI Bank Ltd.	Rs.10.00	1.97	1.97
		<b>114.11</b>	<b>114.11</b>
<b>CURRENT INVESTMENT (at lower of cost or market value)</b>			
<b>Quoted, fully paid up</b>			
75900 UTI US64 Bonds	Rs.100.00	-	74.55
668518 UTI Bonds Fund - Dividend Plan	Rs.10.00	82.21	
		82.21	74.55
		<b>1301.23</b>	<b>1293.57</b>
<b>Agregated value of quoted investment</b>		<b>196.32</b>	<b>188.66</b>
<b>Market value of quoted investments</b>		<b>319.52</b>	<b>526.42</b>

Note: The Company has earmarked 668518 UTI Bonds Funds amounting to Rs. 82.21 Lacs ( Previous Year 75900 UTI US 64 bonds amounting to Rs. 75.90 Lacs ) in compliance with the provisions of Rule 3A of the companies (Acceptance of Deposits) Rules,1975.

## Schedules forming part of the Balance Sheet

*(Rs.in lacs)*

	As at 31.03.2009		As at 31.03.2008	
<b>Schedule F</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>A. CURRENT ASSETS:</b>				
Inventories (As taken, valued and certified by the management)				
Stores, and spares parts (Including in transit Rs. 349.04 lacs, previous year Rs. 743.97 lacs)		10154.50		7538.29
Raw Materials (Including in transit Rs 200.41 Lacs, previous year Rs. 0.83 lacs)		5821.23		9110.37
Finished Goods* (Including in transit Rs. 620.24 lacs, previous year 362.10 lacs)		4068.17		2461.34
Stock-in-process		1334.04		1919.31
Residue Product		77.38		352.36
Scrap		3.01		16.53
Loose Tools		60.86		9.91
		<b>21519.19</b>		<b>21408.11</b>
* Include stock of Rs 55.15 lacs of trial production.				
<b>Sundry Debtors</b> (Unsecured, Considered Good unless stated otherwise)				
Over six months		151.52		409.86
Others		6782.52		8213.94
		6934.04		8623.80
Over six months doubtful		299.21		146.86
		7233.25		8770.66
Less: Provision		299.21		146.86
		<b>6934.04</b>		<b>8623.80</b>
<b>Cash and Bank Balances</b>				
Cash-on-hand		128.03		40.29
Cheques on hand		24.40		553.53
Balance with Scheduled Banks				
- On Current Accounts		1140.28		432.18
- On Margin Money Accounts		303.80		-
- In Fixed Deposit Accounts		2111.00		339.24
- On Dividend Accounts		113.96		107.29
		<b>3821.47</b>		<b>1472.53</b>
<b>B. LOANS AND ADVANCES</b> (Unsecured, Considered Good unless stated otherwise)				
Inter Corporate Deposit		75.00		75.00
Advances recoverable in cash or in kind or for value to be received	4923.47		3954.26	
Doubtful advances / loans	124.61		12.23	
	5048.08		3966.49	
Less: Provision for doubtful advances/loans	124.61	4923.47	12.23	3954.26
Export Incentive receivable		365.38		462.86
Balance with Excise authorities		3229.92		2903.61
Deposits with Government Departments & Others#		883.58		657.46
MAT credit receivable		825.70		1078.46
Advance Income Tax/ Tax deducted at source		6595.46		6355.03
		<b>16898.51</b>		<b>15486.68</b>

# include Fixed Deposit with banks pledged with Government Authorities of Rs. 26.26 lacs ( Previous year Rs. 6.18 lacs)

## Schedules forming part of the Balance Sheet

*(Rs.in lacs)*

	As at 31.03.2009	As at 31.03.2008
<b>Schedule G</b> CURRENT LIABILITIES & PROVISIONS		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors - Micro , Small and Medium Enterprises @	0.09	-
- Others	9556.17	9838.98
Other Liabilities	7732.47	2924.98
Advance from customers	334.12	1078.47
Interest accrued but not due on loans	475.09	433.25
Investor education & protection fund shall be credited by the following amounts when due:		
(i) Unclaimed Dividends	113.96	107.29
(ii) Unclaimed matured deposits	385.91	37.44
(iii) Unclaimed interest on above (ii)	108.32	9.45
	<b>18706.13</b>	<b>14429.86</b>
<b>B. PROVISIONS</b>		
Income Tax	3922.64	4468.91
Fringe Benefit Tax (Net)	165.53	38.33
Wealth Tax	2.58	2.77
Proposed Dividend	278.83	1115.30
Corporate Dividend Tax	47.39	189.55
Retirement benefits	438.27	330.70
	<b>4855.24</b>	<b>6145.56</b>
	<b>23561.37</b>	<b>20575.42</b>

@ Refer note no.12 of Sch-L

## Schedules forming part of the Profit and Loss Account

*(Rs.in lacs)*

	Current Year	Previous Year
<b>Schedule H</b> SALES AND OTHER INCOME		
<b>SALES (Including Excise Duty)</b>		
Ethylene Glycol	28769.89	68470.75
Di-ethylene Glycol	2723.50	5807.30
Heavy Glycol	662.57	473.77
E.O. Derivatives	51342.60	50940.42
Guar Gum Powder and derivatives	1525.67	533.65
Ethyl Alcohol (Potable)	26864.53	18660.91
Industrial Gases	1607.09	1473.42
Others	124.79	95.25
Sale of traded goods	141.52	5956.45
	<b>113762.16</b>	<b>152411.92</b>





## Schedules forming part of the Profit and Loss Account

*(Rs.in lacs)*

	Current Year		Previous Year	
<b>Schedule J</b> MANUFACTURING AND OTHER EXPENSES				
Raw Materials consumed		53908.90		49973.26
Stores and spare parts consumed		8652.12		7604.03
Power and Fuel		16272.45		16192.03
Cost of Traded Goods		129.60		5,625.71
Salaries, Wages, Allowances, etc.		3521.54		5094.22
Contribution to Provident and other funds		405.80		427.47
Staff Welfare Expenses		293.04		298.58
Repairs and Maintenance				
- Buildings	188.85		160.75	
- Plant & Machinery	1195.01		1109.68	
- Others	70.88	1454.74	405.21	1675.64
Rent		141.56		107.97
Rates and Taxes		1010.65		1572.37
Travelling and Conveyance		1208.56		1141.30
Insurance		239.80		245.06
(Net of recovery from customers Rs.19.43 Lacs, Previous year Rs. 83.91 Lacs)				
Directors' Fee		10.40		8.90
Exchange Fluctuation loss (Net of gain Rs. 1889.61 lacs)		3176.45		-
Miscellaneous Expenses		1318.47		938.03
Donation		358.94		404.95
Commission to Selling agents		347.58		198.29
Freight forwarding and others (Net of recovered from customers Rs. 617.98 lacs, Previous year Rs. 934.96 lacs)		3630.12		4255.71
Bad debts written off		-		17.91
Provision for doubtful debts and advances (Net)		264.73		69.19
Loss on Sale / Discard of Fixed Assets (Previous year Net of profit Rs. 5.77 Lacs )		-		13.11
Commodity Derivative Loss		10.01		4.59
Prior period expenses (Net) (Net of income Rs. 13.21 lacs , Previous year Rs. 1.99 lacs)		175.99		28.58
Amortisation of Foreign Currency Monetary Item Transaction Difference		63.11		-
Wealth Tax (Net)		2.43		2.77
		<b>96596.99</b>		<b>95899.66</b>

*(Rs.in lacs)*

	Current Year	Previous Year
<b>Schedule K</b> FINANCE CHARGES		
Interest on Fixed Loans/ Debentures	2370.51	2407.70
Other Interest	2172.02	1875.97
Financial Charges	868.05	454.08
	<b>5410.58</b>	<b>4737.75</b>
Less: Interest Received (*) (Tax Deducted at source Rs. 29.68 lacs, Previous year Rs. 18.61 lacs)	171.95	158.04
	<b>5238.63</b>	<b>4579.71</b>

[(\*) Include on deposit Rs. 121.78 lacs, Previous year Rs. 73.61 lacs and Interest on Income Tax refund nil, previous year Rs.2.59 lacs and other Rs.50.17 lacs, Previous year Rs. 81.84 lacs]

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS

#### I. ACCOUNTING POLICIES

##### A. Fixed Assets and Depreciation

- (a) (i) All tangible fixed assets are stated at their historical cost less accumulated depreciation. Depreciation on fixed assets, except on leasehold land, EO Derivative unit and Catalysts, is provided on straight line method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets of EO Derivative unit is provided on written down value method (WDV) at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956. Depreciation on additions/disposals is provided with reference to the month of addition/disposal.
- (ii) Certain Plant and Machinery considered as continuous process plant based on technical evaluation.
- (iii) Leasehold land is amortised over the period of lease.
- (b) Intangible assets: Computer software are accounted for at their cost of acquisition and amortised over the estimated useful life i.e. not exceeding six years.

##### B. Expenditure During Construction

Expenditure during construction period is being included under capital work-in progress and the same is allocated to fixed assets on completion of installation / construction.

##### C. Investments

Long term investments are stated at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on individual investment basis and is charged to Profit & Loss Account.

Current Investments are valued at lower of cost or fair value.

##### D. Valuation of Inventories

Inventories are valued 'at lower of cost or net realisable value' except stock of residual products and scrap which are valued at net realisable value. The cost is computed on the weighted average basis. In case of finished goods and stock in process, cost is determined by considering material, labour, related overheads and duties thereon.

##### E. Foreign Exchange & Derivative Transactions

- a) Foreign currency transactions are recorded at the rate of exchange prevailing at the date of transaction. Foreign Currency Assets and Liabilities are converted at the exchange rates prevailing at the year end except those covered under firm commitment which are stated at contracted rate. Exchange difference is charged to the revenue account except arising on account of such conversion related to (i) the purchase of fixed assets is adjusted therewith, and (ii) other long term monetary items is adjusted in the "Foreign Currency Monetary Item Translation Difference".
- b) Transactions covered by derivative contract are adjusted with variations, if any, are recognised on reinstatement and settlement where as gains are recognised only on settlement. The premium on derivative contract is expensed out over the terms of contract.

##### F. Management of Raw Material (Guar Gum) prices

Risk associated with fluctuation in the prices of Guar Gum (Raw Material) is mitigated by hedging on futures/ options market. The result of this hedging contract/transactions are recorded upon their settlement as part of Raw Material cost. Portion of Cash flow to the extent of underlying transactions having not been completed is carried forward as receivable/payable.

##### G. Employees Benefits

- (a) Defined Contribution Plan:  
Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.
- (b) Defined Benefit Plan:  
Retirement benefits in the form of Gratuity and Long Term compensated leaves are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS

- (c) Other short term absences are provided based on past experience of leave availed.  
Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

#### H. Government Grants

Grants in the nature of Project Capital Subsidy are credited to Capital Reserves. Other Government grants are deducted from the related expenses.

#### I. Borrowing Cost

Interest and other costs in connection with the borrowing of funds are capitalised up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit and loss account.

#### J. Provision for Current Tax And Deferred Tax

Provision for current tax has been made on the basis of estimated taxable income computed in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax resulting from all timing differences between book profit and profit as per Income Tax Act, 1961 is accounted for, at the enacted / substantially enacted rate of Tax, to the extent that the timing differences are expected to crystallise. Deferred tax assets are recognised only to the extent that there is a reasonable / virtual certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realised.

#### K. Impairment

Where the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

#### L. Use of Estimates and Assumptions

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and the estimates are recognised in the period in which the results are known / materialised.

#### M. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### II. NOTES

#### 1) Contingent Liabilities not provided for :

- (i) Claims against the company under appeal (Rs. In lacs)

Particulars	As on 31.03.2009	As on 31.03.2008
Income Tax Matters	138.57	138.57
Central Excise	145.37	66.56
Customs	53.02	53.02
Service Tax & Others	365.15	263.44

- (ii) Bills discounted with Banks Rs. 477.33 lacs (Previous Year: Rs. 192.60 lacs).

- (iii) a) Corporate Guarantee to bank for loan availed by Shakumbari Sugar & Allied Industries Limited (a Subsidiary Company) of amounting to Rs.31878 lacs. (Previous Year Rs. 5500.00 lacs)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

- b) Corporate Guarantee to banks for agriculture loan given to certain sugarcane suppliers amounting to Rs. NIL lacs. (Previous Year Rs. 2500.00 lacs)
- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs.4058.40 lacs (Previous Year Rs. 4013.17 lacs)) are Rs.6532.38 lacs (Previous Year: Rs. 14332.58 lacs).
- 3) Since it is not possible to determine with reasonable certainty/accuracy insurance claims and interest from customers, the same are continued to be accounted on settlement basis.
- 4) Advances recoverable in cash or kind include loans and advances in the nature of Loan recoverable from the employees where there is:
- No interest or interest is below Section 372A of the Companies Act Rs. 184.74 lacs. (Previous Year Rs. 220.15 lacs). Maximum Balance outstanding during the year Rs. 282.96 lacs (Previous Year Rs. 316.14 lacs).
  - Repayment schedule is beyond seven years or no repayment schedule Rs. 104.69 lacs (Previous Year Rs. 98.91 lacs). Maximum Balance outstanding during the year Rs. 122.00 lacs (Previous Year Rs. 120.70 lacs).

5) **Employees Benefits:**

a) **Defined Contribution Plan:**

Contribution to Defined Contribution Plan, recognized as expense for the period are as under:

	<i>(Rs in lacs)</i>
Employer's Contribution to Provident Fund	234.79 (210.75)
Employer's Contribution to Superannuation Fund	0.51 (121.33)

b) **Defined Benefit Plan:**

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

I. **Reconciliation of opening and closing balance of Defined Benefit Obligation** *(Rs in lacs)*

	Gratuity	Leave Encashment (Unfunded)
Present Value of obligation at the beginning of the period	690.81 (586.95)	181.00 (148.84)
Current Service Cost	88.47 (67.91)	66.38 (31.17)
Interest Cost	55.26 (48.13)	14.48 (12.20)
Actuarial (gain)/ loss on obligations	53.42 (-1.06)	22.82 (-1.42)
Benefit Paid	(47.45) (-11.12)	(12.76) (-9.79)
Present Value of obligation as at the end of the period	840.51 (690.81)	271.92 (181.00)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

#### II. Reconciliation of opening and closing balance of fair value of plan assets (Rs in lacs)

	Gratuity
Fair value of plan assets at the beginning of the period	600.23
	(458.89)
Expected Return on Plan Assets	42.32
	(39.01)
Contributions	90.58
	(134.51)
Actuarial gain/ (loss) on obligations	(11.00)
	(-21.05)
Benefit Paid	(47.45)
	(-11.12)
Fair value of plan assets at the end of the period	674.68
	(600.23)
Leave encashment is unfunded.	

#### III. Reconciliation of fair value of assets and obligation

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets as at 31 <sup>st</sup> March 2009	674.68	-
	(600.23)	(-)
Present Value of obligation as at 31 <sup>st</sup> March 2009	840.51	271.92
	(690.81)	(181.00)
Funded Status [surplus/(Deficit)]	(165.83)	(271.92)
	(-90.58)	(-181.00)
Net Assets/(Liability) Recognized in Balance Sheet	(165.83)	(271.92)
	(-90.58)	(-181.00)

#### IV. Expenses recognized during the period

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Current Service Cost	88.47	66.38
	(67.91)	(31.17)
Interest Cost	55.26	14.48
	(48.13)	(12.20)
Expected Return on Plan Assets	(42.32)	-
	(-39.01)	(-)
Actuarial (gain)/ loss	64.42	22.82
	(19.99)	(-1.42)
Net Expenses Recognized	165.83	103.68
	(97.03)	(41.95)

Figures in Bracket represent previous year figures.

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

#### IV. Investment Detail

All Investments are made with Trust.

#### IV. Actuarial / Demographic assumptions:-

(Rs in lacs)

	Gratuity	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (Per annum)	7.20%	7.20%
Expected Return on Plan Assets (Per annum)	5.22%	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%
Retirement Age	58 Years	
Withdrawal Rate (All Ages)	10%	

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

- 6) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of licence fee on transfer of alcohol from the distillery to the chemical plant. The levy was challenged by the Company in the Hon'ble Supreme Court and on 18-10-2006 the matter was finally decided by The Hon'ble Supreme Court in favour of the Company. Accordingly, Company has filed an application for refund of amount paid of Rs. 507.05 lacs (shown as recoverable under the head Loans & Advances) with State Government of Uttarakhand.
- 7) In the earlier years, the State Government of Uttarakhand had levied Export Pass Fee on ENA/RS export outside India. On the application of the Company the Hon'ble High Court of Uttarakhand vide its order dated 13.11.2007 has granted stay on charging of Export Pass Fees till further order. Pending final order no provision has been made for the year amounting to Rs 206.43 lacs and an amount of Rs. 44.53 lacs paid in earlier years is shown as recoverable from State Govt. of Uttarakhand in the books of account.
- 8) Company has investment in a Subsidiary Company M/s IGL Finance Limited amounting to Rs.75.00 lacs (net of provision for diminution of Rs. 425.00 lacs). Hon'ble High Court at Nainital vide its order dated 11<sup>th</sup> May, 2009 has approved reduction in Paid up Equity Share capital of the stated Subsidiary Company from Rs. 10.00 per share to Rs. 2.00 (total no. of share 5000000). Considering the provision made in earlier year, no further provision at this stage is considered necessary.
- 9) (i) Board of Directors of a Subsidiary Company M/s Shakumbari Sugar and Allied Industries Limited at its meeting held on 22nd May, 2008 and the Shareholders at their Annual General Meeting held on 8th August, 2008 have approved the reduction of its paid up share capital. With such proposed reduction, every 2 (two) existing equity shares of Rs.10/- each fully paid up, with the reduced par value and paid up value of Rs.5/- each, be consolidated into 1 (one) equity share of Rs. 10/- each fully paid up (issued and paid up Equity Shares are 1,64,27,100 nos.).

The necessary application for confirmation of the Shareholders resolution has been filed with the Hon'ble High Court of Allahabad, which is pending for the final disposal.

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

(ii) Company has made investment in two Subsidiary Companies (amounting to Rs. 1029.91 lacs) where book value is lower than carrying to cost. Considering the long term nature and intrinsic value of the investee assets no provision at this stage is considered necessary by the management.

10) In accordance with Companies (Accounting Standards) Amendment Rules, 2009, the Company has exercised the option of adjusting exchange differences arising on reporting of long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of the assets to be depreciated over the balance life of the assets and other long term monetary item in the "Foreign Currency Monetary Item Translation Difference". Consequent to this change in policy;

a) Exchange differences relating to long-term monetary items, in so far related to acquisition of depreciable capital assets, arising during the financial year 2007-08 amounting to Rs.1168.58 lacs (Gain) (net of depreciation Rs. (45.78 lacs) is charged (Debit) to the General reserve and credited to Fixed Assets and amounting to Rs.3900.43 lacs (Loss) (net of depreciation Rs. 188.28 lacs) arising during the current year are added (deducted) to the cost of assets and depreciated over the balance life of the assets.

b) Exchange differences relating to Other long-term monetary items arising during the financial year 2007-08 amounting to Rs. 105.97 lacs (Gain debited to General Reserve) (net of amortization Rs. (32.82) lacs) and amounting to Rs.267.26 lacs (Loss) (net of amortization Rs. 63.11 lacs) arising during the current year are adjusted to "Foreign Currency Monetary Item Translation Difference".

Had the Company continued to follow the earlier policy of charging foreign exchange differences on long term foreign currency monetary items to the profit & loss account, loss for the year would have been higher by Rs. 4167.69 lacs, General Reserve would have been higher by Rs. 1274.55 lacs and the net block of fixed assets would have been lower by Rs. 2731.85 lacs.

11) Exceptional items represents unrealised exchange loss of Rs. 5380.67 lacs (net) (Previous year Rs. NIL lacs) for the year ended as on 31st March, 2009 on reinstatement of all foreign currency borrowings and other monetary assets / liabilities and includes loss of Rs. 4743.28 lacs (Previous year Rs. NIL lacs) on outstanding foreign exchange contracts for exports. Such loss being notional and presently not effecting cash flow of the Company and the actual gain / loss in this respect will be ascertained and getting accrued only on the settlement of such monetary assets / liabilities and contracts (read with note no. 23 H(c))

12) As required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

		(Rs. in lac)	
Sr.No	Particular	2008-09	2007-08
a)	i) Principal amount remaining unpaid at the end of the accounting year	0.09	-
	ii) Interest due on above	-	-
b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is actually paid.	-	-

13) (i) Hitherto Catalyst was amortised (as depreciation) over the technically assessed useful life (1 to 3 year) is now been charged to the profit & loss account as consumable (store & Spare) based on technically assessed useful life. This has no material impact on the loss for the year.

(ii) Specialised Computer software is amortised over its useful life of 6 years on SLM basis.



## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

- 14) Capital work-in-progress includes machinery under installation, buildings under construction, construction/erection material in hand, technical know-how fees, advances paid for plant & machinery and other assets and also includes the following pre-operative expenses: (Rs. in lac)

	2008-09	2007-08
Amount brought forward from previous year	701.82	609.41
Raw Material & Chemical Consumed	40.86	1.37
Salary, wages & allowances	314.16	79.51
Contribution to Provident fund & other funds	27.31	10.35
Staff welfare expenses	18.73	3.37
Legal & Professional charges	2.45	6.51
Rent	7.83	0.50
Repair & Maintenance	11.22	-
Travelling and Conveyance	89.84	16.43
Interest on Fixed Loans	1901.82	439.52
Other financial charges	-	4.33
Exchange Fluctuation (net)	471.48	-
Process Engineering & Technical assistance	2.54	2.59
Power & Fuel	46.33	2.68
Rates & Taxes	71.74	1.50
Depreciation	4.12	1.22
Miscellaneous Expenses	129.14	74.87
	3841.39	1254.16
Less:		
Miscellaneous Income	5.08	3.50
Finished goods as at 31.03.2009	55.15	-
	3781.16	1250.66
Less : Transferred/Capitalised during the year	250.44	548.84
Balance carried forward	3530.72	701.82

- 15) Related Parties Disclosure:

(As identified by the management)

(i) Relationships:

A. Subsidiary Companies

- IGL Finance Limited
- Shakumbari Sugar and Allied Industries Limited
- IGL CHEM International Pte. Ltd.

B. Key Management Personnel & their Relatives

- U. S. Bhartia
- M. K. Rao (from 01.05.2008)
- Pragya Bhartia (from 01.05.2008)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

C. Enterprises over which Key Management Personnel have significant influence:

- Ajay Commercial Co. (P) Ltd.
- J. B. Commercial Co. (P) Ltd.
- Kashipur Holdings Limited
- Polylink Polymers (India) Ltd.
- Hindustan Wires Limited

(ii) Detail of Transactions with related parties: (\*) (Rs. in lacs)

	Subsidiary Companies	Key management Personnel & their relative	Enterprises referred in (i) C above
Purchases of Material	1288.51 (643.10)	- (-)	- (-)
Sale of Material	512.19 (-)	- (-)	188.81 (-)
Sale of Fixed Assets	43.65 (-)	- (-)	- (-)
Rent Paid	- (-)	- (-)	43.06 (38.34)
ICD Given	10788.28 (2800.00)	- (-)	- (-)
ICD Received Back	10788.28 (2800.00)	- (-)	- (-)
ICD Received	6311.72 (-)	- (-)	- (-)
ICD Paid Back	5111.72 (-)	- (-)	- (-)
Advance Given	61.54 (-)	- (-)	- (-)
Advance Received Back	61.54 (-)	- (-)	- (-)
Deposits repaid	- (-)	- (69.65)	816.04 (-)
Deposits Accepted	- (-)	- (-)	716.04 (-)
Interest Income	70.57 (48.40)	- (-)	- (-)
Interest Expense	43.44 (-)	7.63 (34.38)	26.04 (-)
Salary	- (-)	3.51 (-)	- (-)
Managerial Remuneration	- (-)	67.18 (2164.94)	- (-)
<b>Outstanding Balances as at year end :</b>			
Loans & Advance	1200.00 (37.43)	- (-)	199.60 (180.00)
Deposits payable (Including interest)	- (-)	447.91 (440.28)	100.38 (-)
Balance Payable	21.83 (-)	- (-)	4.69 (-)
Balance Recoverable	175.87 (-)	- (-)	0.60 (-)
Corporate Guarantee#			

Figures in Bracket represent previous year figures.

(\*) Excluding Commission to Non Executive Directors

# Refer the note no 1(iii) (a)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

Key Management Personnel Include Late M. L. Bhartia (till 09-03-2008)

16) Earnings per share (EPS):

	2008-09	2007-08
Net profit/(loss) for the year attributable to equity shareholders (Rs. in Lac)	(9189.16)	17852.65
Weighted average number of equity shares outstanding	27882500	27882500
Basic and diluted earnings per share (face value of Rs. 10 each) (Rs.)	(32.96)	64.03

17) Deferred Tax Liabilities & Assets are attributable to the following items -

(Rs. in Lac)

	As on 31.03.2009	As on 31.03.2008
<i>Deferred Tax Liabilities :-</i>		
Accelerated depreciation	10664.59	8817.28
<i>Deferred Tax Assets :-</i>		
Amount covered U/S 43 B	144.70	61.78
Provision for doubtful debts	144.06	49.92
Unabsorbed Depreciation	2673.91	—
Business Loss	2257.73	—
Others	1861.95	176.45
	7082.35	288.15
Deferred Tax Liabilities (Net)	3582.24	8529.13

18) Revenue expenditure on Research & Development of Rs. 157.41 lacs (Previous year: Rs. 127.90 lacs) incurred during the year has been charged to profit and loss account.

19) Balances of certain Debtors, creditors, other liabilities and loans and advances are in process of confirmation and/or reconciliation.

20) (a) Addition/(adjustment) to fixed assets/capital work in progress during the year includes Rs. 2884.23 lacs adjustment (net of Rs. 1482.77 lacs (Gain)) (Previous Year: Rs. NIL addition, net of Rs. NIL adjustment), on account of foreign exchange fluctuation.

(b) Foreign Exchange Fluctuation amounting to Rs. NIL (gain) (net of loss Rs. NIL), [Previous Year Rs. 11.93 lacs (gain) (net of loss Rs. 2.44 lacs)] has been included in Stores & Spares and Raw Material Consumption in profit & loss account.

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

#### 21) Segment Information:

##### A. Information about Business Segments (Primary Segments):

	Business Segments		Others	Unallocable	Total
	Chemicals	Liquor			
<b>A REVENUE</b>					
1 Gross Sales (External)	85329.03 (127260.92)	26865.58 (24617.35)	1567.55 (533.65)	— (—)	113762.16 (152411.92)
2 Other Income	1721.33 (1011.93)	451.94 (221.43)	80.74 (0.16)	351.94 (222.50)	2605.95 (1456.02)
3 Total Revenue	87050.35 (128272.85)	27317.53 (24838.78)	1648.29 (533.81)	351.94 (222.50)	116368.11 (153867.94)
<b>B RESULTS</b>					
1 Segment Result (PBIT)	232.95 (30766.83)	2236.18 (1590.77)	-266.77 (-332.12)	-10688.75 (-3689.61)	-8486.39 (28335.87)
2 Interest Expense (Net)					5238.63 (4579.71)
3 Profit Before Tax					-13725.02 (23756.16)
4a Provision for Current Tax					- (3349.37)
4b Deferred Tax					-4946.89 (2339.88)
4c Taxation provision of earlier year					284.41 (70.24)
4d Fringe Benefit Tax					126.62 (144.02)
5 Profit after Tax					-9189.16 (17852.65)
<b>C OTHER INFORMATION:</b>					
1 Segment Assets	117055.85 (112059.78)	9205.57 (7773.72)	10409.67 (2779.42)	20483.79 (10035.73)	157154.88 (132648.65)
2 Segment Liabilities	15898.63 (12156.97)	1012.62 (1123.48)	1008.85 (102.77)	101356.28 (70997.00)	119276.38 (84380.22)
3 Capital Expenditure	13421.83 (9318.14)	546.02 (2752.12)	5951.53 (1178.00)	9521.79 (285.70)	29441.17 (13533.96)
4 Depreciation and Amortisation expenses	5231.38 (6314.45)	208.04 (97.76)	104.00 (75.65)	130.03 (123.32)	5673.45 (6611.18)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

Information about Geographical Segments (Secondary Segments):

		Domestic	Overseas	Total
1	Gross Sales (External)	90563.53 (131385.12)	23198.63 (21026.80)	113762.16 (152411.92)
2	Segment Assets	134960.32 (120187.39)	1710.77 (2425.53)	136671.09 (122612.92)

Notes:

#### Primary Segment reporting (by business segment)

Segments have been identified in line with Accounting Standard on 'Segment Reporting' (AS-17), taking into account the organisational structure as well as the differential risks and returns of these segments. The company has identified three segments i.e. business chemical, liquor and others which includes guar gum & software development and reported accordingly.

#### Secondary Segment reporting (by geographical segment-customer location)

In respect of secondary segment information, the Company has identified its geographical segment as (a) domestic and (b) overseas on the basis of location of customers.

#### Reportable segments

Reportable segments have been identified as per the quantitative criteria specified in 'Accounting Standard 17: Segment Reporting'.

#### Segment Composition

**Chemicals Segment** comprises manufacture and sale of Ethylene Glycol, Di-ethylene Glycol, Heavy Glycol and EO Derivatives

**Liquor Segment** comprises manufacture and sale of Ethyl Alcohol (Potable).

'Others' primarily include Guar Gum, Software development.

22) Previous year's figures have been regrouped/rearranged/recast wherever considered necessary.

23) Additional Information:

*Rs.in lacs*

A. a) Payment to Auditors			
	{(*) Exclusive of applicable service tax}	2008-09	2007-08
i) As Auditors (*)		7.00	7.00
ii) In other capacity in respect of			
a) For Tax Audit		1.00	1.00
b) Out of Pocket Expenses		0.61	0.78
c) Certification		1.91	2.42
		10.52	11.20
b) Cost Auditors (*)			
i) Audit Fees		0.40	0.40
ii) Out of Pocket Expenses		0.17	0.28
		0.57	0.68

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

B. a) Managerial Remuneration to Chairman and Managing Director and Executive Director:

		<i>Rs. in lacs</i>	
		2008-09	2007-08
i)	Salaries	49.88	58.23
ii)	Contribution to Provident Fund & Superannuation Fund	4.62	7.99
iii)	Perquisite value of other benefits	12.68	80.56
	Sub total	67.18	146.78
iv)	Commission to CMD & MD	-	2018.16
	Total	67.18	2164.94

**Note:**

Liability of gratuity has not been ascertained separately, since funded through group policy. Leave encashment liability can not be ascertained separately, hence not included in above.

C. Capacities and Production (Qty. in MT)

Products	Licensed* Capacity	Installed Capacity*		Production #	
		2008-09	2007-08	2008-09	2007-08
<b>KASHIPUR</b>					
Ethylene Glycol	N.A. @	86,500	86,500	57,577	122,394
Ethylene Oxide	N.A. @	24,000	24,000	-	-
Di-ethylene Glycol	N.A. @	6,100	6,100	7,783	12,255
Heavy Glycol	N.A. @	400	400	964	711
E.O. Derivatives	N.A. @	@@26,000	@@26,000	65196**	73,008**
Guar Gum Powder & Derivatives	N.A. @	12,000	12,000	2,255	1030
Ethyl Alcohol (Potable) Qty. in (KBL)	N.A. @	18,000	18,000	4,142	3151
Industrial Gases Division Qty in NM3	N.A. @	NM3/Hr	NM3/Hr	NM3	NM3
Oxygen		10400	10400	50148619	77246457
Nitrogen		2828	2828	15406578	23226354
Argon		232	232	1246469	1723494
CO <sub>2</sub> (Qty in MT)	N.A. @	80 (MT/day)	-	15226	-
<b>GORAKHPUR</b>					
Ethyl Alcohol Qty. in (KBL)	N.A. @	99000	99000	29129	73166
CO <sub>2</sub> (Qty in MT)	N.A. @	80 (MT/day)	-	1787	-

**Notes:**

Capital expenditures incurred for De-bottlenecking/balancing equipments at various plants.

@@ Standard Capacity

\*\* Net of captive consumption.

\* As certified by the Management and relied upon by the auditors, being a technical matter.

# Production as received in bonded tank farm.

@ Under the Industrial Policy Statement dated 24<sup>th</sup> July, 1991 and the notifications issued thereunder, no licensing is required for these products.

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

#### D. (a) Stocks and Sales (Qty. in MT)

Products	As at 31.3.09	Stocks		Sales	
		As at 31.3.08	As at 31.3.07	2008-09	2007-08
<b>KASHIPUR</b>					
Ethylene Glycol	662 <sup>^</sup>	810 <sup>^</sup>	260 <sup>^</sup>	57725 <sup>##</sup>	121844 <sup>##</sup>
Di-ethylene Glycol	487	24	399	7320 <sup>@@</sup>	12630 <sup>@@</sup>
Heavy Glycol	210 <sup>^^</sup>	64 <sup>^^</sup>	46 <sup>^^</sup>	818 <sup>**</sup>	693 <sup>**</sup>
EO Derivatives	4329 <sup>&amp;</sup>	3041 <sup>&amp;</sup>	3873 <sup>&amp;</sup>	63908	73840
Guar Gum Powder & Derivatives	116 <sup>\$</sup>	163 <sup>\$</sup>	219 <sup>\$</sup>	2302 <sup>#</sup>	1086 <sup>#</sup>
Ethyl Alcohol (Potable) Qty. in (KBL)	103	74	132	4113	3209
Industrial Gases Division Qty in NM3					
Oxygen	297278	399533	251000	50250874 <sup>+</sup>	77097924 <sup>+</sup>
Nitrogen	33670	48415	9373	15421323 <sup>++</sup>	23187312 <sup>++</sup>
Argon	35474	4230	63396	1215225	1782660
CO <sub>2</sub>	24	-	-	15202 <sup>***</sup>	-
<b>GORAKHPUR</b>					
Ethyl Alcohol Qty. in (KBL)	108	1929	1294	30950 <sup>\$\$</sup>	72531 <sup>\$\$</sup>
CO <sub>2</sub> -	-	-	-	1787	-

#### Notes:

<sup>##</sup> Includes 784 MT captively consumed in Ethylene Oxide derivatives (Previous year: 1066 MT) and 12 MT transferred to Dehradun Plant (Previous year NIL)

<sup>@@</sup> Includes 1912 MT Captively consumed in Ethylene Oxide derivatives (Previous year 2956 MT)

<sup>\*\*</sup> Includes 8 MT captively consumed in Ethylene Oxide derivatives (Previous year NIL)

<sup>\$</sup> Includes 60 MT Stock in Transit/Port (Previous year 19 MT)

<sup>&</sup> Includes 819 MT Stock in Transit/Port (Previous year 589 MT)

<sup>^</sup> Includes NIL MT Stock in Transit/Port (Previous year 19 MT)

<sup>^^</sup> Includes 106 MT Stock in Transit/Port (Previous year NIL)

<sup>+</sup> Includes 43564070 NM3 captively consumed. (Previous year 69932849 NM3)

<sup>#</sup> Include 4 MT captively consumed. (Previous year 82 MT)

<sup>++</sup> Include 14407931 NM3 Captively consumed. (Previous year 21756000 NM3) and 3952 NM3 transferred to Dehradun Plant (Previous year NIL)

<sup>\$\$</sup> Include 17245 KBL transferred to Kashipur Plant for Captive Consumption (Previous year 66136 KBL) and 2645 KBL captively consumed (Previous year 2555 KBL).

<sup>\*\*\*</sup> Includes 95.710 MT transferred to Dehradun Plant (Previous year NIL)

#### (b) Detail of Traded Goods

Product	UM	Opening	Purchase	Sale	Closing
Ethyl Alcohol*	Cases	-	-	-	-
		(-)	(575050)	(575050)	(-)
Guar Gum Powder & Derivative	MT	-	80	80	-
		(-)	(-)	(-)	(-)
DEG	MT	-	181.81	181.81	-
		(-)	(-)	(-)	(-)

(\* Sale includes breakage of NIL cases (Previous year: 1033)



## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

#### E. Consumption of Raw Materials

	2008-09		2007-08	
	Qty. (MT)	Value (Rs in lacs)	Qty. (MT)	Value (Rs in lacs)
Molasses	414404	17828.04	855388	22812.11
Chain Starters	14348	7760.47	14064	6812.21
Special Denatured Spirit*	87782	21637.69	78335	14187.76
Production Chemicals & Others	-	6682.70	-	6161.17
		53908.90		49973.26

\* Qty in KBL

#### F. C.I.F. Value of Imports

	(Rs in lacs)	
	2008-09	2007-08
1. Capital Goods	5059.69	492.51
2. Stores & Spares	316.53	193.08
3. Raw Materials	7240.69	570.18

#### G. Earning in Foreign currency

	(Rs in lacs)	
	2008-09	2007-08
1. FOB Value of Exports – Goods	22384.58	20465.24
– Services	NIL	NIL

#### H. Foreign Exchange Derivatives and exposures (as certified by the management).

##### a) Outstanding at the year end as follows:

Nature of Instruments	2008-09	2008-09	2007-08	2007-08
	Amount (Equivalent US\$ MLN)	Amount (Equivalent Rs. in Cr.)	Amount (Equivalent US\$ MLN)	Amount (Equivalent Rs. in Cr.)
Forward Contracts	11.00	55.72	NIL	NIL
Foreign currency options	50.69	256.75	76.21	301.12
Swaps	NIL	NIL	NIL	NIL
Packing Credit Net of Export debtors	5.38	27.35	6.62	26.41
Open foreign exchange exposures :-				
Loans	53.71	272.03	62.48	248.98
Payable	0.13	0.66	-	-

b) The Company uses derivative instruments for hedging and exchange fluctuation gain is net off losses Rs. 6108.01 lacs (previous year 2753.33 lacs)

c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India 'Accounting for Derivatives' in March, 2008, the Company has provided an amount of Rs 4743.28 lacs included in (b) (Previous year 452.62) on outstanding contracts to the profit & loss account (read with note no. 11 herein above)

## Schedules forming part of the Accounts

### Schedule L NOTES TO THE ACCOUNTS (Contd.)

d) Commodity transactions outstanding as at year end are as below:

Commodity	Exchange	Nature of Transaction	2008-09 Quantity (MT)	2007-08
GARGUMJDR	NCDEX	Buy	-	140
GARGUMJDR	NCDEX	Buy	-	40

I. Value of Imported and Indigenous Raw Materials, Stores, Spares and chemicals:

a) Consumption of Stores, Spares Parts	2008-09		2007-08	
	(Rs.in Lacs)	%age	(Rs.in Lacs)	%age
Imported	1005.40	11.62	51.66	0.68
Indigenous	7646.72	88.38	7552.37	99.32
	8652.12	100.00	7604.03	100.00
b) Raw Materials Consumed				
Imported	8172.77	15.16	270.29	0.54
Indigenous	45736.13	84.84	49702.97	99.46
	53908.90	100.00	49973.26	100.00

J. Expenditure in Foreign Currency (as remitted)

	(Rs.in lacs)	
	2008-09	2007-08
a) Travelling and other matters	190.96	298.41
b) Interest	1399.30	1773.88
c) Process Engineering & Technical assistance	59.58	28.29
d) Commission & Others	77.00	41.03

K. Remittance in Foreign Currency on Dividend Account

	2008-09	2007-08
Amount of Dividend Remitted*	Rs. 21.31 lacs	Rs. 1.87 lacs
Year to which the Dividend relates	Year ended 31 <sup>st</sup> March 2008	Year ended 31 <sup>st</sup> March 2007
No. of Equity Shares held by Non-resident shareholders	532800	62400

\* Excluding for those shareholders for whom dividend has been credited to their NRE Accounts in India.

L. Balance Sheet abstract and company's general business profile (As per ANNEXURE-I)

Schedules referred herein above form integral part of the Balance Sheet  
As per our report of even date

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

U.S. Bhartia  
Chairman and Managing Director  
  
Anand Singhal  
Chief Financial Officer

M.K. Rao  
Executive Director  
  
Lalit Kumar Sharma  
Company Secretary

Pradip Kumar Khaitan  
R.C. Misra  
Autar Krishna  
Jagmohan N. Kejriwal  
Director



**Cash Flow Statement** for the year ended 31st March, 2009

*(Rs.in lacs)*

Schedule	For the Year		For the Year	
	2008-2009		2007-2008	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		(13725.02)		23756.16
Adjustments for:				
Depreciation	5673.45		6611.18	
(Profit)/Loss on Sale of Assets	(278.91)		13.11	
(Profit)/Loss on Sale of Current Investments	(3.91)		0.00	
Foreign Exchange Fluctuation	5380.67		(1171.65)	
Realised Fx Loss on other Assets adj against FCTR	(61.20)		0.00	
Rent	(56.09)		(41.10)	
Amortisation of Foreign curr. Monetary Item Transaction Diff.	63.11		0.00	
Bad Debts & Provision for Doubtful Debts & Advances	264.73		87.09	
Provision No Longer Required Written Back	0.00		(11.14)	
Interest/Finance Expense	5200.79		4283.67	
Interest/Dividend Income	(184.97)	15997.67	(168.11)	9603.05
<b>Operating Profit Before Working Capital Changes</b>		2272.65		33359.21
Adjustments for:				
(Increase)/Decrease In Trade & Other Receivables	152.35		(912.55)	
(Increase)/Decrease In Inventories	(111.08)		994.22	
Increase / (Decrease) In Trade Payables	(897.33)	(856.06)	(9997.94)	(9916.27)
<b>Cash Generated From Operations</b>		1416.59		23442.94
Income Tax Paid (Net)	(817.64)		(4987.98)	
<b>Net Cash From Operating Activities</b>		598.95		18454.96
<b>B Cash Flow From Investing Activities</b>				
Purchase Of Fixed Assets	(25459.30)		(13049.74)	
Sale Of Fixed Assets	1887.97		40.07	
Interest / Dividend Received	249.06		101.94	
Sale Of Current Investment	78.46		0.00	
Amount Invested In Current Investment	(82.21)		0.00	
Rental Income	56.09		41.10	
Investments In Shares Of Subsidiaries	-		(1029.91)	
<b>Net Cash Used In Investing Activities</b>		(23269.93)		(13896.54)
<b>C Cash Flow From Financing Activities</b>				
Proceeds From Govt Subsidy	180.40		10.00	
Proceeds From Borrowings	48272.50		6666.48	
Repayment Of Borrowings	(15224.33)		(5328.94)	
Interest/Other Borrowing Cost	(6910.47)		(4796.64)	
Dividends Paid (Including CDT)	(1298.18)		(972.42)	
Arrears Of Allotment Money Received	0.00		0.04	
<b>Net Cash Outflow From Financing Activities</b>		25019.92		(4421.48)
<b>Net Increase/ (Decrease) In Cash &amp; Cash Equivalents [A+B+C]</b>		2348.94		136.94
Cash & Cash Equivalent Being Cash & Bank Balances		1472.53		1335.59
(Opening Balance)				
Cash & Cash Equivalent Being Cash & Bank Balances		3821.47		1472.53
(Closing Balance)				

Note :

(1) Previous Year's Figures Have Been Regrouped Wherever Considered Necessary.

(2) Cash And Cash Equivalent Being Cash And Bank Balances As Per Schedule 'F'

As per our report of even date

 For Lodha & Co.  
 Chartered Accountants

 N.K. Lodha  
 Partner  
 M.No. 85155  
 Place : New Delhi  
 Dated : 20th June, 2009

 U.S. Bhartia  
 Chairman and Managing Director

 Anand Singhal  
 Chief Financial Officer

 M.K. Rao  
 Executive Director  
 Lalit Kumar Sharma  
 Company Secretary

 Pradip Kumar Khaitan  
 R.C. Misra  
 Autar Krishna  
 Jagmohan N. Kejriwal  
 Director

## Section 212

Statement Pursuant To Section 212 Of The Companies Act, 1956, Relating To Subsidiary Company

1. Name of the Subsidiary Company	IGL Finance Ltd.	Shakumbari Sugar and Allied Industries Ltd	IGLChem International Pte Ltd.
2. Financial Year of the Company ended on	31.3.2009	31.03.2009	31.03.2009
3. Holding Company's Interest :			
(a) Number of Shares Fully Paid	5000000	328542000	100000
(b) Extent of holding	100%	96.56%	100%
4. Net aggregate amount of profit/(loss) of the Subsidiary, so far as they concern members of Holding Company			
(i) For the said financial year of the Subsidiary:			
(a) Dealt with in the accounts of Holding Company	Nil	Nil	Nil
(b) Not dealt with in the accounts of Holding Company	0.11 Rs. in Lacs	(1564.36) Rs. in Lacs	(2.59) SGD in Lacs
(ii) For the previous financial years of the Subsidiary since It became the Holding Company's Subsidiary	(414.51) Rs. in Lacs	20.59 Rs. in Lacs	(.71) SGD in Lacs
5. Changes in the Holding Company's interest in the Subsidiary between the end of the subsidiary and Holding Company's Financial year	Not Applicable	Not Applicable	Not Applicable
6. Material Changes which have occurred between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect of the subsidiary's:	Not Applicable	Not Applicable	Not Applicable
(i) Fixed Assets			
(ii) Investments			
(iii) Money lent by subsidiary			
(iv) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities			

## Consolidated Auditors' Report

To  
The Board of Directors of  
INDIA GLYCOLS LIMITED on the Consolidated Financial Statements of India Glycols Limited and its Subsidiaries.

- 1 We have examined the attached Consolidated Balance Sheet of India Glycols Limited (the Company), and its subsidiaries as at 31st March 2009 and the Consolidated Profit and Loss Account and also the Consolidated cash flow statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit provide a reasonable basis for our opinion.
- 3 (a) We did not audit the financial statements of the subsidiary company M/s. IGL Finance Limited and IGL CHEM INTERNATIONAL PTE LIMITED, SINGAPORE, whose financial statements reflect total assets of Rs.122.49 lacs as at 31st March 2009 and the total revenue of Rs.1028.23 lacs for the year ended as on that date and considered for the purposes of consolidation. Our opinion, in so far as it relates to these subsidiaries is based solely on the report of their auditors and further information and explanation provided to us and relied upon by us. We have audited the financial statements of one subsidiary company viz. Shakumbari Sugar & Allied Industries Limited for the year ended 31st March 2009.
- 4 We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) on "Consolidated Financial Statements", as issued by the Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of India Glycols Limited, its subsidiaries companies included in the aforesaid consolidation and,
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statement of the company and its subsidiary included in the consolidated financial statement, we are of the opinion that the said consolidated financial statements read with note no. 9 (ii) of schedule M regarding investment in subsidiary Companies M/s Shakumabri Sugar & Allied Industries Limited and IGL CHEM INTERNATIONAL PTE LTD, where attention is invited and read together with other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiary as at 31st March 2009;
  - b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its Subsidiary for the year ended on that date, and
  - c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its Subsidiary for the year then ended

For Lodha & Co.  
Chartered Accountants

(N.K. Lodha)  
Partner  
M.N. -85155

Place: New Delhi  
Date: 20th June, 2009

**Consolidated Balance Sheet** as at 31st March, 2009

*(Rs. in lacs)*

	Schedule	As at		As at	
		31.03.2009		31.03.2008	
<b>SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	A	2788.25		2788.25	
b) Reserves and Surplus	B	34432.09	37220.34	46476.49	49264.74
<b>2. Loan Funds</b>	C				
Secured Loans		96502.12		60110.96	
Unsecured Loans		16168.89	112671.01	5589.95	65700.91
<b>3. Deferred tax liability (net)</b>			3582.24		8529.13
4. Minority Interest			16.06		71.50
<b>TOTAL</b>			<b>153489.65</b>		<b>123566.28</b>
<b>APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	D				
Gross Block		123627.59		110959.28	
Less: Depreciation		40105.10		35996.30	
Net Block		83522.49		74962.98	
Capital work-in-progress (Including pre-operative expenses)		38490.47	122012.96	16068.56	91031.54
<b>2. Investments</b>	E		270.32		262.66
<b>3. Current Assets, Loans and Advances</b>	F				
Inventories		26668.70		27028.79	
Sundry Debtors		6940.60		8837.53	
Cash and Bank Balances		4505.82		2714.80	
Loans & Advances		18066.21		15952.29	
		<b>56181.33</b>		<b>54533.41</b>	
Less: Current Liabilities and Provisions	G				
Current liabilities		20170.66		15988.53	
Provisions		4965.59		6272.80	
		<b>25136.25</b>		<b>22261.33</b>	
<b>Net Current Assets</b>			31045.08		32272.08
<b>4. Foreign Currency Monetary Item Translation Difference</b>			161.29		
<b>TOTAL</b>			<b>153489.65</b>		<b>123566.28</b>
Notes to the Accounts	M				

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

U.S. Bhartia  
Chairman and Managing Director

Anand Singhal  
Chief Financial Officer

M.K. Rao  
Executive Director  
Lalit Kumar Sharma  
Company Secretary

Pradip Kumar Khaitan  
R.C. Misra  
Autar Krishna  
Jagmohan N. Kejriwal  
Director



## Consolidated Profit and Loss Account for the year ended 31st March, 2009 *(Rs. in lacs)*

	Schedule	Current Year 31.03.2009	Previous Year 31.03.2008
<b>INCOME</b>			
Sales	H	121203.72	156830.64
Less: Excise Duty		19077.10	22437.36
Net Sales		102126.62	134393.28
Other Income	H	2666.09	1517.56
Increase/ (Decrease) in Stocks	I	181.99	1334.48
		<b>104974.70</b>	<b>137245.32</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	J	102241.28	101731.56
Finance Charges (net)	K	6559.25	4936.82
		<b>108800.53</b>	<b>106668.38</b>
Profit / loss before Depreciation, Exceptional Item and Tax		(3825.83)	30576.94
Depreciation	D	6235.02	6810.38
Profit / loss Before Tax & Exceptional item		(10060.85)	23766.56
Less: Exceptional item		5,375.40	-
Profit / loss Before Tax		(15,436.25)	23766.56
Provision for taxation			
– Current tax		0.06	3349.55
– Deferred tax Charged / (Credit)		(4946.89)	2339.88
– Tax for earlier years		284.41	70.24
– Fringe Benefit Tax		134.33	153.04
Net profit / loss for the year		(10908.16)	17853.85
Debenture redemption reserve written back		-	125.00
		<b>(10908.16)</b>	<b>17978.85</b>
Balance brought forward		35223.08	23050.74
Balance available for Appropriation		24314.92	41029.59
Transfer to General Reserve		-	4500.00
Transfer to Statutory Reserve (Pursuant to RBI regulations)		0.02	0.07
Transfer to molasses reserve fund		0.61	0.86
Transfer to Minority Interest		(55.44)	0.73
Proposed Dividend		278.83	1115.30
Corporate Dividend Tax		47.39	189.55
Balance carried forward		24043.51	35223.08
Earning / loss per share basic/ diluted		(39.12)	64.03
Notes to the Accounts	M		

Schedules referred herein above form integral part of the Profit and Loss Account

As per our report of even date

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

U.S. Bhartia  
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Jagmohan N. Kejriwal  
Director

## Schedules forming part of the Consolidated Balance Sheet (Rs. in lacs)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule A SHARE CAPITAL</b>		
<b>A. Authorised</b>		
30000000 (P.Y. 30000000) Equity Shares of Rs. 10 each	3000.00	3000.00
<b>B. Issued, Subscribed and Paid up</b>		
27882500 (P.Y.27882500) Equity Shares of Rs.10 each fully paid up	2788.25	2788.25
	<b>2788.25</b>	<b>2788.25</b>

(Rs. in lacs)

	As at 01.04.2008	Additions	Deductions	As at 31.03.2009
<b>Schedule B RESERVES AND SURPLUS</b>				
Capital Reserve (*)	63.44	400.00	-	463.44
Capital Reserve on consolidation	984.20	-	-	984.20
Foreign Currency Translation Reserve	1.48	9.09	-	10.57
Statutory Reserve	0.28	0.02	-	0.30
General Reserve	10003.15	-	1274.55	8728.60
Reserve for Contingencies	200.00	-	-	200.00
Surplus in Profit & Loss Account (#)	35223.08	-	11179.57	24043.51
Molasses Reserve Fund	0.86	0.61	-	1.47
	<b>46476.49</b>	<b>409.72</b>	<b>12454.12</b>	<b>34432.09</b>
	(28922.54)	(23,864.38)	(6,310.44)	(46,476.48)

(\*) Represents project capital subsidy accrued / received during the year.

(#) Refer Note no.10 of Schedule-M on account of foreign exchange fluctuation.

(Rs. in lacs)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule C LOAN FUNDS</b>		
<b>Secured Loans</b>		
<b>Rupee Term Loans</b>		
<b>Financial Institutions</b>		
Banks (Note 3) #	51808.31	16102.64
Others (Note 3)	7.04	482.00
<b>Foreign Currency Term Loans</b>		
Banks	15527.59	24246.62
<b>Working Capital Loans From Banks</b>	29159.18	19279.70
(Including working capital demand loan Rs.6613.87 lacs previous year Rs.2021.10 lacs)		
	<b>96502.12</b>	<b>60110.96</b>
<b>Unsecured Loans</b>		
Fixed Deposits	1187.48	2091.69
Packing Credit from Banks	-	1195.50
Buyer's Import Credit - Bank	8805.45	1353.64
Short Term Rupee Loan - Bank	5500.00	-
Foreign Currency Term Loan - Bank	675.96	797.66
Sugar Development Fund	-	151.46
	<b>16168.89</b>	<b>5589.95</b>

### Notes:

- The Term Loans/ Debentures ranking pari passu, inter-se, are secured / to be secured by mortgage of all immovable properties of the Company both present and future and hypothecation of all movable properties of the Company (save and except book debts) including movable machinery, machinery spares, tools and accessories, both present and future subject to prior charges created and / or to be created in favour of the bankers of the Company on stocks, book debts and other specified movable properties for working capital requirements.
  - Working Capital Loans from Banks are secured / to be secured by way of hypothecation of book debts and stocks including in-transit and second charge on all immovable properties of the Company.  
(Fully redeemed during 2007-08).
  - Rupee Term Loans include loans from Banks of Rs.9.36 lacs (Previous year Rs. 29.95 lacs) and from others of Rs.7.04 lacs (Previous year Rs. 19.50 lacs) secured by hypothecation of Motor Vehicles purchased there under.
- # Refer note no. 16 of Sch-M

## Schedules forming part of the Consolidated Balance Sheet

### Schedule D FIXED ASSETS

(Rs. in lacs)

Description	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	As at 01.04.2008	Addition/ Adjustment	Deduction/ Adjustment	As at 31.03.2009	Upto 01.04.2008	For the year	Deduction/ Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	886.26	602.27	-	1488.53	-	-	-	-	1488.53	886.26
Leasehold Land	1125.26	-	-	1125.26	71.80	13.46	-	85.26	1040.00	1053.46
Buildings	5609.31	236.49	-	5845.80	1059.04	133.15	-	1192.19	4653.61	4550.27
Plant & Machinery	100542.62	14822.43	3639.64	111725.41	33537.12	5738.15	2028.76	37246.51	74478.90	67005.50
Furniture & Fixtures	1493.99	266.79	17.19	1743.59	831.91	150.39	8.91	973.39	770.20	662.08
Vehicles (*)	1052.24	124.47	82.01	1094.70	290.76	97.90	46.99	341.67	753.03	761.48
Intangible Assets										
-Specialised										
Computersoftware	249.60	354.70	-	604.30	205.67	60.41	-	266.08	338.22	43.93
<b>Total</b>	<b>110959.28</b>	<b>16407.15</b>	<b>3738.84</b>	<b>123627.59</b>	<b>35996.30</b>	<b>6193.46</b>	<b>2084.66</b>	<b>40105.10</b>	<b>83522.49</b>	<b>74962.98</b>
Previous Year	99785.11	11653.31	479.14	110959.28	29231.64	6811.60	46.94	35996.30		
Capital Work-in-progress including advances									38490.47	16068.56
									<b>122012.96</b>	<b>91031.54</b>

- Capital Work in progress (include advance and preoperative expenses )

- Depreciation Rs. 4.12 lacs (previous year 1.22 lacs) on Dehradun assets transfer to Pre-operative expenses.

Depreciation Rs. -45.78 lacs (previous year Rs.NIL) on account of AS-11 Exchange fluctuation gain for 2007-08 addition adjusted with General Reserve.  
(Refer note no. 10 of Sch-M)

- (\*) Gross Block includes Rs.74.59Lacs (previous year Rs. 144.78 lacs) Secured by hypothecation against loan

- Opening Gross Block & Accumulated depreciation of Foreign subsidiary, IGL Chem, Singapore.as on 31st March'09 is reinstated as per AS-11 and amount of Rs. 0.27 lacs (net of depreciation of Rs. 0.10 lacs) is adjusted in Foreign Currency Translation Reserve .

	Nominal Value	As at 31.03.2009	As at 31.03.2008
<b>Schedule E INVESTMENTS</b>			
<b>Long Term Investments (Non-trade) (at cost, net of provision for diminution)</b>			
468000 15% Redemable Non-cumulative Preference Shares of Hindustan Wires Ltd.	Rs. 100	70.68	70.68
22000 15% Redemable Cumulative Preference Shares of Hindustan Wires Ltd.	Rs. 100	3.32	3.32
		<b>74.00</b>	<b>74.00</b>
<b>Quoted, fully paid up (Others)</b>			
211360 Equity Shares of IDBI Bank Ltd.	Rs. 10	105.00	105.00
34000 Equity Shares of Axis Bank Ltd.	Rs. 10	7.14	7.14
2500 Equity Shares of ICICI Bank Ltd.	Rs. 10	1.97	1.97
		<b>114.11</b>	<b>114.11</b>
<b>Current Investment (at lower of cost or market value)</b>			
<b>Quoted, fully paid up</b>			
75900 UTI US64 Bonds	Rs. 100	-	74.55
668518 UTI Bonds Fund - Dividend Plan	Rs. 10	82.21	
		82.21	74.55
		<b>270.32</b>	<b>262.66</b>
<b>Agregated value of quoted investment</b>		<b>196.32</b>	<b>188.66</b>
<b>Market value of quoted investments</b>		<b>319.52</b>	<b>526.42</b>

**Note:** The Company has earmarked 668518 UTI Bonds Funds amounting to Rs. 82.21 lacs ( Previous Year 75900 UTI US 64 bonds amounting to Rs. 75.90 lacs ) in compliance with the provisions of Rule 3A of the companies (Acceptance of Deposits) Rules,1975 of Deposits) Rules,1975

## Schedules forming part of the Consolidated Balance Sheet

*(Rs. in lacs)*

	As at		As at	
	31.03.2009		31.03.2008	
<b>Schedule F</b> CURRENT ASSETS, LOANS AND ADVANCES				
<b>A. CURRENT ASSETS:</b>				
Inventories (As taken, valued and certified by the management)				
Stores, and spares parts (Including in transit Rs. 343.98 lacs, previous year Rs. 743.97 lacs)		10559.59		7759.41
Raw Materials (Including in transit Rs 200.41 lacs, previous year Rs. 0.83 lacs)		5816.17		9119.06
Finished Goods* (Including in transit Rs. 620.24 lacs, previous year 362.10 lacs)		8703.24		7760.65
Stock-in-process		1448.45		2010.87
Residue Product		77.38		352.36
Scrap		3.01		16.53
Loose Tools		60.86		9.91
		<b>26668.70</b>		<b>27028.79</b>
* Include stock of Rs 55.15 lacs of trial production.				
<b>Sundry Debtors</b> (Unsecured, Considered Good unless stated otherwise)				
Over six months		152.59		412.26
Others		6788.01		8425.27
		6940.60		8837.53
Over six months doubtful		313.45		150.16
		7254.05		8987.69
Less: Provision		313.45		150.16
		<b>6940.60</b>		<b>8837.53</b>
<b>Cash and Bank Balances</b>				
Cash-on-hand		137.51		49.36
Cheques on hand		335.31		553.53
Balance with Scheduled Banks				
– On Current Accounts		1451.87		1527.94
– On Margin Money Accounts		303.80		
– In Fixed Deposit Accounts @		2163.37		476.68
– On Dividend Accounts		113.96		107.29
		<b>4505.82</b>		<b>2714.80</b>
<b>B. LOANS AND ADVANCES</b> (Unsecured, Considered Good unless stated otherwise)				
Inter Corporate Deposit		75.00		75.00
Advances recoverable in cash or in kind or for value to be received	5015.71		4166.30	
Doubtful advances / loans	125.71		13.33	
	5141.42		4179.63	
Less : Provision for doubtful advances / loans	125.71	5015.71	13.33	4166.30
Export Incentive receivable		365.38		462.86
Balance with Excise authorities		4264.25		3135.32
Deposits with Government Departments & Others		883.73		657.59
MAT credit receivable		825.70		1078.46
Advance Income Tax/ Tax deducted at source		6636.44		6376.76
		<b>18066.21</b>		<b>15952.29</b>

@ include Fixed Deposit with banks & pledge with Government Authorities of Rs.35.30 lacs ( Previous year Rs.110.67 lacs )

# includes Fixed Deposit with bank pledged with Government Authorities of Rs. 26.26 lacs ( Previous year Rs. 6.18 lacs)

## Schedules forming part of the Consolidated Balance Sheet *(Rs. in lacs)*

	As at 31.03.2009	As at 31.03.2008
<b>Schedule G</b> CURRENT LIABILITIES & PROVISIONS		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors - Micro, Small and Medium Enterprises	0.09	-
- Others	10397.73	10674.95
Other Liabilities	8335.90	3605.95
Advance from customers	343.52	1105.95
Interest accrued but not due on loans	485.23	447.50
Investor education & protection fund shall be credited by the following amounts when due:		
( i) Unclaimed Dividends	113.96	107.29
(ii) Unclaimed matured deposits	385.91	37.44
(iii) Unclaimed interest on above (ii)	108.32	9.45
	<b>20170.66</b>	<b>15988.53</b>
<b>B. PROVISIONS</b>		
Income Tax	3926.03	4472.30
Fringe Benefit Tax (Net) (Including interest Rs. Nil (Previous year Rs. 0.32 lacs))	<b>196.66</b>	61.75
Wealth Tax	2.58	2.77
Proposed Dividend	278.83	1115.30
Corporate Dividend Tax	47.39	189.55
Retirement benefits	514.10	431.13
	4965.59	6272.80
	<b>25136.25</b>	<b>22261.33</b>

## Schedules forming part of the Consolidated Profit and Loss Account *(Rs.in lacs)*

	Current Year	Previous Year
<b>Schedule H</b> SALES AND OTHER INCOME		
<b>SALES (Including Excise Duty)</b>		
Ethylene Glycol	28769.89	68470.75
Di-ethylene Glycol	2723.50	5807.30
Heavy Glycol	662.57	473.77
E.O. Derivatives	50861.97	50940.42
Guar Gum Powder and derivatives	1525.67	533.65
Ethyl Alcohol (Potable)	27692.00	18670.93
Industrial Alcohol	877.83	490.56
Industrial Gases	1607.09	1473.42
Sugar	5454.61	3682.80
Molasses	15.62	-
Others	124.79	330.59
Sale of traded goods	888.18	5956.45
	<b>121203.72</b>	<b>156830.64</b>

## Schedules forming part of the Consolidated Profit and Loss Account *(Rs. in lacs)*

	Current Year	Previous Year
<b>Schedule H SALES AND OTHER INCOME (Contd.)</b>		
<b>OTHER INCOME</b>		
Dividend on long term investment	13.02	4.95
Interest on current investment (TDS Rs. Nil, Previous year Rs. Nil)	-	5.12
Rent (Tax Deducted at source Rs 12.69 lacs ; Previous year Rs 9.31 lacs)	56.09	41.10
Miscellaneous Income	1710.08	907.95
Provision no longer required written back	-	11.14
Exchange fluctuation gain (Previous year net of Loss Rs. 3257.59)	-	171.33
Profit on sale of Current Investments	3.91	-
Liability no longer required written back	36.29	239.22
Export Incentive receivable	567.79	136.75
Profit on sale of Fixed Assets (Net of Loss Rs.223.03 lacs)	278.91	-
	<b>2666.09</b>	<b>1517.56</b>
	<b>123869.81</b>	<b>158348.20</b>
<b>Schedule I INCREASE/ (DECREASE) IN STOCKS</b>		
<b>CLOSING STOCK</b>		
Finished Goods		
- Ethylene Glycol	409.57	302.19
- Di-Ethylene Glycol	217.87	9.67
- Heavy Glycol	111.93	26.37
- E.O. Derivatives	2749.45	1626.61
- Ethyl Alcohol (Potable)	573.27	514.77
- Guar Gum Powder and derivatives	67.25	82.46
- Guar Churi	0.03	0.03
- Industrial Gases	17.81	17.05
- Sugar	4037.78	4574.67
- Molasses & Bagasse	447.91	574.83
- Anhydrous Alcohol	2.62	24.12
- Bio Compost	12.60	7.88
Total Finished Goods	<b>8648.09</b>	<b>7760.65</b>
Stock-in-Process	1448.44	2010.87
Residue Product	77.38	352.36
	<b>10173.91</b>	<b>10123.88</b>
<b>LESS : OPENING STOCK</b>		
Finished Goods		
- Ethylene Glycol	302.19	106.49
- Di-Ethylene Glycol	9.67	180.86
- Heavy Glycol	26.37	21.17
- E.O. Derivatives	1626.61	2201.09
- Ethyl Alcohol (Potable)	514.77	468.92
- Guar Gum Powder and derivatives	82.46	124.95
- Guar Churi	0.03	0.09
- Industrial Gases	17.05	19.82
-Sugar	4574.67	2652.42
- Molasses & Bagasse	574.83	49.95
-Anhydrous Alcohol	24.12	1.01
-Bio Compost	7.88	10.04
Total Finished Goods	<b>7760.65</b>	<b>5836.81</b>
Stock-in-Process	2010.87	2706.49
Residue Product	352.36	148.25
	<b>10123.88</b>	<b>8691.55</b>
Less: Differential Excise Duty provided on Stock.	-131.96	97.85
<b>INCREASE/ (DECREASE)</b>	<b>181.99</b>	<b>1,334.48</b>

## Schedules forming part of the Consolidated Profit and Loss Account *(Rs.in lacs)*

	Current Year		Previous Year	
<b>Schedule J</b> MANUFACTURING AND OTHER EXPENSES				
Raw Materials consumed		57034.19		54420.56
Stores and spare parts consumed		8994.25		8025.28
Power and Fuel		16392.18		16217.19
Cost of Traded Goods		931.54		5848.26
Salaries, Wages, Allowances, etc.		4074.36		5408.03
Contribution to Provident and other funds		454.08		452.44
Staff Welfare Expenses		318.51		312.25
Repairs and Maintenance				
– Buildings	224.41		182.97	
– Plant & Machinery	1395.27		1249.19	
– Others	96.16	1715.84	417.22	1849.38
Rent		154.38		112.91
Rates and Taxes		1014.33		1585.90
Travelling and Conveyance		1244.55		1153.79
Insurance		252.13		249.84
(Net of recovery from customers Rs.19.43 lacs, Previous year Rs. 86.92 lacs)				
Directors' Fee		10.40		8.90
Exchange Fluctuation loss (Net of gain Rs 1889.61 lacs)		3185.80		0.32
Miscellaneous Expenses		1556.35		1069.62
Farm Expenses (Net of realisation of agri products sale of Rs. 8.64 lacs) (Previous year, Rs 3.87 lacs)		1.64		2.23
Donation		358.94		404.95
Commission to Selling agents		379.03		214.62
Freight forwarding and others (Net of recovered from customers Rs.617.98 lacs, Previous year Rs.934.96 lacs)		3644.42		4260.39
Bad debts written off		0.45		17.91
Provision for doubtful debts and advances		275.67		69.18
Loss on Sale / Discard of Fixed Assets (Previous year Net of profit Rs. 5.77 lacs )		-		13.00
Commodity Derivative Loss		10.01		4.59
Prior period expenses (Net) (Net of income Rs. 16.51 lacs , Previous year Rs. 3.62 lacs )		172.69		26.95
Amortisation of Foreign Currency Monetary Item Transaction Difference		63.11		-
Wealth Tax (Net)		2.43		3.07
		<b>102241.28</b>		<b>101731.56</b>

*(Rs.in lacs)*

	Current Year	Previous Year
<b>Schedule K</b> FINANCE CHARGES		
Interest on Fixed Loans/ Debentures	3288.19	2585.23
Other Interest	2476.67	2017.26
Financial Charges	905.62	473.00
	<b>6670.48</b>	<b>5075.49</b>
Less: Interest Received (*) (Tax Deducted at source Rs 14.45 lacs, Previous year Rs. 8.52 lacs)	111.23	138.67
	<b>6559.25</b>	<b>4936.82</b>

[(\*) Include on deposit Rs. 56.46 lacs, Previous year Rs. 28.92 lacs and Interest on Income Tax refund nil , previous year Rs.2.59 lacs and other Rs.54.77 lacs, Previous year Rs.107.16 lacs]



## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1) PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements (CFS) comprises the financial statements of India Glycols Limited (IGL) and its following subsidiaries as on 31<sup>st</sup> March, 2009.

Name of the Company	Country of Incorporation	% of Shareholding & Voting Power
Shakumbari Sugar & Allied Industries Limited (SSAIL)	India	96.56%
IGL Chem International PTE. LTD.	Singapore	100%
IGL Finance Limited	India	100%

- (ii) The Consolidated Financial Statements have been prepared using uniform accounting policies and in accordance with the generally accepted accounting policies (GAAP).
- (iii) The effects of intergroup balances and transactions are eliminated in consolidation.
- (iv) The difference between the costs to the Holding Company of its investment in the Subsidiary Companies over the Holding Company's portion of equity of the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- (v) The policy adopted by SSAIL on Valuation of Inventories is enumerated below:-
- Finished Goods and Stock in Process of Sugar - At cost or at net realisable value whichever is lower, the net realizable value of sugar in case of finished goods of stock of levy sugar, levy price notified by Central Government.
  - Store and spares parts – At cost arrived at applying weighted average method.
  - Cane crop – At net realisable value determined on the basis of estimated yield per hectare.
- Inventory of Molasses, Bagasse, Press mud and Bio Compost are considered at net realizable value.
- (vi) Foreign Subsidiary conversion: Operation of foreign subsidiary has been considered non integral foreign operation by the management thus all assets and liabilities are converted at the rates prevailing at the end of the year and Revenue items have been consolidated at the average rates. Exchange gain/ loss arising on translation of financial statements of foreign subsidiaries are shown under the head 'Foreign Currency Translation Reserve' in the Consolidated Balance Sheet.

- 2) Accounting Policies and other notes on accounts of the financial statements of the Company and its subsidiaries are set out in their respective financial statements.

- 3) Contingent Liabilities not provided for :

- (i) Claims against the company under appeal (Rs. in lacs)

Particulars	As on 31.03.2009	As on 31.03.2008
Income Tax Matter	138.57	138.57
Central Excise	145.37	66.56
Customs	53.02	53.02
Service Tax & Others	378.78	263.44

- (ii) Bills discounted with Banks Rs. 477.33 lacs (Previous Year: Rs. 192.60 lacs).
- (iii) Corporate Guarantee to banks for agriculture loan given to certain sugarcane suppliers amounting to Rs. NIL. (Previous year Rs. 2500.00 lacs).
- (iv) Guarantees issued by Bank on behalf of Company Rs. 80.05 lacs (Previous year Rs. 754.04 lacs)
- (v) Recovery Charges claimed by S.D.M. Behat towards payment of cane dues Rs.66.82 lacs (P.Y. 66.82 lacs) including the interest on cane dues Rs 46.89 lacs (Previous year Rs 46.89 lacs).

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (vi) Pending final disposal by the appellate tribunal (CEGAT), Central Excise, the Company has not reversed in the books of account CENVAT credit taken, in respect of certain inputs and capital goods for Rs.34.97 lacs initially disallowed by authorities and even reversed in the Excise records and the said amount is included in CENVAT receivables.
- (vii) In respect of disputed demand/claims against the company not acknowledge as debts Rs. 39.43 lacs (Previous year Rs. 38.91 lacs).
- 4) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 7175.15 lacs, Previous Year Rs. 5388.01 lacs) are Rs. 13681.07 lacs (Previous Year : Rs. 20395.21 lacs).
- 5) Since it is not possible to determine with reasonable certainty/accuracy insurance claims and interest from customers, the same are continued to be accounted on settlement basis.
- 6) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of licence fee on transfer of alcohol from the distillery to the chemical plant. The levy was challenged by the Company in the Hon'ble Supreme Court and on 18-10-2006 the matter was finally decided by The Hon'ble Supreme Court in favour of the Company. Accordingly, Company has filed an application for refund of amount paid of Rs. 507.05 lacs (shown as recoverable under the head Loans & Advances) with State Government of Uttarakhand.
- 7) In the earlier years, the State Government of Uttarakhand levied of Export Pass Fee on ENA/RS export outside India. On the application of the Company the Hon'ble High Court of Uttarakhand vide its order dated 13.11.2007 has granted stay on charging of Export Pass Fees till further order. Pending final order no provision has been made for the year amounting to Rs 206.43 lacs and an amount of Rs. 44.53 lacs paid in earlier years is shown as recoverable from State Govt. of Uttarakhand in the books of account.
- 8) Company has investment in a Subsidiary Company M/s IGL Finance Limited amounting to Rs.75.00 lacs (net of provision for diminution of Rs. 425.00 lacs). Hon'ble High Court at Nainital vide its order dated 11<sup>th</sup> May, 2009 has approved reduction in Paid up Equity Share capital of the stated Subsidiary Company from Rs. 10.00 per share to Rs. 2.00 (total no. of share 5000000). Considering the provision made in earlier year, no further provision at this stage is considered necessary.
- 9) (i) Board of Directors of a Subsidiary Company M/s Shakumbari Sugar and Allied Industries Limited at its meeting held on 22nd May, 2008 and the Shareholders at their Annual General Meeting held on 8th August, 2008 has approved the reduction of its paid up share capital. With such proposed reduction, every 2 (two) existing equity shares of Rs.10/- each fully paid up, with the reduced par value and paid up value of Rs.5/- each, be consolidated into 1 (one) equity share of Rs. 10/- each fully paid up (issued and paid up Equity Shares are 1,64,27,100 nos.).
- The necessary application for confirmation of the Shareholders' resolution has been filed with the Hon'ble High Court of Allahabad, which is pending for the final disposal.
- (ii) Company has made investment in two Subsidiary Companies (amounting to Rs. 1029.91 lacs) where book value is lower then carrying to cost. Considering the long term in nature and intrinsic value of the investee assets no provision at this stage is considered necessary by the management.
- 10) In accordance with Companies (Accounting Standards) Amendment Rules, 2009, the Company has exercised the option of adjusting exchange differences arising on reporting of long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of the assets to be depreciated over the balance life of the assets and other long term monetary item in the "Foreign Currency Monetary Item Translation Difference". Consequent to this change in policy:
- a) Exchange differences relating to long-term monetary items, in so far related to acquisition of depreciable capital assets, arising during the financial year 2007-08 amounting to Rs.1168.58 lacs (Gain) (net of depreciation Rs. (45.78) lacs) and amounting to Rs.3900.43 lacs (Loss) (net of depreciation Rs. 188.28 lacs) arising during the current year are added/(deducted) to the cost of assets and depreciated over the balance life of the assets.

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- b) Exchange differences relating to Other long-term monetary items arising during the financial year 2007-08 amounting to Rs. 105.97 lacs (Gain) (net of amortization Rs. (32.82) lacs) and amounting to Rs.267.26 lacs (Loss) (net of amortization Rs. 63.11 lacs) arising during the current year are adjusted to "Foreign Currency Monetary Item Translation Difference".

Had the Company continued to follow the earlier policy of charging foreign exchange differences on long term foreign currency monetary items to the profit & loss account, loss for the year would have been higher by Rs. 4167.69 lacs, General Reserve would have been higher by Rs. 1274.55 lacs and the net block of fixed assets would have been lower by Rs. 2731.85 lacs.

- 11) Exceptional items represents unrealised exchange loss of Rs. 5375.40 lacs (net) (Previous year Rs. NIL lacs) for the year ended as on 31st March, 2009 on reinstatement of all foreign currency borrowings and other monetary assets/liabilities and includes loss of Rs. 4743.28 lacs (Previous year Rs. NIL lacs) on outstanding foreign exchange contracts for exports. Such loss being notional and presently not effecting cash flow of the Company and the actual gain/loss in this respect will be ascertained and getting accrued only on the settlement of such monetary assets/liabilities and contracts (read with note no. 22 A (c')).
- 12) (i) Hitherto Catalyst was amortised (as depreciation) in IGL (the Company) over the technically assessed useful life (1 to 3 year) which is now been charged to the profit & loss account as consumables (store & Spare) based on technically assessed useful life. This has no material impact on the loss for the year.
- (ii) Specialised Computer software is amortised over its useful life of 6 years on SLM basis.
- 13) During the year SSAIL has accounted for sugar cane purchases for the season 2008-09 according to SAP fixed by the State Government i.e. Rs 140 per Qtl. For the season 2007-08, the matter is subjudice and pending before Hon'ble Supreme Court which was paid in accordance with interim order passed by Hon'ble Supreme Court. Adjustment, if any, will be accounted for as and when matter is finally decided.
- 14) SSAIL is in process of updating the Fixed Assets records and physical verification of Fixed Assets. In view of the necessary security arrangements, management is of the view that there will not be any material discrepancies between book and physical stock of Fixed Assets on completion of physical verification of Fixed Assets.
- 15) In the previous year SSAIL has changed it's Financial Year from 30<sup>th</sup> September to 31<sup>st</sup> March ending to make the same in line with the Holding Company. Hence the figure for the period ended 31<sup>st</sup> March 2008 comprises of period from 1.10.2007 to 31.03.2008.
- 16) Term Loans from Bank includes interest accrued and due on loan amounting to Rs. 40.76 lacs (Previous year NIL)
- 17) **Related Parties Disclosure:**  
(As identified by the management)
- (i) Relationships:
- A. Key Management Personnel
- U. S. Bhartia
  - M. K. Rao (from 01.05.2008)
  - Pragya Bhartia (from 01.05.2008)
  - Mohan Sharma
- B. Enterprises over which Key Management Personnel have significant influences:
- Ajay Commercial Co. (P) Ltd.
  - J. B. Commercial Co. (P) Ltd.
  - Kashipur Holdings Limited
  - Polylink Polymers (India) Ltd.
  - Hindustan Wires limited

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Detail of Transactions with related parties: (\*) (Rs. in lacs)

	Key management Personnel	Enterprises referred in (i) B above
Sale of Material	-	188.81
	(-)	(-)
Loan Taken	-	-
	(280.00)	(-)
Loan Repaid	-	-
	(349.50)	(-)
Rent Paid	-	43.06
	(-)	(38.34)
Deposits repaid	-	816.04
	(69.65)	(-)
Deposit Accepted	-	716.04
	(-)	(-)
Interest Expense	7.63	26.04
	(34.38)	(-)
Salary	3.51	-
	(-)	(-)
Remuneration	79.42	-
	(2190.60)	(-)
<b>Outstanding Balances as at year end :</b>		
Loans & Advance	-	199.60
	(-)	(180.00)
Deposits payable (including Interest)	447.91	100.38
	(440.28)	(-)
Balance Payable	-	4.69
	(-)	(-)
Balance Recoverable	-	-
	(-)	(0.60)

Figures in Bracket represent previous year figures.

(\*) Excluding Commission to Non Executive Directors

18) Earnings per share (EPS):

	2008-09	2007-08
Net profit for the year attributable to equity shareholders (Rs. in lac)	(10908.16)	17853.85
Weighted average number of equity shares outstanding	27882500	27882500
Basic and diluted earnings per share (face value of Rs. 10 each) (Rs.)	(39.12)	64.03

19) (A) Deferred Liabilities & Assets are attributable to the following items -

(Rs.in lacs)

	As on 31.03.2009	As on 31.03.2008
<b>Deferred Tax Liabilities :-</b>		
Accelerated depreciation	10664.59	8817.28
<b>Deferred Tax Assets :-</b>		
Amount covered U/S 43 B	144.70	61.78
Provision for doubtful debts	144.06	49.92
Unabsorbed Depreciation	2673.91	-
Business Loss	2257.73	-
Others	1861.95	176.45
	7082.35	288.15
<b>Deferred Tax Liabilities (Net)</b>	<b>3582.24</b>	<b>8529.13</b>

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(B) In case of Subsidiaries Company Deferred tax assets in the immediate future cannot be quantified with a reasonable certainty in view of significant carry forward losses and present market scenario. Therefore, no deferred tax assets have been recognized, considering the prudence.

20) Balances of certain Debtors, creditors, other liabilities and loans and advances are in process of confirmation and/or reconciliation.

21) Segment Information:

A. Information about Business Segments (Primary Segments):

		Business Segments		Others	Unallocable	Total
		Chemicals	Liquor			
<b>A</b>	<b>REVENUE</b>					
1	Gross Sales (External)	87024.55 (127751.48)	26794.47 (24627.37)	7384.70 (4451.79)	- (-)	121203.72 (156830.64)
2	Other Income	1723.04 (1021.79)	451.94 (221.43)	132.79 (51.90)	358.32 (222.55)	2666.09 (1517.67)
3	Total Revenue	88747.59 (128773.27)	27246.41 (24848.80)	7517.49 (4503.69)	358.32 (222.55)	123869.81 (158348.31)
<b>B</b>	<b>RESULTS</b>					
1	Segment Result (PBIT)	20.64 (30756.35)	2215.08 (1591.86)	-359.08 (69.72)	-10753.64 (-3714.55)	-8877.00 (28703.38)
2	Interest Expense (Net)					6559.25 (4936.82)
3	Profit Before Tax					-15436.25 (23766.56)
4a	Provision for Current Tax					0.06 (3349.55)
4b	Deferred Tax					-4946.89 (2339.88)
4c	Taxation provision of earlier year					284.41 (70.24)
4d	Fringe Benefit Tax					134.33 (153.04)
5	Profit after Tax					-10908.16 (17853.85)
<b>C</b>	<b>OTHER INFORMATION:</b>					
1	Segment Assets	119578.58 (114034.17)	9864.17 (8203.20)	26259.32 (11830.48)	22923.83 (11759.76)	178625.90 (145827.61)
2	Segment Liabilities	15910.55 (12285.82)	1081.37 (1194.50)	2458.26 (1564.77)	121939.32 (81446.29)	141389.50 (96491.38)
3	Capital Expenditure	17104.96 (9844.19)	546.02 (2760.10)	11484.21 (2039.73)	9693.87 (296.71)	38829.06 (14940.73)
4	Depreciation and Amortisation expenses	5319.46 (6358.47)	229.59 (108.54)	506.57 (201.70)	179.40 (141.67)	6235.02 (6810.38)

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### B. Information about Geographical Segments (Secondary Segments):

			Domestic	Overseas	Total
1	Gross Sales (External)		97739.06 (135568.50)	23464.66 (21262.14)	121203.72 (156830.64)
2	Segment Assets		154057.78 (131629.22)	1644.29 (2438.63)	155702.07 (134067.85)

#### Notes:

##### Primary Segment reporting (by business segment)

Segments have been identified in line with Accounting Standard on 'Segment Reporting' (AS-17), taking into account the organisational structure as well as the differential risks and returns of these segments. The company has identified three segments i.e. business chemical, liquor and others which includes guar gum & software development and reported accordingly.

##### Secondary Segment reporting (by geographical segment-customer location)

In respect of secondary segment information, the Company has identified its geographical segment as (a) domestic and (b) overseas on the basis of location of customers.

##### Reportable segments

Reportable segments have been identified as per the quantitative criteria specified in 'Accounting Standard 17: Segment Reporting'.

##### Segment Composition

**Chemicals Segment** comprises manufacture and sale of Ethylene Glycol, Di-ethylene Glycol, Heavy Glycol and EO Derivatives

**Liquor Segment** comprises manufacture and sale of Ethyl Alcohol (Potable).

'Others' primarily include Guar Gum, Software development & Sugar.

#### 22) Additional Information:

##### A. Foreign Exchange Derivatives and exposures (as certified by the management).

##### a) Outstanding at the year end as follows

Nature of Instruments	2008-09	2008-09	2007-08	2007-08
	Amount (Equivalent US\$ MLN)	Amount (Equivalent Rs. in Cr.)	Amount (Equivalent US\$ MLN)	Amount (Equivalent Rs. in Cr.)
Forward Contracts	11.00	55.72	NIL	NIL
Foreign currency options	50.69	256.75	76.21	301.12
Swaps	NIL	NIL	NIL	NIL
Packing Credit Net of Export debtors	5.38	27.35	6.62	26.41
Open foreign exchange exposures :-				
Loans	53.71	272.03	62.48	248.98
Payable	0.13	0.66	-	-

##### b) The Company uses derivative instruments for hedging and exchange fluctuation gain is net off losses Rs. 6108.01 lacs (previous year 2753.33 lacs).

## Schedules forming part of the Consolidated Accounts

### Schedule L NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India 'Accounting for Derivatives' in March, 2008, the Company has provided an amount of Rs 4743.28 lacs included in (b) above (Previous year 452.62 lacs) on outstanding contracts to the profit & loss account.
- d) Commodity transactions outstanding as at year end are as below:

Commodity	Exchange	Nature of Transaction	2008-09 Quantity (MT)	2007-08 Quantity (MT)
GARGUMJDR	NCDEX	Buy	-	140
GARGUMJDR	NCDEX	Buy	-	40

- B) Previous year's figures have been regrouped/rearranged/recast wherever considered necessary.
- C) Balance Sheet abstract and company's general business profile (As per ANNEXURE-I)

Signatures to Schedules A to M  
As per our report of even date

For **Lodha & Co.**  
*Chartered Accountants*

**N.K. Lodha**  
*Partner*  
M.No. 85155  
Place : New Delhi  
Dated : 20th June, 2009

**U.S. Bhartia**  
*Chairman and Managing Director*

**Anand Singhal**  
*Chief Financial Officer*

**M.K. Rao**  
*Executive Director*

**Lalit Kumar Sharma**  
*Company Secretary*

**Pradip Kumar Khaitan**  
**R.C. Misra**  
**Autar Krishna**  
**Jagmohan N. Kejriwal**  
*Director*



## Consolidated Cash Flow Statement for the year ended 31st March, 2009 *(Rs.in lacs)*

	For the Year 2008-2009		For the Year 2007-2008	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		(15436.25)		23766.56
Adjustments for:				
Depreciation	6235.02		6810.38	
(Profit)/Loss on Sale of Assets	(278.91)		13.00	
Amortisation of Foreign Curr. Monetary Item Transaction Diff	63.11		0.00	
Effect of Ex.diff. on Translation of Foreign Currency Cash & Cash Equivalent	(4.07)		0.00	
Foreign Exchange Fluctuation	5380.67		(1171.65)	
Profit on Sale of Current Investment	(3.91)		0.00	
Bad Debts W/Off & Provision for Doubtful Debts & Advances	275.67		105.23	
Rental Income	(57.17)		(41.64)	
Provisions no Longer Required Written Back	0.00		(29.28)	
Liabilities No Longer Required Written Back	(36.29)		(239.22)	
Realised Fx Loss on Other Assets Adj Against FCTR	(61.20)		0.00	
Interest Expenses	6428.74		4602.49	
Interest/Dividend Income	(124.25)	17817.41	(148.74)	9900.57
<b>Operating Profit Before Working Capital Changes</b>		<b>2381.16</b>		<b>33667.13</b>
Adjustments For:				
(Increase)/Decrease in Trade & Other Receivables	(343.72)		(1568.23)	
(Increase)/Decrease in Inventories	360.09		(4626.46)	
Increase / (Decrease) in Trade Payables	(1217.10)	(1200.73)	(8110.84)	(14305.53)
<b>Cash Generated From Operations</b>		<b>1180.43</b>		<b>19361.60</b>
Direct Taxes Paid (Net)	(836.95)		(4995.02)	
<b>Net Cash From Operating Activities</b>		<b>343.48</b>		<b>14366.58</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(34144.52)		(19909.70)	
Sale of Fixed Assets	1887.97		40.27	
Purchase of Current Investment	(82.21)		0.00	
Rental Income	57.17		41.64	
Sale of Current Investment	78.46		0.00	
Minority Interest	0.00		70.77	
Interest/Dividend Received	197.80		80.70	
<b>Net Cash Used in Investing Activities</b>		<b>(32005.33)</b>		<b>(19676.32)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Govt Subsidy	180.40		10.00	
Proceeds From Borrowings	58536.96		14512.24	
Repayment of Borrowings	(15375.79)		(2749.45)	
Interest/Other Borrowing Cost	(8602.20)		(5108.12)	
Dividends Paid (Including CDT)	(1298.18)		(972.42)	
Arrears of Allotment Money Received	0.00		0.04	
<b>Net Cash Outflow From Financing Activities</b>		<b>33441.19</b>		<b>5692.29</b>
<b>D Changes In Currency Fluctuation Reserve &amp; Capital Reserve Arising on Consolidation</b>		<b>7.61</b>		<b>985.67</b>
<b>E Effect of Ex.differences on Translation of Foreign Curr. Cash &amp; Cash Equivalents</b>		<b>4.07</b>		<b>0.00</b>
<b>Net Increase/ (Decrease) In Cash &amp; Cash Equivalents [A+B+C+D+E]</b>		<b>1791.02</b>		<b>1368.22</b>
Cash & Cash Equivalent Being Cash & Bank Balances (Opening Balance)		2714.80		1346.58
Cash & Cash Equivalent Being Cash & Bank Balances (Closing Balance)		4505.82		2714.80

**Note :**

- (1) Previous Year's Figures Have Been Regrouped Wherever Considered Necessary.
- (2) cash and cash equivalent being cash and bank balances as per schedule 'F'

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N.K. Lodha

Partner

M.No. 85155

Place : New Delhi

Dated : 20th June, 2009

U.S. Bhartia

Chairman and Managing Director

Anand Singhal

Chief Financial Officer

M.K. Rao

Executive Director

Lalit Kumar Sharma

Company Secretary

Pradip Kumar Khaitan

R.C. Misra

Autar Krishna

Jagmohan N. Kejriwal

Director



## Directors' Report

To,  
The Members

The Directors of the Company have pleasure in presenting their Fifteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

### Financial Results

Particulars	<i>(Rs. in lacs)</i>	
	For the period ended 31.03.2009	For the period ended 30.09.2008
Total Turnover including other income	8313.53	4837.23
Profit/(Loss) before Depreciation, Interest and Tax	264.62	584.55
Interest & Other Financial Expenses	1319.06	357.00
Depreciation	561.24	198.53
Prior period (income)/ expense adjustment	(3.3)	(1.63)
Provision for Wealth Tax	0.00	0.30
Fringe Benefit tax	7.71	9.02
Transferred to Molasses Reserve Fund	0.63	0.89
Net Profit/ (Loss)	(1620.72)	20.44
Profit/ (Loss) brought forward from previous year	(2696.64)	(2717.08)
Profit/ (Loss) carried to Balance Sheet	4317.36	(2696.64)

### Operations Review

#### A - Sugar Unit

During the Accounting year 2008-09, the period under review the accounts were prepared for twelve months commencing from 1<sup>st</sup> April, 2008 upto 31<sup>st</sup> March, 2009, unlike the financial year 2007-08 where the accounts were prepared for the six month period commencing from 1<sup>st</sup> October, 2007 to 31<sup>st</sup> March, 2008. The financial figures for the period under review are, therefore, not strictly comparable with the financial figures of the last year 2007-08.

The crushing for the season 2008-09 commenced on 25<sup>th</sup> November, 2008 total Cane crushed during the season was 24.87 Lacs quintals in comparison to 38.00 Lacs quintals crushed during the previous season. Total production for the current season was of 2.08 Lacs quintals of white Marketable Crystal Sugar in comparison to 3.67 lacs quintals produced in previous season. The recovery of sugar for the current season was 8.64% in comparison to 9.68% of previous season. During the period under review 1.27 Lacs quintal molasses was produced as compared to 1.79 Lacs quintals during the previous season.

During the period under review, the Company has registered sale of 3.09 Lacs quintals of sugar for Rs. 54.55 crores.

The 2008-09 sugar season was abnormal due to various reasons, as most of the sugar factories in U.P. could not get optimum quantity of cane as there was a shortage of cane

through out the country and particularly in U.P. Similarly, the same effect was in Saharanpur district. Therefore, Company could not get sufficient quantity of cane for crushing. The average capacity utilization of sugar factories in Saharanpur District was around 40%. The main reasons for the same were as follows:-

- i) In the year 2006-07 and 2007-08, there was surplus production of cane resulting to huge production of sugar (283.67 and 263.57 lakh tones). Hence, the sugar prices in the market reduced significantly. Therefore, the sugar factories could not pay cane price on time to the cane suppliers. Hence, the farmers could not apply inputs to sugarcane crop timely. Apart from above, the farmers also diverted their cane area to other crops as they got better support prices particularly from wheat & paddy. Another reason was, the lower cane price and litigation on cane price in Uttar Pradesh. Hence, the area under sugarcane was reduced.
- ii) Also, there was a heavy frost during December, 2007 and January-February 2008 when the minimum temperature decreased to zero degree centigrade. Therefore, the crop was dried up and even it did not sprout properly. Hence, some of the farmers uprooted the crop and yield of remaining crop was reduced. The frost also effected quality of seed, therefore, the overall germination of the crop was very-very poor.
- iii) Also, during the year 2008, there were continuous rains, which started from the month of January and ended in November, 2008. Since, there were continuous rains throughout the year, therefore, the farmers could not do hoeing and weeding properly in the crop which encouraged the weed problems. Also, the crop could not utilize the irrigations and the application of fertilizer effectively. Hence, the productivity of cane and sugar recovery were reduced.

Due to the above reasons the production of sugar was reduced almost upto 50.0 percent. There was also a shortage of cane for gur, due to which the prices of gur in the market increased significantly and the farmers diverted their cane to gur and khandsari units which too effected the cane availability to the sugar factories. In operational area of the Company, there are about 400 gur making units, which consumed good quantity of cane as there is no control on gur and khandsari units, whereas, the sugar is controlled by the Govt. of India.

#### B - Distillery Unit

During the period under review, Distillery Unit produced 5896 KBL of Anhydrous Alcohol (Ethanol) as against 1890 KBL produced in previous year and produced 7611 KBL of Rectified Spirit as against 5291 KBL produced in the previous year. During the period under review, Distillery Unit produced

## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

78 KBL of ENA as against Nil KBL produced in previous year.

During the period under review, the Company has registered sale of 7853 KBL rectified spirit, 5948 KBL of Anhydrous Alcohol (Ethanol), 954 KBL of SDS and 72KBL of ENA for Rs. 0.74 crores, Rs. 15.15 crores, Rs. 2.61 Crores and Rs. 0.24 crores respectively.

### Expansion of Sugar Plant, Distillery and Co-generation Plant

The Company operates a Sugar Plant with a crushing capacity of 5500 tones per day (TCD) alongwith a modern distillery of 40 KL per day (KLPD) producing high quality rectified spirit, ethanol and country liquor and an internal bagasse fired co-generation plant of 11.4 MW catering to the captive power needs of the sugar and distillery units.

The Company has completed first phase of expansion plan, the capacity of sugar manufacturing plant has been enhanced from 3200 TCD to 5500 TCD and co-generation plant capacity has been enhanced from 3 MW to 11.4 MW of power generation. In the second phase of expansion plan, the capacity of sugar manufacturing plant will be enhanced from 5500 TCD to 7500 TCD, the distillery's capacity would be expanded to 240 KLPD from the present 40 KLPD for making ethanol from molasses/sugarcane juice and co-generation plant capacity will be enhanced from 11.4 MW to 25.5 MW of power generation out of which approximately 15.5 MW power generation will be used to cater the captive power need of expanded sugar and distillery units, the surplus power of approximately 10 MW will be sold to grid.

### Dividend

Due to inadequacy of profit, your Directors are unable to recommend payment of dividend for the period under review.

### Fixed Deposits

During the period under review, the Company has not accepted any deposits from the public.

### Directors

Shri I.B.Lal and Shri Mohan Sharma, Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment, the Board of Directors at their meeting held on 19<sup>th</sup> June, 2009 have recommended the re-appointment of retiring Directors for your approval.

### Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2009 and of the Profit & Loss Accounts for the period ended 31<sup>st</sup> March, 2009.
- iii. 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 and detecting fraud and other irregularities.

- iv. The annual accounts have been prepared on a going concern basis.

### Audit Committee

Pursuant to requirements of section 292A of the Companies Act, 1956, the Company has an Audit Committee of the Board comprising of Shri U.S. Bhartia as Chairman and Shri I.B. Lal and Shri V.P. Garg as two other members of the Committee to look after the financial, accounting and other related matters.

### Remuneration Committee

Pursuant to requirements of Schedule XIII of the Companies Act, 1956, the Company has a Remuneration Committee of the Board comprising of Shri U.S. Bhartia as Chairman and Shri I.B. Lal and Shri V.P. Garg as two other members of the Committee to decide the remuneration payable to the Executive Director.

### Statutory Auditors

M/s. Lodha & Co., Chartered Accountants, holding the office of the Statutory Auditors of the Company till the conclusion of the ensuing Annual General Meeting of the Company, being eligible, have offered themselves for reappointment. The Board of Directors has recommended the reappointment of M/s. Lodha & Co., Chartered Accountants, who shall hold the office of the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting of the Company till the conclusion of the next Annual General Meeting of the Company.

### Personnel

As none of the employee of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, the relevant details are not required to be given.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Out-go

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure – I and forms part of this report.

Company has also taken environmental conservation measures by planting in the surplus land in the factory.

### Industrial Relations

The industrial relations remained cordial during the year under review.

### Acknowledgement

Your Directors take this opportunity to place on record appreciation for the continued cooperation and support extended by the various departments of Central and State Government(s), Financial Institutions, Company's Bankers, Business associates, Cane growers and Shareholders at large. Your Directors also deeply acknowledge the contribution made by all the employees of the Company at all levels.

For and on behalf of the Board

Place : New Delhi  
Date : 19th June, 2009

U.S. Bhartia  
Chairman

## Annexure – I to Directors' Report for the period ended 31.03.2009

## (A) CONSERVATION OF ENERGY

## 1. FORM – A

A) Power and Fuel Consumption:	Current Year	Previous Year
1) Electricity		
a) Purchased		
Unit (KWH'000)	NIL	NIL
Total Amount (Rs. '000)	NIL	NIL
Rate/Unit (Rs./KWH)	NIL	NIL
b) Own Generation:		
i) Through Diesel Generator		
Units (KWH'000)	1110.036	168.467
Unit per litre of diesel (KWH)	3.290	3.240
Cost/Unit (Rs./KWH)	10.50	9.63
ii) Through Steam Turbine:		
Units (KWH'000)	9205.101	7507.531
Unit per litre of fuel oil/Gas	0.06279	0.13185
2) Coal (specify quality and where used)		
Quantity (tonnes)	N/A	N/A
Total Cost (Rs.'000)	N/A	N/A
Average Rate (Rs./M.T.)	N/A	N/A
3) Furnace Oil		
Quantity (K.Ltrs.)	N/A	N/A
Total Cost (Rs'000)	N/A	N/A
Average Rate (Rs./K.Ltrs)	N/A	N/A
4) Other/Internal Generation:		
Bagasse/Fire Wood	5.78	9.90
B) Consumption Per Unit of Production:		
Sugar (Qtls.)	208426	366725
Electricity (KWH)	44.16	20.47
Furnace Oil (K.Ltrs)	NIL	NIL
Coal (Tonnes)	NIL	NIL

## (B) Research and Development (R&amp;D) :

In sugar industry, there is not much of scope for R& D. However, the Company, constantly makes efforts to improve the efficiency of the Plant and develop new variety of cane by carrying out cane development programme besides laying thrust on increasing cane cultivation area.

## (C) Technology Absorption, Adaptation and Innovation :

- Efforts in brief, made towards technology absorption, adoption and innovation:  
The Company has adopted technology, which is standard in Sugar Industry in India.
- Benefits derived as a result of above efforts are Product Improvement, Cost Reduction:  
Product Development, Import Substitution etc.
- Information regarding technology imported during the last 5 years:  
The company has not imported any technology.

## (D) Foreign Exchange Earnings and Outgo :

	Current year	Previous year
1) Foreign Exchange Earning	NIL	NIL
2) Foreign Exchange Outgo	197.51 Lacs	NIL

For and on behalf of the Board

Place : New Delhi  
Date : 19th June, 2009

U.S. Bhartia  
Chairman

## Auditors' Report

To  
The Members of  
**Shakumbari Sugar & Allied Industries Limited**

We have audited the attached Balance Sheet of **Shakumbari Sugar & Allied Industries Limited**, as at 31<sup>st</sup> March 2009, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") as amended by the Companies (Auditor's Report) order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"), we enclosed in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, Profit & Loss Account and Cash Flow Statement dealt with by this report

are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- (e) As explanations and information given to us, none of the directors of the company is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
- (f) Without qualifying our opinion, we draw attention to note no. 3 of schedule 15 B relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts can not be determined at this stage.

In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with notes thereon, gives the information as required by the Companies act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) In the case of the Profit & Loss Account, of the loss for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For Lodha & Co.**  
**Chartered Accountants**

(N. K. Lodha)

*Partner*

Place : New Delhi

Date : 19th June, 2009

Membership No.: - 85155

## Annexure to the Auditors' Report

(Referred to in paragraph (1) of our Report of even date to the members of Shakumbari Sugar & Allied Industries Limited for the year ended 31.03.2009)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except certain cases which are in process of compilation /update*. (Read with note no. 6 of Schedule 15 B).  
(b) As per records and information and explanation given to us, physical verification of fixed assets are in process of compilation (read with note no. 6 of Schedule 15 B)  
(c) As per the records and information and explanation given to us, fixed assets disposed off during the period were not substantial.
2. (a) The inventory of the company (except stock lying with the third parties and in transit) has been physically verified by the management at reasonable intervals.  
(b) In our opinion and information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
(c) In our opinion and according to information & explanation given to us, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. As per the information and records made available to us, the company has not taken any loans secured or unsecured from companies and firms, covered in the register to be maintained under section 301 of the Act.
4. In our opinion and according to the information & explanation given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative quotation or where user department has shown specific preference, *there is an internal control system commensurate with the size of the company and nature of its business for the purchase of inventory & fixed assets and for the sale of goods and services which needs to be further strengthened (read with note 4 & 9 of schedule 15B)* Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section; and having regard to our comment in para (iv) above, the transaction made in such pursuance of such contracts or arrangement (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act.
7. In our opinion, the company has an internal audit system, which needs to be further strengthened to make the same commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the books of accounts to the extent maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained (however, certain records are in the process of compilation/update). We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.



## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

9. (a) According to the records and information made available, the company is generally regular in depositing undisputed statutory dues including income-tax, Sales Tax, Wealth tax, excise duty, service tax, Provident Fund and cess with the appropriate authorities except delay of some days in deposition U.P Trade Tax, TDS & TCS. According to the information and explanations given to us, there are no undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March 2009 for a period more than six months.
- (b) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax & Service Tax that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of excise duty and cess that have not been deposited with the appropriate authorities on account of disputes and the forum where the dispute is pending are given below:

Nature of Statue	Nature of Dues	Amount	Period	Forum where disputes are pending
Central Excise Act	Excise Duty	2,72,358	2004-05	Commissioner (Appeals) Meerut
Excise Duty	7,33,137		1994-95, 2004-05, 2001-02, 2003-04 and 2004-05	CESTAT, New Delhi

10. The Company has accumulated losses at the end of the financial year exceeding 50% of its net worth, further company has incurred cash losses during the current financial year, however company did not incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the company has not defaulted in the repayment of dues to the financial institution or banks or debenture holders.
12. According to the information and explanations given to us and based on documents and records provided to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) are not applicable.
14. According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly clause 4 (xiv) of the said order are not applicable.
15. 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.
16. According to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
17. On the basis of information and explanations given to us and on overall examination of the financial statements of the Company, funds raised on short-term basis have prima facie not been used for long-term investment.
18. According to the information and explanations given to us, the company has made preferential allotment of shares to its promoters and their relatives during the year.
19. The company has neither issued nor had any outstanding debenture during the year.
20. The company has not raised money by public issues during the year.
21. To the best of our Knowledge and belief, based on the audit procedures performed and on the basis of information and explanations provided by the management, no material fraud on or by the company has been noticed or reported during the course of the audit.

**For Lodha & Co.**  
**Chartered Accountants**

(N. K. Lodha)

*Partner*

Place : New Delhi

Date : 19th June, 2009

Membership No.: - 85155

## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

**Balance Sheet** as at 31st March, 2009*(Amount in Rs.)*

	Schedule	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	328,542,000	328,542,000
Reserves and Surplus	2	149,054,666	149,001,733
		477,596,666	477,543,733
<b>Loan Funds</b>			
Secured Loans	3	1,873,824,333	1,027,378,154
Unsecured Loans	4	300,000,000	15,146,244
		2,173,824,333	1,042,524,398
<b>Total</b>		<b>2,651,420,999</b>	<b>1,520,068,131</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,501,931,584	875,652,741
Less: Depreciation		402,487,757	346,364,010
Net Block		1,099,443,827	529,288,731
Capital Work in Process		449,763,008	137,290,387
		1,549,206,835	666,579,118
<b>Current Assets and Loans &amp; Advances</b>			
Inventories	6	510,835,951	562,068,742
Sundry Debtors		17,200,681	21,372,902
Cash and Bank Balances		64,740,932	122,341,613
Loans and Advances		236,373,424	46,128,661
		829,150,988	751,911,918
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	7	147,637,610	155,363,366
Provisions		11,034,977	12,723,635
		158,672,587	168,087,001
<b>Net Current Assets</b>		<b>670,478,401</b>	<b>583,824,917</b>
Profit & Loss Accounts		431,735,763	269,664,096
<b>Total</b>		<b>2,651,420,999</b>	<b>1,520,068,131</b>
Significant accounting policies and notes to accounts	15		

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For and on behalf of board of directors

For Lodha & Co.  
*Chartered Accountants*N.K. Lodha  
*Partner*  
M.No. 85155U.S. Bhartia  
*Chairman*Mohan Sharma  
*Executive Director*Place : New Delhi  
Dated : 19th June, 2009

## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

**Profit and Loss Account** for the year ended 31st March, 2009 (Amount in Rs.)

	Schedule	As at 31.03.2009	As at 31.03.2008
<b>I. INCOME :</b>			
Sales		825,002,118	477,395,551
Less: Excise Duty and Cess		118,794,628	41,711,172
<b>Net Sales</b>		<b>706,207,490</b>	<b>435,684,379</b>
Other Income	8	6,351,289	6,327,222
Increase/(Decrease) in Stocks	9	(54,996,635)	233,545,574
<b>Total</b>		<b>657,562,144</b>	<b>675,557,175</b>
<b>II. EXPENDITURE :</b>			
Materials Consumed	10	501,747,807	545,913,316
Manufacturing Expenses	11	47,546,584	25,717,422
Payments to and Provision for Employees	12	58,472,564	33,684,573
Administrative and Selling Expenses	13	23,002,793	11,653,952
Interest and Other Financial Expenses	14	131,906,103	35,699,571
		<b>762,675,851</b>	<b>652,668,834</b>
<b>Profit/(Loss) before Depreciation</b>		<b>(105,113,707)</b>	<b>22,888,341</b>
Less: Depreciation		56,123,747	19,853,142
<b>Profit before Taxes</b>		<b>(161,237,454)</b>	<b>3,035,199</b>
<b>Provision for Taxation</b>			
– Fringe Benefit Tax		770,720	902,400
– Deferred Tax		-	-
<b>Net Profit/(Loss) after tax</b>		<b>(162,008,174)</b>	<b>2,132,799</b>
Less : Transfer to molasses reserve fund		63,493	89,280
<b>Net Profit/(Loss) for the Year</b>		<b>(162,071,667)</b>	<b>2,043,519</b>
Balance Brought Forward from Previous Year		(269,664,096)	(271,707,615)
<b>Balance Carried to Balance Sheet</b>		<b>(431,735,763)</b>	<b>(269,664,096)</b>
<b>Earning per share Basic/Diluted (refer note no. 16 of schedule 15-B)</b>		<b>(4.93)</b>	<b>0.08</b>
Significant accounting policies and notes to accounts	15		

Schedules referred herein above form integral part of the Profit &amp; Loss Account

As per our report of even date

For and on behalf of board of directors

For Lodha & Co.  
Chartered AccountantsN.K. Lodha  
Partner  
M.No. 85155U.S. Bhartia  
ChairmanMohan Sharma  
Executive DirectorPlace : New Delhi  
Dated : 19th June, 2009



## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule 1 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
35,000,000 (Previous year 35,000,000) Equity Shares of Rs.10/-each	350,000,000	350,000,000
10,000,000 (Previous year 10,000,000) 10% Cumulative Preference Shares of Rs.10/- each	100,000,000	100,000,000
	<b>450,000,000</b>	<b>450,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
32,854,200 (Previous year 32,854,200) Equity Shares of Rs. 10/- each fully paid up (Out of the above 31,724,200 (P.Y. 31,724,200) Equity Shares are held by India Glycols Limited (The Holding Company and its nominees)	328,542,000	328,542,000
<b>Total</b>	<b>328,542,000</b>	<b>328,542,000</b>

	Opening Balance	Additions	Deductions	As At 31.03.2009
<b>Schedule 2 RESERVES AND SURPLUS</b>				
Securities Premium Account	147,558,000	-	-	147,558,000
Capital Subsidy (received on plant)	78,560	-	10,560	68,000
Molasses Reserve Fund	1,365,173	63,493	-	1,428,666
<b>Total</b>	<b>149,001,733</b>	<b>63,493</b>	<b>10,560</b>	<b>149,054,666</b>
Previous year	(186,811,152)	(89,280)	(37,898,699)	(149,001,733)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule 3 SECURED LOANS</b>		
Term Loans from Banks*	1,424,049,234	787,269,351
Cash Credits from Banks	449,775,099	240,108,803
<b>Total</b>	<b>1,873,824,333</b>	<b>1,027,378,154</b>

- (a) Out of above, term loan Rs. 243,537,714/= (Rs. 246,469,000/=) and interest thereon are secured by first charge by way of equitable mortgage of all the immovable properties and by way of hypothecation of all movables (Save and except book debts)
- (b) Out of above, term loan Rs. 1,179,998,293/= (Rs. Nil) and interest thereon are secured by first pari passu charge on entire fixed assets of the company with other lenders further the same is guaranteed by India Glycols Limited (The holding Company).
- (c) Term Loan and interest thereon are further secured by second charge on company's current assets. The aforesaid charges rank pari-passu between the banks.
- (d) The above loans and also the cash credit facilities are secured by the corporate guaranteed of India Glycols Ltd.(The Holding Company)
- (e) Term loan includes loan from bank of Rs. 513,227/- (Previous year Rs. 1,785,952/-) secured by hypothecation of motor vehicle purchased thereunder.

\* Refer Note No. 11 of Schedule 15-B.

## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule 4 UNSECURED LOANS</b>		
From Sugar Development Fund *	–	15,146,244
From Bank**	300,000,000	–
<b>Total</b>	<b>300,000,000</b>	<b>15,146,244</b>

\* SDF loan is secured by bank guarantee.

\*\* Secured by Corporate Guarantee given by India Glycols Limited (The Holding Company)

**Schedule 5 FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Addition	Adjustment/ deletion	As at 31.03.2009	As at 01.04.2008	For the Year	Adjustment / deletion	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	21,675,640	–	–	21,675,640	–	–	–	–	21,675,640	21,675,640
Buildings	187,177,906	17,101,014	–	204,278,920	37,670,123	4,486,684	–	42,156,807	162,122,113	149,507,783
Plant & Machinery	610,860,954	608,961,273	–	1,219,822,227	279,126,069	45,956,145	–	325,082,214	894,740,013	331,734,885
Electrical Installation & Equipments	28,156,598	71,595	–	28,228,193	13,499,453	2,653,799	–	16,153,252	12,074,941	14,657,145
Computers	8,131,243	113,437	–	8,244,680	6,753,608	1,309,180	–	8,062,788	181,892	1,377,635
Furniture & fixtures	4,583,034	31,524	–	4,614,558	3,523,834	206,685	–	3,730,519	884,039	1,059,200
Vehicles	15,067,366	–	–	15,067,366	5,790,923	1,511,254	–	7,302,177	7,765,189	9,276,443
<b>Total</b>	<b>875,652,741</b>	<b>626,278,843</b>	<b>–</b>	<b>1,501,931,584</b>	<b>346,364,010</b>	<b>56,123,747</b>	<b>–</b>	<b>402,487,757</b>	<b>1,099,443,827</b>	<b>529,288,731</b>
Previous Year	910,543,191	3,140,779	38,031,229	875,652,741	326,639,691	19,853,142	128,823	346,364,010	529,288,731	583,903,500
Capital Work in Progress*									449,763,008	137,290,387

[\* Including capital advances Rs 139,012,917 (Rs 137,290,387)]

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule 6</b> CURRENT ASSETS, LOANS AND ADVANCES		
<b>Current Assets</b>		
<b>Inventories</b> (As taken, valued and certified by the management)		
Stores & Spares	40,508,679	22,112,118
Finished Goods - Sugar	403,777,574	457,466,577
Finished Goods - Rectified Spirit & Anhydrous Alcohol	900,792	6,752,957
Press mud	694,240	582,385
Bagasse & Molasses	45,356,469	57,688,755
Country Liquor	8,157,419	7,440,243
Cane crop-standing	-	164,010
Sugar cane	-	705,296
Stock in process	11,440,778	9,156,401
<b>Total</b>	<b>510,835,951</b>	<b>562,068,742</b>
<b>Sundry Debtors</b> (Unsecured, considered good unless otherwise stated)		
Debt outstanding for a period exceeding Six months		
- Considered good	106,725	240,032
- Considered doubtful	1,423,962	330,124
Other Debt *	17,093,956	21,132,870
	<b>18,624,643</b>	<b>21,703,026</b>
Less : Provision for doubtful debts	1,423,962	330,124
	<b>17,200,681</b>	<b>21,372,902</b>
* Includes due from Holding Company	2,183,310	1,193,905
- Maximum amount outstanding during the period	71,395,364	34,360,849
<b>Cash &amp; Bank Balances</b>		
Cash in Hand (As certified by the management)	944,106	907,197
Balance with Scheduled Banks in		
- Current Accounts	27,469,563	108,838,272
- Cheques in hand	31,090,671	-
- Fixed deposits*	5,236,592	12,596,144
	<b>64,740,932</b>	<b>122,341,613</b>
*Out of above fixed deposits Rs. 3,530,299/- (Previous year 11,067,299/-) pledged with bank against Bank guarantee and Excise & other Government Authorities		
<b>Loans &amp; Advances</b> (Unsecured, considered good unless other wise stated)		
Advances Recoverable in Cash or in kind or for value to be received	2,316,430	10,707,585
Claims Receivable	1,797,882	5,232,794
Advance Income Tax, TDS and FBT	4,066,963	2,142,804
Accrued Interest on Fixed Deposits	505,716	1,452,414
<b>Other Advances</b>		
- Considered good	4,253,397	3,422,184
- Considered doubtful	110,000	110,000
- Less : Provision for doubtful advances	(110,000)	(110,000)
Inter Corporate Deposit*	120,000,000	-
CENVAT Receivable	85,282,653	21,232,947
Balances with Excise Authorities	18,150,383	1,937,933
	<b>236,373,424</b>	<b>46,128,661</b>
* to India Glycols Limited (The Holding Company)	120,000,000	-
- Maximum amount outstanding during the period	518,909,329	280,000,000

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule 7</b> CURRENT LIABILITIES AND PROVISIONS		
<b>Current Liabilities</b>		
Sundry Creditors		
– Due to Micro & Small Enterprises*	–	–
– Others	85,734,047	83,561,837
Advances and Security Deposits from		
– Customers	939,998	2,747,985
– Others	5,740,796	3,481,106
Other Liabilities	54,209,001	64,147,402
Interest Accrued but not due on loans & Others	1,013,768	1,425,036
	<b>147,637,610</b>	<b>155,363,366</b>
* Refer note 8 of Schedule 15 B		
<b>Provisions</b>		
Gratuity	6,086,492	8,093,587
Leave Encashment	1,496,663	1,948,946
Fringe benefit Tax {including Interest Nil (P.Y. Rs. 32,500)}	3,113,120	2,342,400
Income Tax	338,702	338,702
<b>Total</b>	<b>11,034,977</b>	<b>12,723,635</b>

## Schedules forming part of the Profit and Loss Account

(Amount in Rs.)

	Period ended 31.03.2009	Year ended 31.03.2008
<b>Schedule 8</b> OTHER INCOME		
Bagasse Sales	–	4,697,469
Scrap Sales	28,289	4,832
Miscellaneous Income	2,448,127	1,456,567
Prior Period Income	329,727	163,074
Excess Liability Written Back for Gratuity	3,318,914	–
Excess Liability Written Back for Leave Encashment	215,672	–
Transfer from Capital Subsidy Reserve	10,560	5,280
<b>Total</b>	<b>6,351,289</b>	<b>6,327,222</b>

## Schedules forming part of the Profit and Loss Account

(Amount in Rs.)

	Period ended 31.03.2009	Year ended 31.09.2008
<b>Schedule 9 INCREASE /(DECREASE) IN STOCK</b>		
<b>(A) Finished Goods</b>		
Opening Stock		
Sugar	457,466,577	265,244,321
Bagasse & Molasses	57,688,756	5,690,124
Finished Goods - Rectified Sprit & Anhydrous Alcohol	6,752,956	2,163,209
Press Mud	582,385	308,000
Country Liquor	7,440,243	7,440,243
	<b>529,930,917</b>	<b>280,845,897</b>
Closing Stock		
Sugar	403,777,574	457,466,577
Bagasse & Molasses	45,356,469	57,688,756
Finished Goods - Rectified Sprit & Anhydrous Alcohol	900,792	6,752,956
Press Mud	694,240	582,385
Country Liquor	8,157,419	7,440,243
	<b>458,886,494</b>	<b>529,930,917</b>
Increase/(Decrease) in Finished Goods	<b>(71,044,423)</b>	<b>249,085,020</b>
<b>(B) Work in Process</b>		
Opening Stock		
Sugar	8,497,001	3,466,758
Molasses	659,400	39,039
Country Liquor Blend	-	-
	<b>9,156,401</b>	<b>3,505,797</b>
Less : Closing Stock		
Sugar	11,316,900	8,497,001
Molasses	-	659,400
Country Liquor Blend	123,878	-
	<b>11,440,778</b>	<b>9,156,401</b>
Increase/ (Decrease) in Work in Process	<b>2,284,377</b>	<b>5,650,604</b>
Less:-Excise Duty on account of Increase/ (Decrease) on Stock of Finished Goods	<b>(13,763,411)</b>	<b>21,190,050</b>
<b>Net Increase /(Decrease) in Stocks</b>	<b>(54,996,635)</b>	<b>233,545,574</b>

**Schedule 10 MATERIALS CONSUMED**

Raw Materials	467,535,323	503,787,576
Packing Materials	18,033,847	12,567,356
Stores and Spares	16,178,637	29,558,384
<b>Total</b>	<b>501,747,807</b>	<b>545,913,316</b>

## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

Schedules forming part of the Profit and Loss Account (Amount in Rs.)

	Year ended 31.03.2009	Period ended 31.03.2008
<b>Schedule 11</b> MANUFACTURING EXPENSES		
Power and Fuel	11,973,127	2,516,274
Repairs and Maintenance	-	-
-Building	3,556,343	2,221,743
-Plant and Machinery	20,010,438	13,947,895
-Others	2,487,303	1,191,135
Other Manufacturing Expenses	9,519,373	5,840,375
<b>Total</b>	<b>47,546,584</b>	<b>25,717,422</b>

**Schedule 12** PAYMENT TO AND PROVISION FOR EMPLOYEES

Salary, Wages and Allowances	51,385,762	29,917,158
Contribution to Provident Fund	4,568,953	2,402,245
Employees Welfare	2,517,849	1,365,170
<b>Total</b>	<b>58,472,564</b>	<b>33,684,573</b>

**Schedule 13** ADMINISTRATIVE & SELLING EXPENSES

Insurance	1,203,221	760,604
Less-insurance charges receivable against BSS	-	(301,397)
Rent	68,352	30,168
Communications Expenses	651,486	260,607
Rates & Taxes	47,000	23,000
Fine & Penalty	155,000	-
Brokerage and Commission on Sale	3,144,868	1,633,258
Travelling & Conveyance	3,415,746	1,032,997
Legal & Professional Expenses	2,847,031	1,804,782
Vehicle Running & Maintenance	1,982,256	866,770
Research & Lab Expenses	564,797	543,622
Subscription & Periodicals	426,315	77,211
Water Cess Tax	320,574	1,329,735
Postage & Stationery expenses	724,592	528,678
Security Charges	4,561,934	2,002,997
Wealth Tax	-	30,199
Farm Expenses (Net of Rs. 864,140 (P.Y. 387,214) realised on sale of agri product)	164,258	223,203
Provision for Bad Debts	1,093,838	-
Balances Written Off	45,033	-
Miscellaneous Expenses	1,586,492	807,518
<b>Total</b>	<b>23,002,793</b>	<b>11,653,952</b>

## Schedules forming part of the Profit and Loss Account (Amount in Rs.)

	Year ended 31.03.2009	Period ended 31.03.2008
<b>Schedule 14 FINANCIAL EXPENSES</b>		
Interest on Term Loan	91,768,064	17,753,228
Interest on Working Capital loan	34,160,786	13,571,145
Interest to Others *	7,705,004	5,398,006
Other Financial Charges	3,571,777	1,812,646
Less: Interest on Fixed deposits with bank (includes TDS Rs. 72,704/= (P.Y. Rs. 88,169/=)	(525,158)	(371,144)
Less: Interest on ICD Received (includes TDS Rs. 984,305/= (P.Y. Nil)	(4,343,796)	-
Less: Interest on Buffer Stock Subsidy Receivable	(430,574)	(2,464,310)
<b>Total</b>	<b>131,906,103</b>	<b>35,699,571</b>

\* includes Rs. 7,056,644/= (Rs. 4,840,068/=) paid to India Glycols Limited (The Holding Company) towards interest on ICD

## Schedules forming part of the Accounts

### Schedule 15 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Accounting Concept

The accounts are being prepared using historical cost convention and on the basis of going concern with revenue recognized and expenses accounted for on accrual basis except that Insurance claim owing to the uncertainty attached thereto, are accounted for on receipt basis.

##### 2. Fixed Assets & Depreciation

- Fixed Assets are stated at cost less accumulated depreciation and amortisation. Cost of fixed assets includes other expenses related to acquisition and installation.
- Depreciation is provided in accordance with the rates prescribed to Schedule XIV of the Companies Act, 1956, on straight line method.

##### 3. Treatment of expenditure during the construction period

Expenditure during construction period is being included under capital work-in progress and the same is allocated to fixed assets on completion of installation/construction.

##### 4. Inventories

- (a) Finished Goods and Stock in Process of Sugar - At cost or at net realisable value whichever is lower, the net realizable value of sugar in case of finished goods of stock of levy sugar, levy price notified by Central Government.
- (b) Store and spares parts – At cost arrived at applying weighted average method.
- Cane crop – At net realisable value determined on the basis of estimated yield per hectare.
- Inventory of Molasses, Bagasse, Press mud and Bio Compost are considered at net realizable value.
- Excise duty payable on finished goods in stock as at Balance Sheet date is provided for the same is included in the value of these inventories and excise duty paid account and there is no impact of the same on the operating results for the year.

##### 5. Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of transaction. Foreign currency monetary assets and liabilities are converted at the exchange rates prevailing at the year

## Schedules forming part of the Accounts

### Schedule 15 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

end except those covered under firm commitment which are stated at contracted rate. Exchange difference is charged to the revenue account except arising on account of such conversion related to (i) the purchase of fixed assets is adjusted therewith, and (ii) other long term monetary items is adjusted in the "Foreign Currency Monetary Item Translation Difference".

#### 6. Government Grant

Capital subsidy received for specific depreciable Asset is shown as Reserve and Surplus and it is treated as deferred income, which is amortised over useful life of the assets in proportion of depreciation on such asset.

#### 7. Employee's benefit

##### a) Defined Contribution Plan:

Employee benefits in the form of Provident fund (with Government Authorities) are considered as defined contribution plan and the contribution are charged to the profit & loss accounts of the year when the contribution to the respective funds are due.

##### b) Defined Benefit Plan:

Retirement benefit in the form of Gratuity, Long term compensated leaves and provident fund (multi employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of balance sheet. Actuarial gain/loss, if any, are immediately recognized in the profit & loss account.

##### c) Other short term employee's benefits are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

#### 8. Borrowing Cost

Interest and other costs in connection with the borrowing of funds are capitalised up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit and loss account

#### 9. Provision for Current Tax and Deferred Tax

Provision for current tax has been made on the basis of estimated taxable income computed in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax resulting from all timing differences between book profit and profit as per Income Tax Act, 1961 is accounted for, at the enacted / substantially enacted rate of Tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognised only to the extent that there is a reasonable/virtual certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realised.

#### 10. Impairment

Where the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

#### 11. Use of Estimates and Assumptions

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and the estimates are recognised in the period in which the results are known/materialized.

#### 12. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### B. NOTES TO ACCOUNTS

#### 1. Contingent liabilities not provided for :-

- a). In respect of disputed demands/claims against the company not acknowledged as debts Rs. 3,943,092 (Previous Period Rs. 3,891,000)
- b). In respect of U. P. trade tax Rs. 1,363,419/- (Previous Period Nil)
- c). Guarantee's issued by Bank - Rs. 8,005,500 (Previous Period Rs.75,404,000).



## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

- d). Recovery Charges claimed by S.D.M. Behat towards payment of cane dues Rs. 6,682,000 (Previous Period 6,682,000) including the interest on cane dues Rs. 4,689,000 (Previous Period Rs. 4,689,000).
- e). Pending final disposal by the appellate tribunal (CESAT), Central Excise, the Company has not reversed in the books of account CENVAT credit taken, in respect of certain inputs and capital goods for Rs. 3,496,646 (Previous Period Rs. 3,571,839) initially disallowed by authorities and even reversed in the Excise records. The said amount of Rs. 3,496,646 (Previous Period Rs. 3,571,839) is included in CENVAT receivables.
- f). Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 311,675,458, Previous Period Rs. 137,484,174) Rs. 714,869,469 (Previous Period Rs. 606,263,200).
2. The company has filed an application in Hon'ble High Court of Allahabad on dated 5<sup>th</sup> November, 2008 vide Company application number 22 of 2008 under Section 101, 102 and 103 of the Companies Act, 1956 for reduction of Share Capital of the Company, which is pending for final disposal. With such reduction, every 2 (two) existing equity shares of Rs.10/- each fully paid up, with the reduced par value and paid up value of Rs. 5/- each, be consolidated into 1 (one) equity share of Rs. 10/- each fully paid up.
3. During the year Company has accounted for sugar cane purchases for the season 2008-09 according to SAP price fixed by the State Government i.e. @ Rs. 140 per quintal. For the season 2007-08, the matter is subjudice and pending before Hon'ble Supreme Court which was paid in accordance with the Interim Order passed by Hon'ble Supreme Court. Adjustment, if any, will be accounted for as and when the matter will finally decided.
4. Balances of Debtors, Creditors, Loans & Advances, Current Liabilities and provision are in process of confirmation/reconciliation.
5. Company is in process of updating the fixed assets records and physical verification of Fixed Assets. In view of the necessary security arrangements, management is of the view that there will not be any material discrepancies between book and physical stock of fixed assets on completion of physical verification of fixed assets.
6. Deferred tax assets in the immediate future cannot be quantified with a reasonable certainty in view of significant carry forward losses and present market scenario. Therefore, no deferred tax assets have been recognized, considering the prudence.
7. Farm expenses included in miscellaneous expenses represent the agriculture expenses incurred at Farm and it is net of agriculture product sold.
8. As required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed (@):

*(Amount in Rs.)*

Sr.No	Particular	2008-09	2007-08
a) i)	Principal amount remaining unpaid at the end of the accounting year	-	-
	ii) Interest due on above	-	-
b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is actually paid.	-	-

(@ To the extent information available with the company.)

9. In the opinion of the Board, the Current Assets, Loans & Advances appearing in the Company's Balance Sheet as at year end would have a value on realization in the normal course of business at least equal to the respective amounts at which they are stated in the Balance Sheet.
10. Since repairing charges charged by the parties are composite i.e. inclusive of cost of spares at times and since spares consumed in repairs are debited to related repairs account, it is not possible to ascertain and include value of such spares in store and spares consumption disclosed in schedule 10.

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

11. Term Loans from Bank includes interest accrued and due on loan amounting to Rs. 4,076,132 (Previous Period Nil).

## 12. Employee Benefits:

## a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the period in employees provident fund Rs. 4,568,953 (Previous year Rs. 2,402,245).

## b) Defined Benefit Plan:

The employee' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

## I. Reconciliation of opening and closing balance of Defined Benefit Obligation

*Amount in Rs.*

	Gratuity	Leave Encashment (Unfunded)
Present Value of Obligation at the beginning of the period	8,060,680	1,733,274
	(7,531,160)	(2,250,437)
Current Service Cost	1,179,769	430,268
	(497,954)	(270,068)
Interest Cost	644,854	138,662
	(301,246)	(90,017)
Actuarial gain/(loss) on obligations	1,168,451	1,134,298
	(1,755,860)	(374,508)
Benefit Paid	(965,297)	(1,939,839)
	(2,025,540)	(-1,251,756)
Present Value of Obligation as at the end of the period	10,088,457	1,496,663
	(8,060,680)	(1,733,274)

## II. Reconciliation of opening and closing balance of fair value of plan assets

*(Rs.)*

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets at the beginning of the period	3,286,007	Nil
	(3,893,208)	(Nil)
Expected Return on Plan Assets	239,879	Nil
	(165,461)	(Nil)
Contributions	1,403,212	Nil
	(1,262,611)	(Nil)
Actuarial gain/(loss) on obligations	38,164	Nil
	(9,733)	(Nil)
Benefit Paid	(965,297)	Nil
	(-2,025,540)	(Nil)
Fair value of plan assets at the end of the period	4,001,965	Nil
	(3,286,007)	(Nil)

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## III. Reconciliation of fair value of assets and obligation

(Rs)

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets as at 31 <sup>st</sup> March 2009	4,001,965 (3,286,007)	Nil (Nil)
Present value of Obligation as at 31 <sup>st</sup> March 2009	10,088,457 (8,060,680)	1,496,663 (1,733,274)
Funded Status [surplus/(Deficit)]	(6,086,492) (-4,774,673)	(1,496,663) (-1,733,274)
Net Assets/(Liability) Recognized in Balance Sheet	6,086,492 (-8,093,587)	(1,496,663) (-1,948,946)

## IV. Expenses recognized during the period

(Rs.)

	Gratuity	Leave Encashment (Unfunded)
Current Service Cost	1,179,769 (497,954)	430,268 (270,068)
Interest Cost	644,854 (301,246)	138,662 (90,017)
Expected Return on Plan Assets	(239,879) (-165,461)	Nil (Nil)
Actuarial gain/(loss)	1,130,287 (1,765,593)	1,134,298 (374,508)
Net Expenses Recognized	2,715,031 (2,399,332)	1,703,228 (734,593)

## IV. Investment Detail

All Investments are made with Trust.

## IV. Actuarial/Demographic assumptions:-

	Gratuity	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (Per annum)	7.20%	7.20%
Expected Return on Plan Assets (Per annum)	8.46%	NA
Rate of escalation in salary (per annum)	5.50%	5.50%
Retirement Age	58 / 60 Years	
Withdrawal Rate (All Ages)	Up to 30 year Up to 44 year Above 44 year	10.00% 10.00% 10.00%

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

## 13. Information pursuant of Paragraph 4, 4-A, 4-B, 4-C &amp; 4-D of Part – II of Schedule VI to the Companies Act, 1956:

**A. Remuneration to the Whole Time Directors**

Particulars	01.04.08 to 31.03.09	01.10.07 to 31.03.08
(a) Salary*	1,080,000	979,355
(b) Contribution to Provident Fund	129,600	117,522
(c) Reimbursement of Medical Exp	14,750	13,026
(d) Leave Travel Assistance	–	11,250
<b>Total</b>	<b>1,224,350.00</b>	<b>1,121,153</b>

\*Does not include provision for Gratuity & Leave Encashment

**B. Auditors Remuneration (exclusive of Service Tax)**

Particulars	01.04.08 to 31.03.09	01.10.07 to 31.03.08
(a) Statutory Audit	150,000	50,000
(b) Tax Audit	50,000	NIL
(b) Other Certification work	18,000	NIL
(c) Out of Pocket Expenses	10,828	NIL
<b>Total</b>	<b>228,828</b>	<b>50,000</b>

**C. Particulars of Capacity and production.**

Product	Unit	Licenced* Capacity	Installed Capacity*		Production	
			Current period	Previous period	Current period	Previous period
Sugar	Qtls	5500TCD <sup>^</sup>	5500 TCD	3000 TCD	208,426	366,725
Molasses	Qtls				314,259**	366,749**
Rectified Spirit	B.L.	40 KLPD	40 KLPD	40 KLPD	7,610,917	5,290,962
Anhydrous Alcohol	B.L.				5,836,169	1,889,673
S.D.S.	B.L.				956,962	3,005,039
E.N.A.	B.L.				77,936	NIL
Country Liquor	Cases				64,203	NIL

\* As certified by the management and relied upon by the auditors' being a technical matter.

\*\* In case of Molasses, purchase from outside is 187,273 Qtls. (Previous Period 188,188 Qtls.).

<sup>^</sup> The IEM has been received for 8,000 TCD for Sugar Unit.

## Schedules forming part of the Accounts

## Schedule 15 SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS

## D. Particulars of sales and stock of finished and other goods:

Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
		Qty.	Value	Qty.	Value	Qty.	Value
Sugar	Qtls.	303,280 (1,86,912)	457,466,577 (265,244,321)	203,016 (303,280)	403,777,574 (457,466,577)	308,690 (250,357)	545,461,874 (368,280,118)
Molasses	Qtls.	@140,642 (11,012)	52,638,208 (2,723,635)	@76,404 (140,642)	38,815,181 (52,638,208)	^*378,497 (237,119)	9,649,997 (NIL)
Rectified Spirit	B.L.	263,066 (99,005)	4,329,600 (1,695,956)	20,565 (263,066)	493,574 (4,329,600)	^* 7,853,418 (5,126,901)	7,441,650 (521,500)
Anhydrous Alcohol	B.L.	120,834 (4,762)	2,412,016 (100,514)	8,651 (120,834)	201,318 (2,412,016)	^5,948,352 (1,773,601)	151,549,343 (45,605,532)
S.D.S.	B.L.	NIL (NIL)	NIL (NIL)	2,842 (NIL)	60,812 (NIL)	^954,120 (30,05,039)	26,090,635 (62,508,401)
E.N.A.	B.L.	540 (20,557)	11,340 (366,739)	6,270 (540)	145,088 (11,340)	^ 72,206 (20,017)	2,361,600 (480,000)
Country Liquor	Cases	6,709 (6,709)	7,440,243 (7,440,243)	6,712 (6,709)	8,157,419 (7,440,243)	^64,200 (NIL)	82,447,019 (NIL)
<b>Total</b>			524,297,984 (277,571,408)		451,650,966 (524,297,984)		825,002,118 (477,395,551)

@ The opening stock of molasses includes 32856 qtls. molasses stored in Distillery Division. The closing stock of molasses includes 34,962 Qtls. of molasses stored in Distillery Division.

^ (Includes Storage Wastage as under –

Molasses – 7,916 Qtls (Previous Period 4,458 Qtls), ENA – 206 B.L (Previous Period 17 B.L). Rectified Spirits – 22396 B.L (Previous Period 6,916 B.L)., Anhydrous Alcohol – 12,352 B.L.( Previous Period 3,601 B.L.) , S.D.S. - 1,120 B.L. (5,039 B.L.), Country Liquor – 122 Cases (Previous Period Nil).

\* Incase of Molasses, in addition to above, Transit Wastage of 1,401 Qtls (Previous Period 1,713 Qtls) is involved Incase of Molasses, in addition to above, captive consumption is 353,626 Qtls. (Previous Period 230,948 Qtls.)

Incase of Rectified Spirit, in addition to above, captive consumption for SDS is 956,155 BL (Previous Period 3,005,039 BL), Anhydrous Alcohol 6,350,694 BL (Previous Period 2,090,697 BL), and for Country Liquor 224,123 B.L. (Previous Period Nil)

## E. Consumption of Raw Materials &amp; Stores :

Particulars	01.04.2008 to 31.03.2009		1.10.2007 to 31.03.2008	
	Qty (in Qtls)	Value (Rs. in lacs)	Qty (in Qtls)	Value (Rs. in Lacs)
i) Cane	2,487,994	386,468,393	3,800,100	457,973,283
ii) Molasses	360,893*	81,066,930	2,58,963*	45,814,293
iii) Stores & Spares (excluding packing material)	—	16,178,637	—	29,558,384

\* Includes self-generated quantity of 175,726 Qtls. (Previous Period 70,775 Qtls.)

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTSF. Value of Imported and indigenous Raw Materials, Store Spares and Chemicals  
a) Raw Material Consumed:

Particulars	01.04.2008 to 31.03.2009		1.10.2007 to 31.03.2008	
	Value	%age	Value	%age
Imported	—	—	—	—
Indigenous	467,535,323	100	503,787,576	100

## b) Store &amp; spares Parts:

Particulars	01.04.2008 to 31.03.2009		1.10.2007 to 31.03.2008	
	Value	%age	Value	%age
Imported	—	—	—	—
Indigenous	16,178,637	100	29,558,384	100

## G. Expenditure in foreign currency

Particulars	01.04.2008 to 31.03.2009	1.10.2007 to 31.03.2008
Travelling Expenditure in foreign currency	71,166	Nil

## H. CIF Value of Import

Particulars	01.04.2008 to 31.03.2009	1.10.2007 to 31.03.2008
Purchase of Plant & Machinery	20,136,937	Nil

## 14. Segment Information:

## A. Information about Business Segments (Primary Segments):

(Rs. in lacs)

S. No.	Particulars	Business Segment			Unallocable	Total
		Chemical	Sugar	Liquor		
<b>A</b>	<b>Revenue</b>					
1	Gross sale	177,639,978 (108,113,933)	555,111,871 (368,280,118)	92,250,269 (1,001,500)	Nil (Nil)	825,002,118 (477,395,551)
2	Other Income	510,082 (986,108)	5,203,356 (5,172,760)	NIL (NIL)	637,851 (5,280)	6,351,289 (6,164,148)
<b>B</b>	<b>Result</b>					
1	Segment Result (PBIT)	(21,190,666) (-1,047,771)	(634,310) (40,676,065)	(1,599,422) (109,275)	(5,906,953) (-1,002,799)	(29,331,351) (38,734,770)
2	Interest Expense (Net)					131,906,103 (35,699,571)
3	Profit Before Tax					161,237,454 (3,035,199)
4	Deferred Tax					Nil (Nil)
5	Fringe Benefit Tax					770,720 (902,400)
6	Wealth Tax					Nil (NIL)
7	Profit after Tax					162,008,174 (2,132,799)

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## 14. Segment Information:

## A. Information about Business Segments (Primary Segments):

S. No.	Particulars	Business Segment			Unallocable	Total
		Chemical	Sugar	Liquor		
<b>C</b>	<b>Other Information</b>					
1	Segment Assets	503,039,402 (197,439,211)	1,565,454,228 (902,646,154)	65,859,646 (42,948,372)	244,004,547 (275,457,299)	2,378,357,823 (1,418,491,036)
2	Segment Liabilities	2,221,624,302 (12,885,333)	67,025,184 (145,695,356)	39,366,557 (7,101,922)	4,480,877 (1,044,928,788)	2,332,496,920 (1,210,611,399)
3	Capital Expenditure	368,312,807 (52,605,294)	553,229,937 (85,926,942)	NIL (797,967)	17,208,720 (1,100,963)	938,751,464 (140,431,166)
4	Amortization & Depreciation	8,808,040 (4,402,483)	40,223,698 (12,538,062)	2,155,356 (1,077,676)	4,936,653 (1,834,921)	56,123,747 (19,853,142)

## Notes:

## Primary Segment reporting (by business segment)

Segments have been identified in line with Accounting Standard on 'Segment Reporting' (AS-17), taking into account the organizational structure as well as the differential risks and returns of these segments. The company has identified three segments i.e. business chemical, Sugar and liquor.

## Secondary Segment reporting (by geographical segment-customer location)

In respect of secondary segment information, the company has not identified any geographical segment.

## Reportable segments

Reportable segments have been identified as per the quantitative criteria specified in 'Accounting Standard 17: Segment Reporting'.

## Segment Composition

**Chemicals Segment** comprises manufacture and sale of Rectified Spirits, EQRS, ENA, Anhydrous Alcohol (Ethanol) and Special Denatured Spirit.

**Sugar Segment** comprises manufacture and sale of Sugar.

**Liquor Segment** comprises manufacture and sale of Ethyl Alcohol (Potable) i.e. Country Liquor.

## 15. Related Party Disclosure

## Related Party and their relationship

## A. Holding Company

India Glycols Limited (w.e.f. 15<sup>th</sup> December 2007)

Fellow Subsidiaries

IGL Finance Limited (w.e.f. 15<sup>th</sup> December 2007)

IGL Chem Intt. Pte Ltd. (w.e.f. 15<sup>th</sup> December 2007)

## B. Subsidiary - Nil

## C. Key Management Personnel:

Shri Shailendra Mohan - Managing Director (up to 9<sup>th</sup> February 2008)

Shri K.G. Garg - Whole Time Director and Sr. Vice President (up to 9<sup>th</sup> February 2008)

Shri Mohan Sharma - Executive Director (w.e.f. 13<sup>th</sup> February 2008)

## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**D. Enterprises on which promoters directors and/or their relatives have significant influence. (up to 15<sup>th</sup> December 2007)**

- |  |  |  |
|--|--|--|
| i.) Jagran Prakashan Ltd.                  |  | xi.) Jagran Infotech Limited           |
| ii.) Jagmini Micro Knit Private Limited    |  | xii.) SPFL Securities Limited          |
| iii.) Rave Entertainment Private Limited   |  | xiii.) Classic Hosiery Private Limited |
| iv.) Lakshmi Consultants Private Limited   |  | xiv.) P C Gupta Family Trust           |
| v.) P.C. Overseas Private Limited          |  | xv.) Leet E-Sport Private Limited      |
| vi.) Shri Puran Multimedia Limited         |  | xvi.) Jagran TV Private Limited        |
| vii.) Kanchan Properties Limited           |  | xvii.) Jagran Investment               |
| viii.) Jagran Subscription Private Limited |  |  |
| ix.) Jagran Limited                        |  |  |
| x.) Om Multimedia Private Limited          |  |  |

**E) Directors:**Shri Virendra Kumar Jhunjhunwala (up to 15<sup>th</sup> December' 2007)Shri Devesh Gupta (up to 15<sup>th</sup> December' 2007)**F) Companies in which Company has Substantial Interest or Joint Venture NIL**

Nature of Transaction	Parties Referred to in A above	Parties Referred to in B above	Parties Referred to in C above	Parties Referred to in D above	Parties Referred to in E above
Services Received	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (5,040)	NIL (NIL)
Loan Taken	1,590,000,000 (280,000,000)	NIL (NIL)	NIL (28,000,000)	NIL (NIL)	NIL (NIL)
Loan Repaid	1,710,000,000 (280,000,000)	NIL (NIL)	NIL (34,950,000)	NIL (76,500,000)	NIL (23,650,000)
Investment Made (Preference Share)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Interest Expense	7,056,644 (4,840,068)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Interest Income	4,343,796 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Expenses Reimbursed to other Companies	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Sale	128,851,276* (64,310,394*)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Purchase	7,521,460 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Sitting Fees	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Amount Receivable	2,183,310 (1,193,205)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
ICD Receivable	120,000,000 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Remuneration	NIL (NIL)	NIL (NIL)	1,224,350 (1,121,153)	NIL (NIL)	NIL (NIL)

\*including CST of Rs. 2,522,822/= (Previous Period Rs. 1,772,633) & denaturation cost Rs. 148,020/= (Previous Period Rs. 29,360)



## Schedules forming part of the Accounts

**Schedule 15** SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## 16. Earning Per Share

Particulars		Current period	Previous Period
Profit/(Loss) Attributable to Equity Shareholders		-162,008,174	2,132,799
Weighted Average Number of Equity Shares		32,854,200	24,424,036
No. of Equity Shares as on 01.04.2008	32,854,200		
Issued during the year:	NIL		
Nominal value of Equity Shares		10	10
<b>Basic/Diluted Earning Per Share</b>		<b>(4.93)</b>	<b>0.08</b>

17. In the previous year Company has changed its financial year from 30<sup>th</sup> September to 31<sup>st</sup> March ending to make the same in line with the holding company hence the accounts of previous year period is comprises of the period from 1.10.2007 to 31.03.2008.

18. As the figures for previous year comprises the period from 01.10.2007 to 31.03.2008, the figures of current year are strictly not comparable with the figures of previous year. Amounts have been rounded off to nearest Rupee and previous year figures have been regrouped/recast wherever considered necessary.

19. Sugar is a seasonal industry and to that extent current period financial statements are not strictly comparable.

21. Schedules 1 to 15, which form an integral part of Accounts.

As per our report of even date

For and on behalf of board of directors

For Lodha & Co.  
Chartered Accountants

**N.K. Lodha**  
Partner  
M.No. 85155

**U.S. Bhartia**  
Chairman

**Mohan Sharma**  
Executive Director

Place : New Delhi  
Dated : 19th June, 2009



## SHAKUMBARI SUGAR AND ALLIED INDUSTRIES LIMITED

## Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rs.)

	For the Year ended 31.03.2009		For the Year ended 31.03.2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax		(161237454)		3035199
Adjustments For:				
Depreciation	56123747		19853142	
(Profit) / Loss On Sale Of Assets	0		(10564)	
Rental Income	(108312)		(54156)	
Bad Debts & Provision For Doubtful Debts And Advances	1093838		0	
Decrease In Capital Subsidy On Mhat Plant	(10560)		(5280)	
Interest Expense	134195654		36722379	
Interest/Dividend Income	(4868954)	186425413	(371144)	56134377
<b>Operating Profit Before Working Capital Changes</b>		<b>25187959</b>		<b>59169576</b>
Adjustments For:				
(Increase) In Trade And Other Receivables	(66188919)		(19965302)	
(Increase)/Decrease In Inventories	51232791		(257450359)	
Increase/(Decrease) In Trade Payables	(34035391)	(48991519)	(31766386)	(309182047)
<b>Cash Generated From Operations</b>		<b>(23803560)</b>		<b>(250012471)</b>
Direct Taxes Paid (Net)	(1924159)		(197569)	
<b>Net Cash From Operating Activities:</b>		<b>(25727719)</b>		<b>(250210040)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase Of Fixed Assets	(868523124)		(139740577)	
Sale Of Fixed Assets	-		19550	
Interest/Dividend Received	5815652		183358	
Inter Corporate Deposit Made	(120000000)		-	
Rental Income	108312		54156	
<b>Net Cash Used In Investing Activities:</b>		<b>(982599160)</b>		<b>(139483513)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds From Issue Of Equity Share Capital	-		230100000	
Redemption Of Preference Share Capital	-		(95000000)	
Proceeds From Borrowings	1146446179		532514862	
Repayment Of Borrowings	(15146244)		(212822488)	
Interest/ Other Borrowing Cost	(180573737)		(36790635)	
<b>Net Cash From Financing Activities</b>		<b>950726198</b>		<b>418001739</b>
<b>Net Increase/(Decrease)</b>				
<b>In Cash And Cash Equivalents {(A)+(B)+(C)}</b>		<b>(57600681)</b>		<b>28308186</b>
Cash And Cash Equivalent Being Cash And Bank Balances (Opening Balance)		122341613		94033427
Cash And Cash Equivalent Being Cash And Bank Balances (Closing Balance)		64740932		122341613

## Note :

- (1) Previous Year's Figures Have Been Regrouped Wherever Considered Necessary.
- (2) Cash And Cash Equivalent Being Cash And Bank Balances As Per Schedule - 6

As per our report of even date

For and on behalf of board of directors

For Lodha & Co.  
Chartered Accountants

N.K. Lodha  
Partner  
M.No. 85155

U.S. Bhartia  
Chairman

Mohan Sharma  
Executive Director

Place : New Delhi  
Dated : 19th June, 2009

## Directors' Report

To  
The Members

Your Directors are pleased to present the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

### Operations

During the year, Company was not engaged in any financing activity, except for investment of surplus funds of the Company in fixed Deposit with Banks. Total income of Rs.29353 earned during the year represents interest on fixed deposit with banks. Net Profit, during the year under review is Rs.10681.

### Fixed Deposit

During the year, your Company had neither invited nor accepted any fixed deposits from the public or otherwise.

### Directors

Smt. Jayshree Bhartia and Shri Uma Shankar Bhartia, Directors of the Company retire, by rotation and being eligible, offer themselves for reappointment.

Shri Anand Singhal appointed as Additional Director by the Board of Directors at their meeting held on 25<sup>th</sup> October, 2008, who is holding office till ensuing Annual General Meeting of the Company. The Board of Directors at their meeting held on 19<sup>th</sup> June, 2009 has appointed Mr Anand Singhal as Director of the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Shri Anand Singhal as a candidate for the office of the Director. The Board of Director has recommended the appointment of Shri Anand Singhal as Director of the Company.

Pursuant to Section 217(2AA) of the Companies Act, your Directors' confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made 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, 2009 and the profit and loss of the Company for that period;
- 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 and detecting fraud and other irregularities;

- The annual accounts have been prepared on a going concern basis.

### Reduction of Capital

The Hon'ble High Court of Uttarakhand vide its order dated 11th May, 2009 had confirmed the resolution passed by the Shareholders of the Company at their meeting held on 14th August, 2008 reducing the issued, subscribed and paid up share capital of the Company pursuant to the provisions of Sections 100 to 103 of the Companies Act, 1956 and Article 23 of the Articles of Association of the Company, from Rs. 5,00,00,000/-, comprising of 50,00,000 equity share of Rs. 10/- each fully paid up of the Company to Rs. 1,00,00,000/-, comprising of 10,00,000 equity shares of Rs. 10/- each fully paid up, by cancelling and writing off of 80% (Eighty percent) of the issued, subscribed and paid up share capital of the Company i.e. to the extent of Rs. 4,00,00,000/-, in the manner stated below, as the said amount is not represented by the existing assets of the Company and the said amount be set off against the debit balance appearing in the Profit & Loss Account of the Company as at 31st March, 2008, so as to bring the paid up share capital of the Company more in line with and make it better representative of the assets presently held by the Company;

### Auditors

The Auditors, M/s. K.N. Gutgutia & Co., retire at the ensuing Annual General Meeting and offer themselves for reappointment, if re-appointed, it will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings Outgo

Foreign Exchange Earnings and Outgo Being an Investment Company, there are no particulars furnished in this report as required under Section 217(1) (e) of the Companies Act, 1956, relating to conservation of energy and technology absorption. There were no foreign exchange earnings or outgo during the year.

### Particulars of Employees

The Company had no employee during the year so as to report under Section 217 (2A) of the Companies Act, 1956 read with Particulars of Employees Rules, 1975 (as amended).

For and on behalf of the Board

Place : New Delhi  
Date : 19th June , 2009

U.S. Bhartia  
Director

Shishir Goyal  
Director

## Auditors' Report

To  
The Members of  
IGL Finance Limited

1. We have audited the attached Balance Sheet of **IGL FINANCE LIMITED** as at 31st March 2009 and the related Profit and Loss Account for the year ended on that date annexed thereto, and the cash flow statement of the company for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments mentioned in the Annexure referred to in above paragraph 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 purposes of our audit;
    - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
    - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;
- d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956;
  - e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2009 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2009, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
    - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; And
    - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **K.N. Gutgutia & Company**  
*Chartered Accountants*

(B.R. Goyal)  
*Partner*

Place: New Delhi  
Dated: 19th June, 2009

Membership No. 12172

## Annexure to the Auditors' Report

To  
The Members of  
IGL Finance Limited

Referred to in paragraph 3 of our report of even date.

- i) The Company does not have Fixed Assets.
- ii) The company does not have any inventory.
- iii) The Company had not taken/given any loan from/to any Company 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, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, We have not observed any major weakness in internal controls.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there was no transaction that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.  
  
(b) In our opinion and according to the information and explanations given to us, there was no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.
- vi) The company has not accepted any public deposits.
- vii) In our opinion, the company has no internal audit system.
- viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956.
- ix) (a) According to the information's and explanations given to us and records examined by us , the company is regular in depositing with appropriate authorities undisputed statutory dues including income tax , wealth tax and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.  
  
(b) According to the records of the Company, there were no dues of income-tax and wealth-tax, etc. which have not been deposited on account of disputes.
- x) There are accumulated losses of the Company as on 31<sup>st</sup> March, 2009 which are more than 50% of its net worth. The company has not incurred cash loss

during the financial year covered by our audit, and in the immediately preceding financial year.

- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not taken any loan from financial institutions or banks.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi /mutual benefit fund/ society.
- xiv) In our opinion, the Company has no dealing in and/ or trading in shares and securities. All the investments were held by the company in its own name or its nominees.
- xv) According to the information and explanations given to us, Company has not given any guarantees for loans taken by others from Bank or Financial Institutions.
- xvi) According to the information and explanations given to us, no term loans has been raised during the year.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investments. No long-term funds have been used to finance short-term assets except permanent / core working capital.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) During the year covered by our audit report the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **K.N. Gutgutia & Company**  
*Chartered Accountants*

(B.R. Goyal)  
*Partner*

Place: New Delhi  
Dated: 19th June, 2009

Membership No. 12172

IGL FINANCE LIMITED

**Balance Sheet** as at 31st March, 2009

(Amount in Rs.)

	Schedule	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	50000000	50000000
Reserve and Surplus			
- Capital Reserve (on forfeiture of shares)		18750	18750
- Statutory Reserve		30000	28000
(Pursuant to section 45(1)(c) of the Reserve Bank of India Act)			
		<b>50048750</b>	<b>50046750</b>
<b>APPLICATION OF FUNDS</b>			
Investments	B	49000000	49000000
<b>Current Assets, Loans &amp; Advances</b>			
Balance with Scheduled Banks			
- on Current Accounts		1135718	1736
- in Fixed Deposit Accounts		0	1148436
Cash in Hand		4008	116
Loans & Advances	C	31159	35716
		<b>1170885</b>	<b>1186004</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Audit Fee Payable		11006	22448
Expenses Payable		0	14358
Provision for Diminution in value of Investment		41600000	41600000
		<b>41611006</b>	<b>41636806</b>
<b>Net Current Assets</b>		<b>-40440121</b>	<b>-40450802</b>
<b>Profit &amp; Loss Account (Dr. Balance)</b>		<b>41488871</b>	<b>41497552</b>
		<b>50048750</b>	<b>50046750</b>

As per our report of even date.

For K.N.Gutgutia & Co.

For and on Behalf of the Board

**B.R.Goyal**  
Partner  
Chartered Accountants

**U.S. Bhartia**  
Director

**Jayshree Bhartia**  
Director

Place : New Delhi  
Dated : 19th June, 2009

**Profit and Loss Account** for the year ended 31st March, 2009*(Amount in Rs.)*

Schedule	Current Year 31.03.2009	Previous Year 31.03.2008
<b>INCOME</b>		
Interest on Fixed Deposits with Banks (Including TDS Rs 6304.27-Previous Year Rs 13990.00)	29353	67624
	<b>29353</b>	<b>67624</b>
<b>EXPENDITURE</b>		
Bank Charges & Others	391	1655
Audit Fees	11030	11224
Legal & Professional charges	0	800
Travelling & Conveyance Expenses	1250	1575
Rates & Taxes	500	500
	<b>13171</b>	<b>15754</b>
<b>Profit/(Loss) for the year before tax</b>	<b>16182</b>	<b>51870</b>
Provision for tax	5501	17631
<b>Profit/(Loss) for the year after tax</b>	<b>10681</b>	<b>34239</b>
Balance brought forward	(41497552)	(41524791)
Transfer to Statutory Reserve (pursuant to RBI regulations)	2000	7000
<b>Profit/(Loss) carried to the Balance Sheet</b>	<b>(41488871)</b>	<b>(41497552)</b>

As per our report of even date.

For K.N.Gutgutia &amp; Co.

For and on Behalf of the Board

B.R.Goyal  
Partner  
Chartered Accountants

U.S. Bhartia  
Director

Jayshree Bhartia  
Director

Place : New Delhi  
Dated : 19th June, 2009



## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2009	As at 31.03.2008
<b>Schedule A</b> SHARE CAPITAL		
<b>Authorised Capital</b>		
50,00,000 Equity Shares of Rs. 10/- each	50000000	50000000
<b>Issued, Subscribed and Paid up Capital</b>		
50,00,000 Equity shares of Rs.10/- each fully paid up (50,00,000 shares held by the holding company INDIA GLYCOLS LIMITED) (Refer Note No. 2 of Notes to Accounts)	50000000	50000000
	<b>50000000</b>	<b>50000000</b>

**Schedule B** INVESTMENTS

<b>Long Term Investments</b>		
<b>Non-Trade</b>		
<b>Unquoted</b>		
468000 15% Redemable Non-cumulative Preference Shares of Hindustan Wires Ltd. of Rs.100/- each	46800000	46800000
22000 15% Redemable Cumulative Preference Shares of Hindustan Wires Ltd. of Rs.100/- each	2200000	2200000
	<b>49000000</b>	<b>49000000</b>

**Schedule C** LOANS AND ADVANCES

Loans and Advances (Unsecured, considered good)		
Interest Accrued on Fixed Deposits	0	5360
Tax deducted at source (Net of Provisions)	31159	30356
	<b>31159</b>	<b>35716</b>

## Schedule forming part of the Accounts

### **Schedule D** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS AS AT 31<sup>st</sup> MARCH, 2009

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Accounting

The Accounts of the company are prepared under the historical cost convention and in accordance with applicable accounting standards as notified by the Government of India except where otherwise stated. For recognition of income and expenses, mercantile system of accounting is followed.

##### 2. Reduction of Capital

During the financial year 2008-09, the Board of Directors of the Company resolved to get reduced paid up capital of the Company from Rs. 5 Crores to Rs. 1 Crore in view of diminution in the value of its investments and to reflect the true net worth of the Company. The shareholders/members of the Company approved the resolution from the said purpose. Pursuant to the provisions of section 100 of the Companies Act, 1956, a petition was made to the Honorable High Court at Nainital for approval of the reduction of the paid up capital. As the said approval has come only after for close of the year, effect of the reduction of capital is to be given in the year 2009-10.

##### 3. Investments

Long term investments are stated at cost after providing for diminution in its value, if the diminution is of the permanent nature and such provision is reviewed at each of the Balance Sheet date.

##### 4. Dividend Income

Dividend income, if any is accounted for as and when declared by the investee company.

##### 5. Interest Income

Interest income is accounted for on time proportion basis.

#### B. NOTES TO ACCOUNTS

1. Claims against the company not acknowledged as Debts – Nil.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for – NIL.

#### C. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER ANNEXURE-I.

As per our report of even date.

For K.N.Gutgutia & Co.

For and on Behalf of the Board

B.R.Goyal  
Partner  
Chartered Accountants

U.S. Bhartia  
Director

Jayshree Bhartia  
Director

Place : New Delhi  
Date : 19th June, 2009

## Balance Sheet Abstract and Company's General Business Profile

**I Registration Details**

Registration No.         State Code

Balance Sheet Date

Date      Month      Year

**II Capital Raised During the Year (Amount in Rs. Thousand)**

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="1"/>
<b>Sources of Fund</b>	
Paid-up Capital	Reserve and Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<b>Application of Funds</b>	
Net Fixed Assets	Investments*
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>
* After Provisions of Rs 41600 (amount in thousand) for diminution in value.	
Net Current assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/>	

**IV Performance of Company (Amount in Rs. Thousand)**

Turnover & Other Income	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/>
Profit/Loss Before Tax	Profit/Loss After Tax
<input type="text" value="+"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/>	<input type="text" value="+"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/>
Please tick Appropriate Box + for Profit - for Loss	
Earning per Share in Rs.	Dividend Rate (%)
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>

**V Generic Names of Two Principal Products/Services of Company (As per mon)**

Item Code No. (ITC Code)

Product Description

## Independent Auditor's Report

To

The Members

IGL Chem International Pte Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IGLCHEM INTERNATIONAL PTE LTD (the "Company"), which comprise the balance sheet as at 31 March 2009, income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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 Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2009 and the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Emphasis of matters

Without qualifying our opinion, we draw attention to the following matters:-

As set under the basis of preparation in Note 2(b), the financial statements have been prepared on a going concern basis. The Company incurred a net loss of \$259,391 (2008: \$70,830) for the financial year ended 31 March 2009 and as at 31 March 2009, there is a deficit of \$230,221 in the total equity attributable to shareholders of the Company.

The validity of the going concern assumption on which the financial statements are prepared depends on the undertaking given by the Company's shareholders. If the Company is unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify plants and equipments and long-term liabilities as current assets and liabilities respectively.

PlanAssure PAC

*Certified Public Accountants*

Singapore,

IGL CHEM INTERNATIONAL PTE LIMITED

**Balance Sheet** As at 31st March, 2009

	Note	2009 \$	2008 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	3	3,893	6,212
<b>Total non-current assets</b>		<b>3,893</b>	<b>6,212</b>
<b>Current assets</b>			
Trade receivables	4	87,349	-
Other receivables	5	76,619	13,650
Inventories	6	82,937	-
Cash and cash equivalent	7	76,766	25,486
<b>Total current assets</b>		<b>323,671</b>	<b>39,136</b>
<b>Total assets</b>		<b>327,564</b>	<b>45,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	100,000	100,000
Accumulated losses		(330,221)	(70,830)
<b>Total equity</b>		<b>(230,221)</b>	<b>29,170</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	9	528,139	-
Other payables	10	29,012	14,627
Amount owing to a director	11	633	1,551
<b>Total liabilities</b>		<b>557,784</b>	<b>16,178</b>
<b>Total equity and liabilities</b>		<b>327,564</b>	<b>45,348</b>

**Income Statement** for the financial year ended 31st March, 2009

	Note	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Revenue	12	2,317,960	814,608
Other income	13	16,424	21
Consumables used		(2,317,000)	(770,332)
Finance costs	14	(1,112)	-
Depreciation	3	(2,319)	(2,319)
Staffs costs	15	(8,794)	(4,033)
Other operating expenses		(264,550)	(108,775)
Loss before taxation	16	(259,391)	(70,830)
Taxation	17	-	-
<b>Loss for the financial period</b>		<b>(259,391)</b>	<b>(70,830)</b>

**Statement of Changes in Equity** for the financial year ended 31st March, 2009

	Note	Share capital \$	Accumulated Loss \$	Total \$
Balance as at 01.04.2008		100,000	(70,830)	29,171
Net loss for the financial year		-	(259,391)	(259,391)
Balance as at 31.03.2009		100,000	(330,221)	(230,221)
As at date of incorporation, 01.11.2007		1	-	1
Issue of shares	8	99,999	-	99,999
Net loss for the financial period		-	(70,830)	(70,830)
Balance as at 31.03.2008		100,000	(70,830)	29,171

**Cash Flow Statement** for the financial year ended 31st March, 2009

	Notes	01.04.08 to 31.03.2009 \$	01.11.07 to 31.03.2008 \$
Loss before taxation		(259,391)	(70,830)
<i>Adjustment for :</i>			
Depreciation	3	2,319	2,319
Interest income		(1,112)	(21)
<b>Operating profit before working capital changes</b>		<b>(258,184)</b>	<b>(68,531)</b>
<i>Movements in working capital: -</i>			
Trade receivables		(87,349)	-
Inventories		(62,969)	-
Other receivables		(82,937)	(13,650)
Trade payables		528,139	-
Other payables		14,386	14,627
Amount owing to a director		(918)	1,551
<b>Net cash used in operations</b>		<b>50,168</b>	<b>(66,004)</b>
Interest income		1,112	21
<b>Net cash used in operating activities</b>		<b>51,280</b>	<b>(65,983)</b>
<b>Cash flow from investing activities</b>			
Purchases of plant and equipment		-	(8,531)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(8,531)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares		-	100,000
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>100,000</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>51,280</b>	<b>25,486</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>25,486</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD</b>	7	<b>76,766</b>	<b>25,486</b>

## Notes to the Financial Statement for the financial year ended 31st March, 2009

The notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. General

The Company is incorporated and domiciled in Singapore.

The registered address of the Company's and its principal place of business is at 101 Cecil Street, #13-03 Tong Eng building, Singapore 069533.

The principal activity of the Company is general trading of chemicals and polymers.

### 2. Significant accounting policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

#### (b) Going concern

##### *Emphasis of matters*

Without qualifying our opinion, we draw attention to the following matters:-

As set under the basis of preparation in Note 2(b), the financial statements have been prepared on a going concern basis. The Company incurred a net loss of \$259,391 (2008: \$70,830) for the financial year ended 31 March 2009 and as at 31 March 2009, there is a deficit of \$230,221 in the total equity attributable to shareholders of the Company.

The validity of the going concern assumption on which the financial statements are prepared depends on the undertaking given by the Company's shareholders. If the Company is unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify plants and equipments and long-term liabilities as current assets and liabilities respectively.

#### (c) Plant and equipment

##### (a) Measurement

##### (i) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (*Note 2(k)*).

##### (ii) Component of costs

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.



## Notes to the Financial Statement for the financial year ended 31st March, 2009

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer	3 years
Furniture and fittings	5 years
Office equipment	5 years

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

(d) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(e) Cash and cash equivalents

Cash and cash equivalent consisting of bank balances, are stated at cost.

(f) Deferred income tax

Deferred taxation is determined on the basis of tax effect accounting using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet date.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

## Notes to the Financial Statement for the financial year ended 31st March, 2009

(g) **Receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(h) **Other payables**

Other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(i) **Foreign currency translation**

(i) **Measurement currency**

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant of that entity ("the measurement currency"). The financial statements of the Company are presented in Singapore Dollars, which is the measurement currency of the Company.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the measurement currency at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the income statement.

(j) **Share capital**

Ordinary shares are classified as equity.

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

(k) **Impairment of assets**

The carrying amount of the Company's assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. All reversals of impairment are recognised in the income statement.

**Notes to the Financial Statement** for the financial year ended 31st March, 2009**(l) Income recognition***Revenue from sales*

Revenue from sales of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

**(m) Employee benefits***Defined contribution plans*

The Company has a defined contribution plan, required by local regulation, which covers substantially all of its domestic employees who are Singapore citizens and Singapore permanent residents. Under the defined contribution plan, the Company made monthly contributions based on the statutory funding requirement into a Central Provident Fund.

*Employee leave entitlements*

Employee entitlements to the annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

**(n) Accounting estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(o) Financial instruments**

Financial assets and financial liabilities, carried on the balance sheet include cash and cash equivalents, trade and other accounts receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in the notes to the financial statements.

**(p) Provisions**

Provisions are recognised when the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(q) Financial instruments**

Financial assets and financial liabilities, carried on the balance sheet include cash and cash equivalents, trade and other accounts receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in the notes to the financial statements.

**(r) Accounting estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Notes to the Financial Statement for the financial year ended 31st March, 2009

## 3. Plant and equipment

	Computer \$	Furniture & fittings \$	Office equipment \$	Total \$
<b>Cost</b>				
As at date of incorporation, 01.11.2007	-	-	-	-
Additions	4,596	3,068	868	8,531
Balance as at 01.04.2008 and 31.03.2009	4,596	3,068	868	8,531
<b>Accumulated Depreciation</b>				
As at date of incorporation, 01.11.2007	-	-	-	-
Depreciation for the period	1,532	614	174	2,319
Balance as at 31.03.2008	1,532	614	174	2,319
Depreciation for the year	1,532	614	173	2,319
Balance as at 31.03.2009	3,064	1,228	347	4,638
<b>Carrying Value</b>				
Balance as at 31.03.2009	1,532	1,840	521	3,893
Balance as at 31.03.2008	3,064	2,454	694	6,212

## 4. Trade receivables

Trade receivables are denominated in Singapore Dollar.

## 5. Other receivables

	2009 \$	2008 \$
Deposit	10,450	10,350
Goods in transit	55,962	-
Other debtors	10,207	3,300
	<b>76,619</b>	<b>13,650</b>

Other receivables are denominated in Singapore Dollar.

## 6. Inventories

	2009 \$	2008 \$
<b>Balance sheet:</b>		
Inventories, at lower of cost and net realizable value		-
Raw materials	82,937	-
	<b>82,937</b>	<b>-</b>
<b>Income Statement</b>		
Inventories recognised as at expense in cost of shares	<b>2,317,000</b>	<b>770,332</b>

## Notes to the Financial Statement for the financial year ended 31st March, 2009

## 7. Cash and cash equivalents

	2009	2008
	\$	\$
Bank balances	76,766	25,486
Cash and cash equivalents are denominated in the following currencies:-		
Singapore Dollar	7,197	3,204
United States Dollar	69,569	22,282
	76,766	25,486

## 8. Share capital

	2009	2008
	\$	\$
Issue and fully paid :-		
100,000 Ordinary shares	100,000	100,000

## 9. Trade Payables

Trade payables are denominated in Singapore Dollar.

## 10. Other payable

	2009	2008
	\$	\$
Accruals	10,834	13,423
Other payables	18,178	1,204
	29,012	14,627

Other payables are denominated in Singapore Dollar.

## 11. Amount owing to a director

Amount owing to a director is non-trade in nature, unsecured, interest free, has no fixed terms of repayment and is denominated in Singapore Dollars.

## 12. Revenue

Revenue represents invoiced value of good sold less trade discount allowed and sales returns.

## 13. Other income

	01.04.08 to 31.03.09	01.11.07 to 31.03.08
	\$	\$
Interest income	52	21
Gain on foreign exchange	16,372	-
	16,424	21

## Notes to the Financial Statement for the financial year ended 31st March, 2009

## 14. Finance costs

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Bank overdraft interest	264	-
Loan interest	848	-
	1,112	-

## 15. Staff costs

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Central provident fund contributions	7,902	3,282
Salaries	-	665
Medical fees	892	86
	8,794	4,033

## 16. Loss before taxation

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
This is arrived after charging:		
Director's remuneration	120,000	50,000
Exchange loss	-	1,229
Freight charges	43,881	16,205

## 17. Taxation

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Current year income tax	-	-

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2008: 18%) to loss before tax as a result of the following difference:-

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Loss before taxation	(259,391)	(70,830)
Tax calculated at statutory rate	(44,096)	(12,750)
Non-allowable items	444	573
Non-taxable items	-	(4)
Unabsorbed tax losses unutilised	43,652	12,181

## Notes to the Financial Statement for the financial year ended 31st March, 2009 (Contd.)

The Company has estimated unutilised tax losses and tax timing differences from capital allowances available for offsetting against future taxable income as follows:-

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
<i>Unutilised tax losses</i>		
Amount at the beginning of year / period	67,669	-
Additions in current year	256,781	67,669
Amount at the end of year	324,450	67,669
<i>Unabsorbed capital allowances</i>		
Amount at beginning of year / period	8,531	-
Additions in current year	-	8,531
Amount at end of year	8,531	8,531

Tax benefit arising from the estimated unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements as the realization of the benefit depends on future profitability and whether there are changes in the shareholders as required by provisions of the Income Tax Act.

### 18. Lease commitment

At the balance sheet date, the Company was committed to making the following payments in respect of non-cancellable operating leases with a term of more than one year:

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Rental of office premises:-		
Payable within one year	39,600	39,600
Payable after one year but within 5 year	26,400	26,400
Rental expenses for the year / period	37,441	16,074

### 19. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

Key management personnel compensation comprised:

	01.04.08 to 31.03.09 \$	01.11.07 to 31.03.08 \$
Directors' remunerations	120,000	50,000



## Notes to the Financial Statement for the financial year ended 31st March, 2009

### 20. Financial instruments – risk management

Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below: -

#### Interest rate risk

The Company has no major exposure to interest rates risk.

#### Liquidity risk

The Company maintains sufficient bank balances to ensure adequate working capital commitments and that repayment and funding needs are met.

Surplus funds are placed with reputable banks.

#### Foreign currency risk

The Company does not use foreign exchange contracts in managing its foreign exchange risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the US dollars. Hence, transaction risks are subject to the fluctuation of foreign exchange rates.

#### Credit risk

The carrying amount of other receivables represents the Company's maximum exposure to credit risk.

Fair value of financial instrument

The carrying value of financial assets and liabilities included in current assets and current liabilities approximate their fair values due to their short-term maturity.

### 21. Authorisation of financial statements

The Board of Directors of IGLCHEM INTERNATIONAL PTE LTD authorise these financial statements for issue on 18th June, 2009.



# INDIA GLYCOLS LIMITED

Registered Office : A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar, Uttarakhand-244 713

## TWENTY FIFTH ANNUAL GENERAL MEETING

### ADMISSION SLIP

FOLIO NO. / DP ID & CLIENT ID NO .....  
(to be filled in by the shareholders)

I declare that I am a Registered Shareholder of the Company and hold \_\_\_\_\_ Shares.

Member's Signature

#### NOTE :

1. A member intending to appoint a proxy should complete the Proxy Form below and deposit it at the Company's Registered Office, not later than 48 hours before the commencement of the meeting.
2. A member proxy attending the meeting must complete this Admission Slip and hand it over at the entrance. Name of the Proxy in BLOCK LETTERS Proxy's Signature. Kindly bring your copy of the Annual Report at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting



# INDIA GLYCOLS LIMITED

Registered Office : A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar, Uttarakhand-244 713

## TWENTY FIFTH ANNUAL GENERAL MEETING

### PROXY FORM

FOLIO NO. / DP ID & CLIENT ID NO .....  
(to be filled in by the shareholders)

I / We \_\_\_\_\_ being a Member/Members of INDIA GLYCOLS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in district of \_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on the 17th day of August, 2009 and at any adjournment thereof.

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting

