

Twenty-Eight  
Annual Report  
2011-12



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', '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
Pradip Kumar Khaitan	Director
Jitender Balakrishnan	Director
Ravi Jhunjhunwala	Director
Jagmohan N. Kejriwal	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	

## Chief Executive Officer

Rakesh Bhartia

## 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.  
Exim Bank  
State Bank of Hyderabad  
State Bank of Travancore

## Registered Office

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

## Corporate Office

3A, Shakespeare Sarani,  
Kolkata - 700 071

## Head Office

Plot No. 2-B, Sector-126, NOIDA - 201 304  
Distt. Gautam Budh Nagar, Uttar Pradesh

## Registrars & Transfer Agents

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

# Notice

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of India Glycols Limited will be held on Saturday the 15th September, 2012 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 31st March, 2012 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 R.C. Misra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Autar Krishna, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Jitender Balakrishnan, 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 an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to Section 16 and Section 94 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from ₹ 30,00,00,000 (Rupees Thirty Crores Only) divided into 3,00,00,000 (Three Crores) equity shares of ₹ 10/- (Rupees Ten Only) each to ₹ 45,00,00,000 (Rupees Forty Five Crores Only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of ₹ 10/- (Rupees Ten Only) each and consequently the existing capital clause as contained in the Memorandum of Association of the Company, being clause V be altered, so as to read as follows:-

- “v. The Authorised Share capital of the Company is ₹ 45,00,00,000 (Rupees Forty Five Crores Only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of ₹ 10/- (Rupees Ten Only) each, with power to increase or reduce the capital of the Company or to divide the Shares in the Capital for the time being into several classes.”

8. 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 Section 31 and other applicable provisions of the Companies Act, 1956, the Article No. 4(a) as contained in the Articles of Association of the Company be altered, so as to read as follows:-

“4 (a) The Authorised Share capital of the Company is ₹ 45,00,00,000/- (Rupees Forty Five Crores Only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of ₹ 10/- (Rupees Ten Only) each, with power to increase or reduce the capital of the Company or to divide the Shares in the Capital for the time being into several classes.”

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

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also of any other applicable laws, rules, regulations, (including any amendment thereto or re-enactment thereof for the time being in force) and subject to all other applicable Rules, Regulations and Guidelines of the Securities and Exchange Board of India (“SEBI”), the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism Scheme) 1993 and in accordance with the rules, regulations, guidelines, policies, notifications, circulars & clarifications issued / to be issued thereon by the Government of India (“GOI”), Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”), the Department of Industrial Policy and Promotion, Ministry of Commerce (“DIPP”), the Foreign Investment Promotion Board (“FIPB”), the Ministry of Finance (Department of Economic Affairs) and / or any other Regulatory / Statutory Authorities and/or other Authorities / Institutions / Bodies (hereinafter singly or collectively referred to as the “Appropriate Authorities”) and in accordance with the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Appropriate Authorities concerned and subject to such conditions and modifications, as may be prescribed by any of

them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue, and allot Up to 33,05,259 Equity Shares of face value of ₹ 10/- each, and/or Warrants with a right exercisable by the Warrant holder to subscribe for one Equity Share per Warrant (all of which are hereinafter collectively referred to as 'Securities') to the individual Promoter or any body corporate belongs to Promoters Group on a preferential basis, on such other terms and conditions as the Board may in its absolute discretion decide at the time of issue of Securities, and at such price or prices, including premium if any, as may be determined and approved by the Board in accordance with the conditions specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009."

"RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to variation of the price or period of exercise of option by Warrant holder or issue of Equity Shares during the period of the Securities."

"RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted, including issue and allotment of Equity Shares upon exercise of option by Warrant holder or as may be necessary in accordance with the terms of the offer, all such shares ranking pari-passu inter-se with the then existing Equity Shares of the Company in all respects."

"RESOLVED FURTHER that without prejudice to the generality of the above, the relevant date, for determination of price for the Equity Shares issued and allotted upon exercise of right attached to the Warrants referred to above, shall be the date of the meeting in which the Board or the committee of directors duly authorized by the Board decides to open the proposed issue of Securities."

"RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby

authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to effect the offer, issue, allotment and listing of aforesaid Equity Shares and sign all deeds, documents and writings with power to settle all questions, difficulties or doubts that may arise in regard to such issue(s), allotment(s) and listing as it may, in its absolute discretion, deem fit and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue(s) / offer(s) or allotment(s) or otherwise and utilization of issue proceeds and / or otherwise to alter or modify the terms of the issue, if any, as it may, in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the Company to the end and intent that the Company shall be deemed to have given its approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT, the Board be authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any other Director(s) / officer(s) / Executives of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also of any other applicable laws, rules, regulations, (including any amendment thereto or re-enactment thereof for the time being in force) and subject to all other applicable Rules, Regulations and Guidelines of the Securities and Exchange Board of India ("SEBI"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism), Scheme, 1993 and in accordance with the rules, regulations, guidelines, policies, notifications, circulars & clarifications issued / to be issued thereon by the Government of India ("GOI"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce ("DIPP"), the Foreign Investment Promotion Board ("FIPB"), the Ministry of Finance (Department of Economic Affairs) and / or any other Regulatory / Statutory Authorities and/or other Authorities / Institutions / Bodies (hereinafter singly or collectively referred to as the

“Appropriate Authorities”) and in accordance with the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Appropriate Authorities concerned and subject to such conditions and modifications, as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute for exercising the powers conferred on the Board by this resolution), the Company be and is hereby authorized to issue, offer and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more domestic or international offering(s) with or without Green Shoe option, including by way of a qualified institutional placement under Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“SEBI Guidelines”), to eligible investors (whether or not such investors are members of the Company, or whether or not such investors are Indian or foreign, including qualified institutional buyers such as public financial institutions, scheduled commercial banks, mutual funds, foreign institutional investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, pension funds and provident funds), whether by way of a public offering or by way of a private placement and whether by way of circulation of an offering circular or placement document or otherwise, securities including Equity Shares and/or instruments or securities convertible into equity shares of the Company such as Global Depository Receipts and/or American Depository Receipts and/or convertible preference shares and/or convertible debentures or bonds (compulsorily and/or optionally, fully and / or partly), and/or non-convertible debentures with warrants and/or securities with or without detachable / non-detachable warrants and / or warrants with a right exercisable by the warrant-holder to subscribe for equity shares and /or Foreign Currency Convertible Bonds (FCCBs) convertible into equity shares at the option of the Company or the holder(s) thereof, up to an aggregate principal amount of ₹ 250,00,00,000 (Rupees Two Hundred

fifty Crores) or its equivalent in any other currency, (hereinafter referred to as “Securities”) to be denominated in foreign currency or Indian rupees, as the case may be, which, at the option of the Company or the holders of the Securities may be surrendered for the purpose of cancellation against receipt of corresponding number of underlying equity shares of the Company, as the case may be, and such issue and allotment to be made in one or more tranche or tranches at such price (premium/discount) as may be determined in accordance with relevant guidelines, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment, considering the prevailing market conditions and other relevant factors.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms as are provided in issue of securities of such nature internationally including terms relating to surrender of the Securities for the purposes of cancellation against receipt of the corresponding number of underlying equity shares and the Company be and is hereby authorized to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities in one or more stock exchanges outside India and the listing of equity Shares underlying the Securities in one or more stock exchanges in India.”

“RESOLVED FURTHER THAT in the event of issue of Securities by way of Global Depository Receipts and / or American Depository Receipts or FCCB, the relevant date on the basis of which price of the resultant Equity shares shall be determined as specified under applicable laws or regulations of the Appropriate Authorities, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of such Securities.”

“RESOLVED FURTHER THAT in the event of issue of Securities by way of a qualified institutional placement:

- (i) the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date

of the meeting in which the Board or the committee of directors duly authorized by the Board decides to open the proposed issue of Securities;

- (ii) the allotment of Securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI Guidelines from time to time; and
- (iii) the Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time by the SEBI Guidelines."

"RESOLVED FURTHER THAT, such of Share warrants or FCCBs as are not subscribed, may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and approve the offering circular / placement document for the proposed issue of the Securities and to authorise any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorised person, be required from time to time, and to arrange for the submission of the offering circular / placement document, and any amendments and supplements thereto, with any applicable stock exchanges (whether in India or abroad), government and regulatory authorities, institutions or bodies, as may be required."

"RESOLVED FURTHER THAT the Securities issued in foreign markets shall be treated to have been issued abroad and / or in the international market and/ or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted for the issue of the Securities referred above or as may be necessary in accordance with the terms of the offering, all such equity shares being pari passu with the then existing equity shares of the

Company in all respects."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the Securities and to give effect to these resolutions, including, without limitation, the following:

- (i) sign, execute and issue all documents necessary in connection with the issue of the Securities, including listing applications to stock exchanges (whether in India or abroad) and various agreements, undertakings, deeds, declarations;
- (ii) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- (iii) giving or authorising the giving, by concerned persons, of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and
- (iv) settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of Securities as it may in its absolute discretion deem fit; and
- (v) enter into and execute arrangements / agreements with Lead Managers / Underwriters / Guarantors / Depository (ies) / Custodians / Payment & Collection Agents/ Advisors / Banks / Trustees and all such agencies as may be involved or concerned and to remunerate all such Lead Managers, Underwriters, and all other Advisors and Agencies by way of commission, brokerage, fees, expenses incurred in relation to the issue of Equity Shares or FCCBs and other expenses, if any or the like."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Directors or any other officer or officers of the Company to give effect to these resolutions."

11. 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, the consent of the Company be and is hereby accorded to the Board of Directors to offer, create, issue and allot Equity Shares, Preference Shares and/or any instruments or securities convertible into equity shares (either at the option of the Company or holders thereof) and/or any such instrument or security (hereinafter collectively referred to as "the Securities") to be subscribed by investors (whether individuals and/or bodies corporate and/or institutions(s) and whether shareholders of the Company or not) through private placement basis, from time to time in one or more tranches as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹ 13,94,125 (Rupees Thirteen Lacs Ninety four Thousand One Hundred Twenty Five only) such issue and allotment to be made on such occasion(s), at such value or values, at a discount or at a premium and in such form and manner and on such terms and conditions or such modification(s) thereto as the Board may determine and equity shares, so issued, 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 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- (Rupees 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."

By order of the Board

Place : NOIDA, U.P.  
Date : 25th July, 2012

**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 5th September, 2012 to 15th September, 2012 (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 appears 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, Ahmedabad, 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, Noida -201304, Distt Gautam Budh Nagar, Uttar Pradesh 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 31st March, 2005, which remain unclaimed/unpaid for a period of 7 years from the date such dividend first become due for payment, will be transferred on 14th October, 2012 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 31st March, 2005 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. The Shareholders are requested to note that no claim shall lie against 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. 2-B, Sector 126, Distt Gautam Budh Nagar, Noida - 201304, Uttar Pradesh 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.
- E. The Ministry of Corporate Affairs ('Ministry') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices /documents (including Annual Report and other communications) to their shareholders through electronic mode to the registered e-mail addresses of the shareholders.

We, therefore invite you to contribute to the cause. In case you wish to receive the Company's future Communications in email ID, please update the same with your Depository Participant(s).

You are requested to send an e-mail to compliance.officer@indiaglycols.com and admin@mcsdel.com or send a letter at the following address registering your email with the Company:

MCS LIMITED	or	India Glycols Limited
F-65, 1st Floor,		Plot No. 2B, Sector-126,
Okhla Industrial Area,		Noida
Phase-I,		Dist. Gautambudh
New Delhi-110020		Nagar-201304 (UP)

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 R.C.Misra , Shri Autar Krishna and Shri Jitender Balakrishnan, 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:

<b>Name</b>	<b>Shri R.C.Misra</b>	<b>Shri Autar Krishna</b>	<b>Shri Jitender Balakrishnan</b>
Age	82 Years	78 Years	63 years
Qualifications	LL.B	B.Com and MBA from Geneva	MBA
Expertise in Specific functional Area	Mr. R.C. Misra, is the former Chairman of the Central Board of Excise & Customs and holds a Master's degree in Arts and Bachelor of Law degree from the University of Delhi. Mr. Misra is having over 40 years' experience serving in civil services of the Government of India and has expertise in Direct & Indirect taxation and Corporate Laws, Mr. Misra has joined India Glycols Limited in 1988. Mr. Misra is also the Chairman of Audit Committee and Investors' Grievance Committee of the Company.	Mr. Autar Krishna is an industrialist and holds Bachelor's degree in Science from St. Stephens College, New Delhi and G.M. Mech(E), London. He is a Mechanical Engineer from UK. and is founder promoter of Saksoft Ltd. Mr. Krishna has over 35 years' experience in the Steel and Engineering industry. He is the founder of The Sak Industries Ltd (TSIL) established in 1962. Mr. Krishna has also promoted Widia (India) Limited, a joint venture with Meturit A.G. Switzerland, a subsidiary of Friedrich Krupp GmbH. Mr. Krishna serves as Chairman of Banarsidas Chandiwala Sewa Smarak Trust Society. He joined India Glycols Ltd in 1999 as an Independent Director. He serves as a Director of Saksoft Ltd. and Panasonic AVC Networks India Co. Ltd.	Shri Jitender Balakrishnan is former Deputy Managing Director of IDBI Bank Ltd. and holds Bachelor's degree in Mechanical Engineering from National Institute of Technology, Madras University and Masters in Business Administration, has more than 30 years of experience. During his tenure with IDBI Bank Ltd., he has held various positions and has obtained experience in various areas of banking and financial services. After holding the post of Executive Director of IDBI Bank in July 2004, he was promoted as Deputy Managing Director of IDBI Limited in 2006. He also has relevant and adequate capital market experience to be a Designated Director of the Company on the Stock Exchange, as required under the Stock Exchange rules and regulations.
Date of appointment on the Board of the Company	17.06.1988	13.03.1999	13.08.2010
Name(s) of the other companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	None	<ol style="list-style-type: none"> <li>1. Saksoft Ltd.</li> <li>2. Sak Abrasives Ltd.</li> <li>3. Panasonic AVC Networks India Co. Ltd.</li> <li>4. Acuma Holdings Limited</li> <li>5. Acuma Solutions Limited</li> <li>6. Acuma Software Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Essar Steel Ltd.</li> <li>2. Magus Estate &amp; Hotels Ltd</li> <li>3. Bharti AXA General Insurance Company Ltd</li> <li>4. Bhoruka Power Limited</li> <li>5. Polyplex Corporation Limited</li> <li>6. Sarda Energy &amp; Minerals Ltd</li> <li>7. ILFS Investment Managers Ltd</li> <li>8. S. Kumar Nationwide Ltd</li> <li>9. Binani Industries Limited</li> <li>10. Bharti AXA Life Insurance company limited</li> <li>11. Aditya Birla Finance Ltd.</li> <li>12. Usha Martin Ltd</li> <li>13. Shree Rajasthan Syntex Ltd</li> <li>14. Essar Services India Ltd</li> <li>15. Equinox Realty and Infrastructure Pvt Ltd</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)	<b>India Glycols Ltd</b> <u>Chairman</u> Audit Committee; Investors Grievance Committee and Remuneration Committee  <u>Member</u> Banking Committee	<b>India Glycols Ltd</b> <u>Member;</u> Audit Committee; Investors Grievance Committee; and Banking Committee  Panasonic AVC Networks India Co. Ltd Audit Committee	Aditya Birla Finance Ltd -Risk Committee-Chairman, ILFS Investment Managers Ltd.-Audit Committee-Member  S.Kumar's Nationwide Ltd- Remuneration Committee,  Magus Estates and Hotels Ltd-Remuneration Finance & Audit Committee Bharti Axa Life Insurance Co. Ltd.-Policy Holders Protection Committee- Chairman Usha Martin Ltd. -Audit Committee-Chairman Essar Steel Limited - Remuneration Committee Binani Indus Ltd - Remuneration and Audit Committee Sarda Energy & Minerals Ltd - Investor Grievance Committee

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

### ITEM NO.07 & 08

To part finance the proposed expansion plans of the Company, the Board of Directors has decided to raise the capital of the Company through Private placement/ Preferential allotment/ issue of Equity Shares to Promoter, their associates and investors other than Promoters.

For the purpose of increase in the capital of the Company, it is proposed to increase the Authorised capital of the Company from existing ₹ 30 Crores to ₹ 45 Crores by way of Alteration of Capital Clause of the Memorandum and Articles of Association of the Company.

Article 48 of Articles of Association of the Company and Section 94 of the Companies Act, 1956, permit your Company to increase its Share Capital. Therefore, the resolution set out at Item No.7 for Alteration of Capital Clause of the Memorandum of Association of the Company is proposed to be passed as Ordinary Resolution.

As per Section 31 of the Companies Act, 1956, Article 4(a) of the Articles of Association is also required to be altered. Therefore, the resolution set out at Item No.8 for Alteration of Articles of Association of the Company is proposed to be passed as Special Resolution.

None of the Directors of the Company, is in any way, concerned or interested in the said resolutions.

### ITEM NO.09

#### A. Material Facts Relating to the Preferential Allotment

All material facts relating to the business mentioned under the item No.09 of the accompanying Notice dated 25th July, 2012 are set out below:

- (i) The Company has significant growth plans. These growth plans of the Company envisage promotion of Green technology based Chemicals and expansion in other areas of operation. While the current internal accruals from the operations are strong, the above projects would require significant outlay of funds in the next 4-5 years. These projects will necessitate external infusion of funds at different points of time in the future. It is thought prudent to obtain shareholders' approval for issue of securities through Preferential Allotment of shares and Warrants to the Promoters to enable the Company to raise a part of this fund requirement for the said growth plans as set out in the above Draft Resolution.
- (ii) The Equity Shares allotted pursuant to the above

draft Resolution and on exercise of option by Warrant holder shall rank in all respects pari passu with the existing Equity Shares of the Company.

- (iii) Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription pro rata to the shareholders unless the shareholders in a general meeting decide otherwise.
- (iv) The preferential allotment of Securities to the individual Promoter of the Company or any body corporate belongs to Promoters Group on a preferential basis, would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations 2009. The preferential issue would comprise of up to 3,305,259 Equity Shares of face value ₹ 10/- each; and/or Warrants with a right exercisable by the Warrant holder to subscribe for one Equity Share per Warrant. The holders of the Warrants shall have the option to exercise the Warrants to subscribe to Equity Shares of the Company within eighteen months of its allotment.
- (v) The Company had sought indication from the individual Promoter of the Company and body corporates belong to Promoters Group, whether it would be desirous to subscribe to the above securities. The individual Promoter of the Company and body corporates belong to Promoters Group in turn has confirmed and conveyed its intent to subscribe to these securities.
- (vi) The pricing of the Equity Shares to be allotted on preferential basis to the individual Promoter of the Company and body corporates belong to Promoters Group shall not be lower than the price determined in accordance with the SEBI ICDR Regulations 2009. Currently SEBI ICDR Regulations 2009 provides that the issue of shares on preferential basis can be made at a price not less than higher of the following:
  - (a) The average of the weekly high and low of the closing prices of the related equity shares

quoted on the recognized stock exchange during the six months preceding the relevant date; Or

- (b) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares and Equity Shares arising out of exercise of Warrants shall be the date which is 30 days prior to the date of Annual General Meeting of the Company, passing the resolution. The relevant date, for determination of price for the Equity Shares issued and allotted upon exercise of right attached to the Warrants referred to above, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Securities

“Stock Exchange” for this purpose shall mean any of the recognized stock exchanges and on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date.

(vii) An amount equivalent to at least 25% of the consideration payable on the Warrants shall be paid at the time of allotment of the Warrants and the remainder shall be paid upon allotment of Equity Shares upon exercise of the Warrants.

(viii) The Equity Shares (including those arising out of exercise of right attached to the Warrants) to be allotted to the individual Promoter of the Company and body corporates belong to Promoters Group pursuant to the proposed special resolution shall be subject to lock-in for a period of 3 years from the date of allotment, consistent with SEBI ICDR Regulations 2009.

**B. Disclosures prescribed under the SEBI ICDR Regulations 2009**

- i. The object(s) of the preferential issue: To fund the future Expansion plans of the Company.
- ii. The Proposal of the Promoters, Directors or Key Management persons of the issuer to subscribe to the offer: The individual Promoter of the Company and body corporates belong to Promoters Group have conveyed its intention to subscribe to the offer.

**iii. Shareholding pattern before and after the preferential issue**

Shareholders category	Percentage of shareholding before the proposed allotment (As on 25th July, 2012)	Percentage of shareholding after allotment of Equity Shares	Percentage of shareholding after allotment of Equity Shares on exercise of Warrants (assuming full exercise of the Warrants)
<b>Promoters :</b>			
Supreet Vyapaar Private Ltd.	0.48	0.54	0.54
Sukhvarsha Distributors Pvt. Ltd	1.27	1.42	1.42
Facit Commosales Private Ltd	3.57	3.99	3.99
Mayur Barter Pvt. Ltd.	4.91	5.49	5.49
J. Boseck & Co. Pvt. Ltd.	0.34	0.39	0.39
JB Commercial Co. Pvt. Ltd.	3.57	4.00	4.00
Kashipur Holdings Ltd	26.98	30.16	30.16
Ajay Commercial Co. Pvt. Ltd.	2.20	2.46	2.46
Jayshree Bhartia	1.41	1.58	1.58
Uma Shankar Bhartia	1.59	1.77	1.77
Pooja Bhartia	0.65	0.72	0.72
Pragya Bhartia	0.30	0.34	0.34
Vedant Jhaver	0.06	0.06	0.06

None of the Directors of the Company, other than Shri U.S. Bhartia and Ms. Jayshree Bhartia, is in any way, concerned or interested in the said resolution.

The resolution set out at Item No.9 is proposed to be passed as a special Resolution.

### ITEM NO.10

As explained at item no. 9 above, the Company has significant growth plans. These growth plans of the Company envisage promotion of Green technology based Chemicals and expansion in other areas of operation. While the current internal accruals from the operations are strong, the above projects would require significant outlay of funds in the next 4-5 years. These projects will necessitate external infusion of funds at different points of time in the future.

With a view to raise long term finance as well as meeting Company's fund requirements for expansion, capital expenditure and for other expenditures as permitted under the prevailing Guidelines in this regard, the Company proposes to issue Equity Shares and/or instruments or securities convertible into equity shares of the Company such as Global Depository Receipts and/or American Depository Receipts and/or convertible preference shares and/or convertible debentures or bonds (compulsorily and/or optionally, fully and / or partly), and/or non-convertible debentures with warrants and/or securities with or without detachable / non-detachable warrants and / or warrants with a right exercisable by the warrant-holder to subscribe for equity shares and /or Foreign Currency Convertible Bonds (FCCBs) convertible into equity shares at the option of the Company or the holder(s) thereof, up to an aggregate principal amount of ₹ 250,00,00,000 (Rupees Two Hundred fifty Crores) or its equivalent in any other currency on the terms and conditions as stated in the Notice of the Meeting.

The above issue would be subject to the approval of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and other authorities concerned, wherever applicable.

The pricing of the equity shares to be issued pursuant to the resolution to be approved at the Meeting upon exercise of the option of conversion of the FCCBs will be in accordance with the prescribed guidelines under Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended as also in accordance with the terms of offering.

These FCCBs may be listed on Stock Exchange(s), abroad, as may be deemed fit by the Board. The equity shares issued and allotted upon exercise of the option available on the FCCBs shall be listed on the Stock Exchanges in India where the Company's securities are listed.

This resolution is proposed as an enabling resolution to authorize the Board of Directors to raise long term finance as well as meeting Company's fund requirements for expansion, capital expenditure and for other expenditures as permitted under the prevailing Guidelines in this regard meeting Company's fund requirements for expansion, capital expenditure and for other expenditures as permitted under the prevailing Guidelines in this regard. This resolution also gives adequate flexibility in respect of working out the modalities of issue as also to issue FCCBs in such tranches, at such times as the Board may in its absolute discretion deem fit.

Under Section 81(1A) of the Companies Act, 1956, shareholders approval by a special resolution is required for issue of shares to persons other than existing shareholders of the Company. None of the Directors of the Company, other than Shri U.S. Bhartia and Ms. Jayshree Bhartia, is in any way, concerned or interested in the said resolution.

The resolution set out at Item No.10 is proposed to be passed as a special Resolution.

### ITEM NO.11

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 shareholders' 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 2012 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 2012. 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 ESOP;
- (c) The Compensation Committee shall decide the vesting period for the Options granted to each employee, 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 2012 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 2012;
- 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 2012;

- viii. to construe and interpret the terms of the ESOP 2012 and options granted pursuant to the ESOP 2012; 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 2012 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 2012.

The Board of Directors has recommended the proposed resolutions set out at the item No.11 for your approval by way of a Special Resolution.

By order of the Board

Place: NOIDA, U.P.  
Date : 25th July, 2012

**Lalit Kumar Sharma**  
**Company Secretary**

# Directors' Report

## To The Members

Your Directors are pleased to present the Twenty Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

## Financial Results

(Amount in ₹ lacs except earnings per share)

	Year ended 31.03.2012	Year ended 31.03.2011
Sales and Other Income	258,439	163,812
Profit before Depreciation, Exceptional Item and Tax	22,537	10,538
Depreciation	7,753	6,862
Exceptional Item	(904)	Nil
Profit before Tax	15,688	3,676
Provision for Tax	(5,229)	(1,114)
Net Profit	10,459	2,562
Earning per share	37.51	9.19

## Dividend

Your Directors are pleased to recommend a dividend of ₹ 3.00 (Rupees Three only) per equity share. The outgo on dividend will be ₹ 972.18 lacs including tax on dividend.

## Performance

During the year under review, the growth in Profit was possible as a result of increased production and productivity, higher sales realization, better Cost management and operational efficiencies.

Ethylene Oxide Derivatives (EOD) business has witnessed improvement in profitability due to higher prices of Ethylene and Ethylene Oxide in the world markets. Improved capacity utilization has resulted in better cost Management. Company has also diversified towards production of Natural gums products, which has witnessed higher export prices realization and resultant high profit margins.

Sales and other income for the year under review has been ₹ 2,58,439 Lacs as compared to ₹ 1,63,812 Lacs last year showing an increase by 58% vis a vis last year. Profit before depreciation, exceptional item and tax for the year was ₹ 22,537 Lacs as compared to ₹ 10,538 Lacs last year showing an increase by 114%. The net profit after tax for the year was ₹ 10,459 Lacs as compared

to Net Profit of ₹ 2,562 Lacs last year showing an increase by 308%.

The borrowing cost has increased to ₹ 11,320 lacs as compared to ₹ 9,152 lacs last year, due to increase in the borrowings as well as increase in the overall interest rates by all the banks.

During the year, your Company produced 200616 MT of Chemicals compared to 190546 MT last year. The Company has produced 105898 KBL of Ethyl Alcohol at Kashipur and Gorakhpur distillery and has produced 891 lacs PET Bottle for the Potable Alcohol plant at Gorakhpur.

Company has set up two 45 TPH SLOP boilers, one at Kashipur and other one at Gorakhpur for fuel saving and for treatment of effluent.

Company has also expanded Guar Gum plant capacity to meet huge demand of Guar oil field derivatives in international market.

## Marketing

The Company is the largest manufacturer of Bio-MEG in the world made out of agriculture feedstock i.e. Molasses and Ethanol. Bio-MEG has an application, apart from other products, in PET bottles, which is used for packaging of beverage products. Sale in the Chemical segment has marginally decreased to 191265 MT compared to 193597 MT last year.

The performance of Natural Gums Division under the Chemical Segment had been overwhelming during the year under review. The Natural Gums products had been in high demand through the year and the same momentum is expected in coming years too. Your company has carved a niche in world market and now is known as a consistent quality manufacturer. In order to tap potential and opportunities, your company has undertaken a plan for expansion of production capacity of Natural Gums Division. With the increased capacities, your company will position itself in world market as one of the largest producer of guar gum powder. The existing per month capacity is being expanded further and the expanded capacity will be operational by October 2012.

## Exports

During the year under review, your Company has achieved total export turnover of ₹ 1,25,481 lacs as compared to ₹ 70,462 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.

## Ethyl Alcohol (Potable) & Extra Natural Alcohol

During the year, your Company registered total sales of ₹ 50,168 Lacs compared to ₹ 34,147 Lacs last year in the Ethyl Alcohol (Potable) division. During the year thrust was given on the export of high quality Extra Neutral Alcohol (ENA). The export turnover of Extra Neutral Alcohol (ENA) increased to ₹ 10,281 Lac during the year 2011-2012 as compared to ₹ 8,232 Lacs during the year 2010-11, registering an increase of 25% over the previous year. The Company was awarded Grand Gold Award for the second consecutive year from MONDE SELECTION, Belgium for its high quality of Extra Neutral Alcohol.

Company has the most modern captive distillery in Asia and is having license for operations in and sale of Country Liquor and Indian Made Foreign Liquor (IMFL) in the States of Uttar Pradesh and Uttarakhand. During the year, IMFL brands of the Company have been supplied to Canteen Stores Department (CSD) of Indian Defence Forces.

Company has a tie-up with Bacardi for bottling of their products at our Kashipur bottling unit.

Company is in process of introducing its IMFL brands in the higher range market and extensive brand building program shall be introduced in the current financial year.

## Ennature Bio-Pharma Division (100% Export Oriented Undertaking)

Company has a 100% Export Oriented Unit (100% EOU) by the name of Ennature Bio-pharma division. The unit has established Supercritical Fluid Extraction- CO<sub>2</sub> and solvent extraction facility at Dehradun. The unit is GMP, ISO 9001, ISO22000, HACCP, Kosher and Halal certified. Unit at Dehradun has started production and R&D center duly recognized by Ministry of Science & Technology Government of India is working vigorously on the process of stabilizing and developing various Phytopharmaceutical and Nutraceutical products for the developed markets.

Company during the year developed Indian grown health supplements for the developed market with Zero residual solvents by SCF-CO<sub>2</sub> technology. These products have given stupendous boost to the growth of the business of Bio-Pharma. During the year, Company has become a qualified supplier to many large conglomerates worldwide for natural colors, nutraceuticals, health supplements and plant based Active Pharmaceuticals Ingredients (APIs). Company has established its name as a quality manufacturer and supplier with stringent QC and QA controls in place.

During the year, your Company registered total sales of ₹ 3,638 lacs as compared to ₹ 1,538 lacs last year in the

Ennature Bio-Pharma Division. The Company has major thrust and focus on new Phytochemicals, which company is envisaging to launch.

## Industrial Gases

The Company has an Industrial Gases division producing Oxygen, Nitrogen and Argon with an overall capacity of 13,460 NM<sup>3</sup>/h. During the year under review, Company produced approximately 651 lacs NM<sup>3</sup> of Oxygen and 228 lacs NM<sup>3</sup> of Nitrogen. Both Oxygen and Nitrogen were successfully marketed and also used for own requirement. Industrial gases division also produced 16 lacs NM<sup>3</sup> of Argon.

The Industrial Gases division has also produced food and industrial grade liquid Carbon Di-oxide (CO<sub>2</sub>) at Kashipur Plant having capacities of 160 MT/day each, to meet growing demand in the domestic market. Company has produced 45296 MT of Carbon Di-oxide (CO<sub>2</sub>). During the year, Industrial Gases segment registered total sales of ₹ 3,144 lacs compared to ₹ 2,941 lacs last year.

## Joint Venture for Private Freight Terminal (PFT)

The Company is setting up a Private Freight Terminal (PFT) under a joint venture with Fourcee Infrastructure Equipments Pvt. Ltd. for providing railways-based logistics services and other facilities at Kashipur, Uttarakhand, as provided under extant guidelines of the Indian Railways. The facility is coming up at the area adjacent to the existing plant of Company at Kashipur.

The Parties have entered into a Joint Venture Agreement to co-operate and partner with each other for the purpose of setting-up, operating and managing the said Private Freight Terminal (PFT) in order to provide multi-modal logistics solutions to our Company and external customers and enhance its service delivery capacity. With the commissioning of this facility, logistics movement for both inbound and outbound cargo would become more dependable, reliable, economical, would also ensure on-time delivery of goods and enable better inventory management.

## Expansion/Modernisation/Diversification Plans

The Company is actively pursuing growth opportunities and looking at areas to reduce its cost of production. Company is also evaluating plans to further expand its Ethoxylates capacity to improve its product mix and also considering the setting up of a Power Plant to reduce its dependence on external power. Company is also installing additional EO reactor to enhance the EO catalyst life and to have maximum production throughout the life of the catalyst.

Company is also installing another SLOP fired boiler at Kashipur, which will provide additional coal saving. In addition, the Company is actively pursuing expansion opportunities for its business other than Chemicals.

The Company is setting up 10 ton biomass/day capacity pilot plant to convert lignocellulosic agricultural waste biomass to ethanol by using the bench-scale process developed at DBT-ICT Centre for energy Bio-Sciences, Mumbai. The Pilot Plant will use agricultural non-fodder lignocellulosic waste (i.e. Rice Straw, Wheat Straw & Bagasse) as feedstock to manufacture ethanol. The plant will aim at solving technical roadblocks in Lignocellulosic ethanol Technology in order to improve the overall situation with regard to alcohol availability. The plant is being set-up with the Department of Bio-Technology aid/loan.

## Finance

During the year under review, Company has raised Term Loans of ₹ 2533 million and repaid total loans of ₹ 1953 million.

The Company has been regular in meeting its obligations towards payment of principal/interest to Financial Institutions/Banks/Debtors/Debtors/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 tonnes per day (TCD) alongwith a modern distillery of 60 KL per day (KLPD) producing high quality rectified spirit 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 and 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 10.4 MW of power generation.

The net worth of Shakumbari Sugar and Allied Industries Limited (SSAIL) has been completely eroded as on 31st March, 2012, therefore, reference report under the provisions of Section 15 of the Sick Industrial Companies

(Special Provision) Act, 1985 has been filed before BIFR.

Company has a 100% subsidiary in Singapore to augment its activities in South Eastern region & help the marketing of products from Chemical Plant, Natural Gums Plant and Supercritical Fluid Extraction facility to large buyers in US, Europe and South East Asia.

Your Company has three subsidiary companies, i.e. Shakumbari Sugar & Allied Industries Limited (SSAIL), IGL Finance Limited and IGL CHEM International Pte. Ltd. The Ministry of Corporate Affairs, Government of India, vide General Circular dated 8th February 2011 and 21st February 2011 has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular for non-inclusion of Subsidiary Companies' Annual Report with the Annual Report of the Holding Company. The Company has satisfied the conditions stipulated in the circular and hence have availed the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

The Company undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the company and of the subsidiary companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

## Fixed Deposit

The amount of Fixed Deposit held as on 31st March, 2012 was ₹ 9.00 lacs. There are no overdue deposits except unclaimed deposits amounting to ₹ 9.13 lacs.

## Directors

Shri R.C. Misra, Shri Autar Krishna and Shri Jitender BalaKrishnan, 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.

## 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 31st March, 2012 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 31st March, 2012 and Auditor's Certificate on Corporate Governance are appended herewith.

### Auditors & Audit Report

The Auditors, M/s. Lodha & Co., Chartered Accountants, 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.

The Auditors in their Audit Report have invited the attention of the Shareholders towards non provisioning by the Company against the investment in its subsidiary Company, Shakumbari Sugar & Allied Industries Limited (SSAIL) amounting to ₹ 5,427.50 lacs and loans amounting to ₹ 1,546.67 lacs. The Company has already provided its clarification as contained in the note no.34 (ii) & (iii) i.e. considering the intrinsic value of the assets of SSAIL & long term nature of the investment, the management is confident of the recoverability/realisability of the value of Investment and loans provided to SSAIL, therefore, no provision in the opinion of the Management at this stage is considered necessary.

### Environment, Energy Conservation, Technology Absorption, etc.

The Company is working actively on various projects

efficiently, approaching and targeting towards Clean Development Mechanism (CDM) and reduction in GHG emissions.

The Company has installed unique technology for converting distillery spentwash into fuel at both the plants viz. Kashipur and Gorakhpur. Through this technology, the spentwash is concentrated through five effect evaporator. The concentrate is utilized as fuel to substitute coal in a specifically designed boiler. The high pressure steam so generated is passed through the turbine for power generation and low pressure steam after turbine is utilized in the plant for operation. Due to this the company is saving fossil fuel in terms of coal and substituting the essential power generation through DG sets.

The Biomass based Cogeneration Project activity taken up by the Company at its Gorakhpur, U.P. plant is successfully registered under Clean Development Mechanism (CDM) project by United Nations Framework Convention on Climate Change (UNFCCC) for ten year fixed crediting period 16/12/2010 to 15/12/2020. Under the Clean Development Mechanism, emission-reduction (or emission removal) projects in developing countries can earn certified emission reduction credits. These saleable credits can be used by developed countries to meet a part of their emission reduction targets under the Kyoto Protocol.

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.

## Corporate 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 following Corporate Social activities begins in and around Kashipur (Uttarakhand):

1. organizing regular Medical camps (three days a week) so that villagers get medical assistance free of cost;
2. organizing blood donation camps;
3. facilitating plantation of trees for better environment;
4. facilitating in constructing roads, bridges, drains and installing street lamps;
5. promoting schools in vicinity (Ajay Bhartia Saraswati Shisumandir Jr. High School Kashipur);
6. providing furniture and financial assistance for renovation of Community School at village Barkhedhi, Kashipur;
7. installed hand pumps for drinking water, which is benefitting nearby areas;
8. extended support to the victims of flood affected during Monsoon;
9. distributing of blankets to poor during winter;
10. providing financial assistance for promotion of sports and socio-cultural activities in the State of Uttarakhand;
11. supporting the local administration in fighting and managing fire accidents and other disasters taking place in the surrounding area of Plant;

Your company has also installed hand pumps for drinking water in the nearby villages of Gorakhpur Distillery and Constructed a shed at village Kalesar for use as community center at Gorakhpur.

Your Company is supporting a community school at Dwarka, New Delhi through Nirmal Bhartia Society for Education Promotion, and 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 possess qualified and experienced faculties, which enable children to make a great future.

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 Company 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 : NOIDA, U.P.

Dated : 25th July, 2012

**U.S. Bhartia**

*Chairman and Managing Director*

# Annexure to the Directors' Report 2011-2012

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 31st March 2012.

## Conservation of Energy

### (a) Energy Conservation Measures Taken.

1. Energy Audit of steam system carried out by Forbes Marshall.
2. Extraction / Back pressure steam turbine capacity 8.64 MW operated at higher steam inlet pressure resulting in increased power generation.
3. Process steam condensate of ENA plant is used as a boiler feed water resulting in DM water and energy saving.
4. Installation of 1000KVA Servo control stabilizer for the PET bottle plant operation during the TG set shut down.
5. Process condensate of Evaporator plant is used as a dilution in fermentation resulting in Raw water and energy saving.
6. Effluent Evaporator on stream factor increased after provision of centrifuge Decanters.
7. Installation and commissioning of 2nd Slop fired boiler, resulting in increase utilization of concentrated slops for steam generation and reduction in rice husk/coal consumption.
8. Energy Audit of steam system carried out by M/s Technicare Group, Pune for Gorakhpur unit.

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

Following schemes are being implemented:

1. Provision of VFD in cooling tower fans (Phase-2).
2. Installation of Air preheater in the existing Slop Boiler -1.
3. Installation of Reboiler in ENA plant analyzer column to reduce the effluent.
4. Installation of VFD in spent wash recycles pumps to save the power.
5. Installation of 12 MW STG set to sell the surplus power to UPCL.
6. Installation of forced circulation Calandria 4th & 5th in existing Evaporator plant.
7. Installation of LED lighting and solar heaters.

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

#### Energy Conservation Measures Benefits

##### Saving of Coal by

Max. Biogas utilization in Boilers	Up to 51.52 MT/day
Preheating of Boiler Feed Water	Up to 51.02 MT/day
Operation of Evaporator reflux Preheater	Up to 1.6 MT/day
Installation of Boiler feed water preheater in MEG Process Heaters	Up to 2.37 MT/day
Preheating of 12 MW turbine condensate with Dehydration Steam Condensate	Up to 5.3 MT/day
Utilized hot condensate in GEA and GE to Generate LP steam.	Up to 3.0 MT/day
Utilized steam condensate to generate flash Steam in Guar Gum unit	Up to 4.11 MT/day

##### Saving of Power by

Operation of TG Set at Optimum load (Kashipur)	116718.08 MWH of Power
Operation of TG Set at Optimum load (Gorakhpur)	18553.7 MWH of Power Generated during the year (Last year 11144.9 MWH)

##### Saving of Fuel (FO) by

Utilization of waste gas/Biogas in the Process Heater	Up to 13.08 MT/Day
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##### Saving of Coal by

Slop utilization in Boiler	Up to 83.29 MT/Day
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##### Saving of Rice Husk by

Max. Slop utilization in Boiler	Up to 300MT/day
Process steam condensate utilization in Boiler	Up to 750MT/day

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

**Form-A**

(Form for disclosure of particulars with respect to conservation of energy)

	Units	Year Ending March, 2012	Year Ending March, 2011
<b>A. Power and fuel consumption</b>			
<b>KASHIPUR PLANT</b>			
<b>i) Electricity</b>			
a) Purchased Unit	1000 KWH	156696.50	138032.00
Total Amount	₹ Lacs	7385.52	5779.47
Rate per unit	₹/KWH	4.71	4.19
b) Own Generation through DG Sets	1000 KWH	6346.79	18648.80
Units per Kg/Litre of Diesel Oil/HPS	KWH/Kg	4.60	4.46
Cost/Unit	₹/KWH	8.56	6.53
<b>ii) Coal</b>			
Quantity	MT	450157.10	411320.90
Total Cost	₹ Lacs	18294.47	12202.34
Average Rate	₹/MT	4064.01	2966.62
<b>iii) Bagasse</b>			
Quantity	MT	11124.15	
Total Cost	₹Lacs	198.67	
Average Rate	₹/MT	1785.97	
<b>iv) Fuel Oil (LDO/RFO)</b>			
Quantity	MT	6273.82	4189.33
Total Cost	₹ Lacs	2369.42	1183.42
Average Rate	₹/MT	3776.62	28248.45
<b>v) Others/internal generation</b>			
a) From Back Pressure Turbine			
Quantity	1000 KWH	65493.83	50524.49
Total Cost	₹ Lacs	Nil	Nil
Average Rate	₹/KWH	Nil	Nil
b) From Extraction, Back Pressure & Condensing Turbine			
Quantity	1000 KWH	51224.26	47164.26
Total Cost	₹ Lacs	2244.80	1421.60
Average Rate	₹/KWH	4.38	3.01
Total (a+b)	1000 KWH	116718.08	97688.75
<b>GORAKHPUR PLANT</b>			
<b>A. POWER AND FUEL CONSUMPTION</b>			
<b>i) ELECTRICITY</b>			
a) Purchased Unit	1000 KWH	4471.24	3747.60
Total Amount	₹ Lacs	259.44	241.75
Rate per unit	₹/KWH	5.80	6.45
b) Own Generation through DG sets	1000KWH	89.37	67.80
Unit per Kg/Lit Of Diesel Oil/HPS	₹ Lacs	11.69	8.91
Cost/unit	₹/KWH	13.09	13.14
<b>ii) RICE HUSK</b>			
Quantity	MT	57277.17	56104.66
Total Cost	₹ Lacs	1422.27	1849.43
Average Rate	₹/MT	2483.14	3296.40
<b>iii) COAL</b>			
Quantity	MT	16456.79	-
Total Cost	₹ Lacs	768.87	-
Average Rate	₹/MT	4672.02	-
<b>iv) OTHER/INTERNAL GENERATION</b>			
(From Back pressure Turbine)			
Quantity	1000KWH	18553.70	1144.90
Total Cost	₹ Lacs	-	-
Average Rate	₹/KWH	-	-
<b>ENNATURE BIO-PHARMA PLANT</b>			
<b>A. POWER AND FUEL CONSUMPTION</b>			
<b>i) ELECTRICITY</b>			
a) Purchased Unit	1000 KWH	3329.14	2526.92
Total Amount	₹ Lacs	144.01	114.22
Rate per unit	₹/KWH	4.33	4.52
b) Own Generation through DG sets	1000KWH	376.43	3155.27
Unit per Kg/Lit Of Diesel Oil/HPS	₹ Lacs	3.44	3.40
Cost/unit	₹/KWH	10.50	9.69
<b>B. CONSUMPTION PER UNIT OF ALCOHOLS-</b>			
<b>KASHIPUR PLANT</b>			
Electricity	MWH/MT	1.062	0.992
Fuel Oil (LDO/RFO)	MT/MT	0.024	0.016
Coal	MT/MT	1.708	1.603
<b>GORAKHPUR PLANT</b>			
Electricity	MWH/MT	0.525	0.49
Fuel (Rice Husk + Coal)	MT/KBL	1.67	1.84 (R/H)

**FORM-B**  
**(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT)**

**A. RESEARCH AND DEVELOPMENT**

**1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY**

- Sustainable Products based on renewable Raw-materials.
- Development of products based on “Green” or “Bio” surfactant.
- Development of Molasses free binders for ore beneficiation.
- User & Environment friendly Polymerization process for Pour Point Depressant application.
- Development of product packages with enhanced biodegradability for textile processing.
- Speciality products for Continuous Pretreatment & Dyeing processing for Textiles.
- Alternative Renewable raw-materials for Alcohol production.
- Development of low temperature & low dosage demulsifiers for crude oil production.
- Development of specialty surfactants/blends for coating application.
- Development of Emulsifiers for combo pesticides for export.
- Development of Emulsifier package for multiple toxicants for crop protection.
- New wetting & dispersing agents for powder formulations in pesticides formulation.
- Development of specialty chemicals for Pulp & Paper Industries.
- Adjuvants for the Herbicides formulations.
- Development of house-hold cleaning and personal care surfactants.
- Enrichment of herbal products & nutraceuticals (NHPs) by Supercritical Fluid CO<sub>2</sub> (SCF- CO<sub>2</sub>) extract technology (Ginger, Gac Fruit, Sea Buck thorn oil etc.).
- Active Pharmaceuticals Ingredients (APIs) from Herbal Sources via Solvent Extraction (Turmeric, Krill Oil Phospholipids, Ginger spray etc.).

**2. BENEFITS DERIVED AS A RESULT OF ABOVE R&D**

- Providing eco-friendly surfactants for industrial, personal care & health care applications.
- Value added products with cost and application advantages providing the competitive edge.

- Green Chemistry route and processes for efficacious use of resources and there by meeting the ultimate objective of SUSTAINABILITY.
- Developed low/optimum dosage applications to reduce effluent treatment at COMPANY & at customer end.
- Populating the product pipeline to meet the future as well as present requirement of customers.
- Wide product portfolio for timely and deep penetration into domestic and international market.
- Improved capacity utilization and productivity with optimized process variables.
- Improved Effluent Management and saleable products by conversion of waste.
- Proprietary Patents(two patents filed & two in process of preparation) and publications.

**3. FUTURE PLAN OF ACTION**

- Use of Random/block copolymers based on Ethylene oxide derivatives for fiber processing applications.
- Development of surfactants for design of control release systems in crop protection.
- Development of process and catalyst to achieve zero sulphur level in Methane-Ballast Plant.
- Modified polymeric surfactants for oil field and construction application.
- Specialty products (silicone and EO/PO derivatives) for application in Technical Textiles
- EO based additives as Strength Improver and water reducer for concrete.
- In-situ amphoteric surfactants for textile and personal care application.
- Fluorocarbon based surfactants for flame retardant applications.
- Bio-surfactants based formulations for textile and paper application.
- Expansion of product range with more value added herbal products & nutraceuticals via SCF- CO<sub>2</sub> process.
- Process stabilization of SCF- CO<sub>2</sub> process for improved yield and capacity utilization.
- Scaling up of validated processes for different Nutraceuticals and natural APIS for compete commercialization.

- Up-gradation of laboratories for improved technical service in Paper & construction chemicals.
- Collaboration with Academia and research organization for product/process development as well as technology absorption.

**4. (i) EXPENDITURE ON R&D  
(Chemicals, Kashipur) - INR in Lakhs**

	<b>Year-2011-12</b>
Capital	689.45
Recurring	142.05
<b>Total</b>	<b>831.50</b>

Total expenditure as a percentage of turn over 0.56%

**(ii) EXPENDITURE ON R&D (Ennature Biopharma, Dehradun) - INR in Lakhs**

	<b>Year-2011-12</b>
Capital	15.48
Recurring	72.85
<b>Total</b>	<b>88.33</b>

Total expenditure as a percentage of turn over 2.43%

**B. TECHNOLOGY ABSORPTION AND INNOVATION**

- Development of APEO free replacement for products in AGRO, Textile and Personal care applications.

- Development of de-emulsifiers to take care of low temperature off-shore processing of crude oil.
- Development of "solvent free" polymerization process for cost-effective PPD with higher yield.
- Development of new surfactant package for ORCHID SPRAY applications.
- Process development for production of Methoxy PEG & Polyoxyethylene Allyl Ether.
- Development of proprietary method to manufacture of SLES with ultralow Dioxane.
- Development of Surfactant package for Water Dispersible Granules (WDG) formulation for crop protection application.
- Design of formulations for in-situ generation of cost-effective amphoteric emulsifier system for textile and personal care applications.
- New Formulations for spinning oils of Polyester, acrylic and cotton based fibres.
- Cost effective Continuous Bleaching Range package for fabric processing.
- Method development for chain distribution and analysis of impurities at ppb level by Head Space G.C./HPLC.
- In-house Technology Developed to improve the yield in SCF-CO2 process.

**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 absorbed	If not fully absorbed, areas where this has not been taking place reasons thereof and future plan
MEG Debottlenecking	2007	YES	Completed in May' 2008
Carbon Dioxide	2007	YES	Completed in May' 2008
Super Critical Fluid 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 - ₹ 1,25,481 Lacs the year 2011-12
- (ii) Total Foreign Exchange used : Net Earnings of ₹ 44,922 lacs (Previous year net earnings of ₹ 14,348.83 lacs)

**for and on behalf of the Board**

Place : NOIDA, U.P.  
Dated : 25th July, 2012

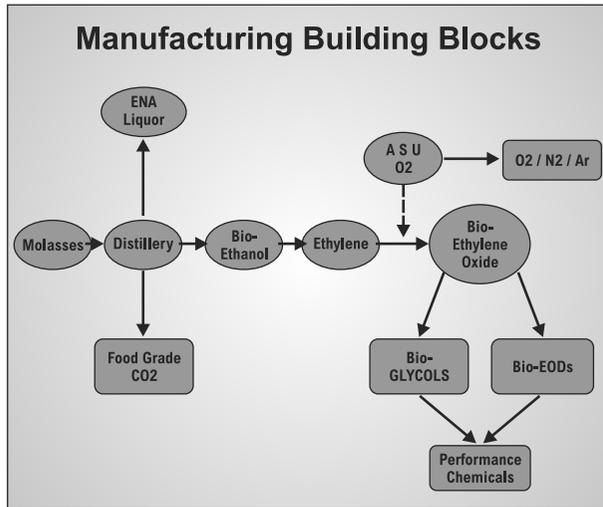
**U.S. Bhartia**  
**Chairman and Managing Director**

# Management Discussion & Analysis Report

## PRODUCTS

INDIA GLYCOLS LIMITED is one of the leading manufacturer of Glycols, Ethylene Oxide Derivatives, Ethyl Alcohol (Potable), Natural Gum & Derivatives, Nutraceuticals & Herbal Extracts 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 of chemicals are represented :-



The Company has organised its business into following segments.

- A. Chemical segments comprises :-  
Glycols (MEG, DEG, TEG and Heavy Glycols)  
Ethylene Oxide Derivatives (EODs)  
Natural Gum and Derivatives
- B. Ethyl Alcohol (Potable) and Extra Neutral Alcohol
- C. Others includes Nutraceuticals & Herbal Extracts, Industrial Gases etc.

The segment-wise business share is indicated as follows:

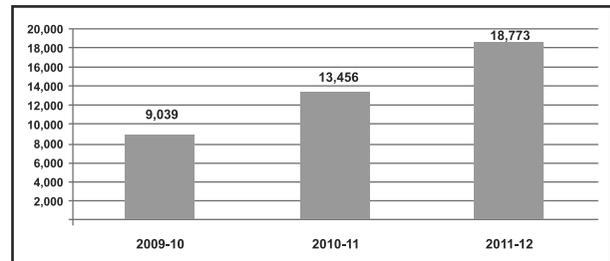
Segment	Sales Value 2011-12 (Rs. In Millions) (domestic + Exports)	% Share
A. CHEMICALS	18,773	65%
B. ETHYL ALCOHOL (POTABLE)	5,097	17%
C. OTHERS	5,293	18%
<b>TOTAL</b>	<b>29,163</b>	<b>100%</b>

## CHEMICAL SEGMENT

Sales of Chemical Segment has marginally decreased from 193561 MT to 191265 MT. However, in Value terms

has increased from ₹ 13,456 million in FY 2010-11 to ₹ 18,773 million in FY 2011-12. This segment is highest contributor at 65% to the total revenue of the Company. Increase in value has primarily come from Exports of Bio-MEG. The capacity utilisation, though showing improvement over previous year could not be fully utilised due to the prices of feedstock like molasses and alcohol did not come down in line with international prices of crude oil / Ethylene /MEG. Consequently, Company has regulated its domestic sales as it was not feasible to market MEG using expensive Ethanol.

	2009-10	2010-11	2011-12
Glycols Sales Value (₹ in Million)	9,039	13,456	<b>18,773</b>



Ethylene Oxide Derivatives (EOD) business has witnessed improvement in profitability due to higher prices of Ethylene and Ethylene Oxide in the world markets.

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.

The thrust would be in line with the strategy to maximise EODs business in view of increasing the usage of EO for EO Derivatives for improved margins.

## BIO-ETHOXYLATES

We have initiated promotion of Bio-Ethoxylates in the international market which is gaining acceptability and can be a good opportunity for better realisation in the niche market segments.

## NATURAL GUM

The performance of Natural Gums Division had been overwhelming during the year under review. The natural

gums products had been high in demand all through the year and the same momentum is expected in coming years too. Company has carved a niche in world market and now is known as the consistent quality manufacturer among the customers world over.

### OPPORTUNITIES & CHALLENGES

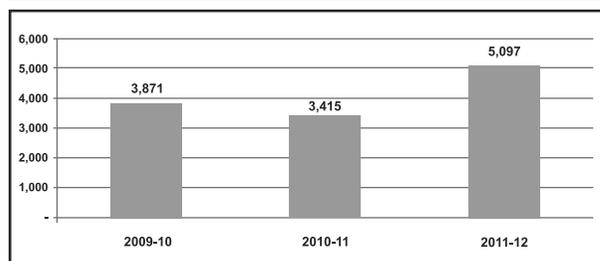
MEG consumption for polyester industries for 2011-12 has been 18.5 Lacs MT out of which 1.5 Lacs MT has come due to increase in polyester capacity by 5.5 Lacs MT. Alok Industries, Nakoda, Ester, SRF etc. being the major manufacturer who contributed to increased polyester production. Domestic production of MEG is 10 Lacs MT primarily from Reliance & IOC and balance demand has been met by imports of 8.5 Lacs MT. Overall demand supply balance have been favourable for MEG producers in the world market and therefore prices have been firm in the region of \$1100 to \$1300 per MT.

Company in its long term strategy, is shifting from commodity to niche markets and specialty products and would divert EO molecule for Bio-MEG and EO Derivative/ Specialty products which will give us much better returns. 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 have converted this concept into a good business opportunity which will enable full capacity utilisation with better realisation. Moreover, the niche markets of BIO MEG in the packaged water, automobile, personal care & cosmetics are going to give us better margins.

### ETHYL ALCOHOL (POTABLE) AND EXTRA NATURAL ALCOHOL

In the Ethyl Alcohol (Potable) and Extra natural Alcohol segment, Company registered total sales of ₹ 5,097 million compared to ₹ 3,415 million last year and ₹ 3,871 million a year before. Efforts are being made to further increase the sales in the segment.

	2009-10	2010-11	2011-12
Sales Value (₹ in Million)	3,871	3,415	<b>5,097</b>

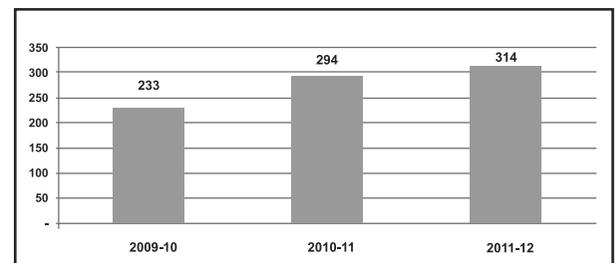


### INDUSTRIAL GASES

Company produced 651 lacs NM<sup>3</sup> of Oxygen and 228 lacs 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 16 lacs NM<sup>3</sup> of Argon and 45296 MT of Carbon Di-oxide, which were marketed successfully.

Under the Industrial Gases division, Company registered total sales of ₹ 314 million compared to ₹ 294 million last year and ₹ 233 million a year before.

	2009-10	2010-11	2011-12
Sales Value (Rs. In Million)	233	294	314



### EXPORTS

Company has identified exports as a key future growth driver. It has already established itself as a major domestic specialty ethoxylates company and with the increased capacities, the scope for exports would be explored for higher growth.

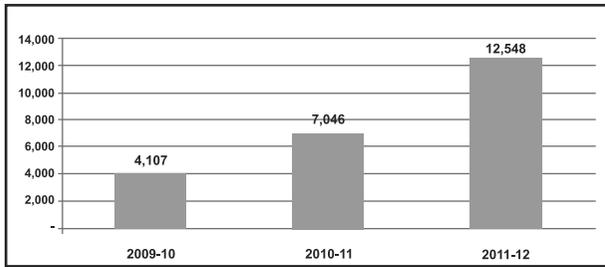
Exports has achieved a growth of more than 78% in turnover from ₹ 7,046 million in 2010-11 to ₹ 12,548 million in 2011-12. The products for export are Ethylene Oxide derivatives, which with increased capacities would result in higher export values and Natural Gum.

The future thrust would also be in the area of marketing Bio-MEG & Bio-Ethoxylates to niche markets for achieving better contribution.

Our EXPORTS have been increased despite slow down in the international markets. We expect to increase our exports in the coming year by atleast 30000 MTPA by focusing on Bio-MEG and EODs.

	2009-10	2010-11	2011-12
Exports Sales Value (₹ in Million)	4,107	7,046	<b>12,548</b>

The major export markets are the South East Asia, Middle East, US and China as we have logistic advantage in these region.



Export to more than 40 countries worldwide and the thrust for exports would be to other regions in Europe, USA, Japan & Latin America.

## FINANCIAL REVIEW

During the year under review, the growth in Profit was possible as a result of increased production and productivity, higher sales realization, better Cost management and operational efficiencies.

Company was able to get better sales realisation value of its Bio-MEG as compared to other Petro chemicals. Ethylene Oxide Derivatives (EOD) business has witnessed improvement in profitability due to higher prices of Ethylene and Ethylene Oxide in the world markets. Improved capacity utilization has resulted in better cost Management. Company has also diversified towards production of Natural gums products, which has witnessed higher export prices realization and resultant high profit margins.

Sales and other income for the year under review has been ₹ 2,58,439 Lacs compared to ₹ 1,63,812 Lacs last year showing an increase by 58% vis a vis last year. Profit before depreciation, exceptional item and tax for the year was ₹ 22,537 Lacs as compared to ₹ 10,538 Lacs last year showing an increase by 114%. The net profit after tax for the year was ₹ 10,459 Lacs as compared to Net Profit of ₹ 2,562 Lacs last year showing an increase by 308%.

The borrowing cost has increased to ₹ 11,320 lacs as compared to ₹ 9152 lacs last year, due to increase in the borrowings as well as increase in the overall interest rates by all the banks.

During the year under review, Company has raised Term Loans of ₹ 2,533 million and repaid total loans of ₹ 1,953 million.

During the year under review, the Gross Fixed Assets has increased to ₹ 1,62,433 Lacs from ₹ 1,52,550 Lacs in 2010-11.

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

## SAFETY, HEALTH, ENVIRONMENT & MANAGEMENT SYSTEMS

### SAFETY

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 has been constituted 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 programs 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. Company has its own Fire Station fully equipped with Fire Tenders, 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

India Glycols Limited 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 also has a qualified Occupational Health Physician. 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.

Company organizes medical camps at nearby villages and organizes/assists in National health related programs in the nearby villages as part of community welfare activities.

## ENVIRONMENT

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. 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.

Towards improvement of the environment company has developed a green belt all around its factory by growing approx. 90,000 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.

Company has already achieved zero effluent discharge from their Ethanol Plants by concentrated effluent burning in specially designed Boilers.

The liquid effluent from Distillery is concentrated in the evaporator system to generate concentrated spent wash (slop). The Slop (concentrated spent wash) from the evaporator is used as fuel for the generation of steam and electricity. This is a novel boiler that has been developed for utilization of concentrated spentwash and generation of steam there from.

## SUSTAINABLE ENVIRONMENT AND CLIMATE CHANGE INITIATIVES

Company has taken up several initiatives in promoting climate change and environment-sustainable projects. As a result of such continuous efforts, Company's Gorakhpur plant has got its Large scale CDM project (Title: Biomass based Cogeneration Project activity taken up by Company at Gorakhpur, U.P.) registered at UNFCCC, on 16th December 2010. Now we are processing verification of this project for Monitoring Period from 16th December 2010 to 31st December 2011.

Company has also completed successfully a comparative Life Cycle Assessment (LCA) study based on ISO 14044-2006 standards on Bio-Mono Ethylene Glycol (Bio-MEG) determining several Environmental Impacts (including Carbon Foot-Print) from its Renewable Manufacturing Approaches and could solidly conclude that "Manufacturing MEG through Renewable based raw materials is a better option than adopting Conventional Petro route approaches in India, US and Europe".

Company is also working on Life Cycle Assessment (LCA) study for its other products as Ethylene Oxide its derivatives and specialty chemicals.

Company has started to implement Renewable Energy Certification (REC) mechanism, which is a market based instrument to promote renewable energy and facilitate Renewable Purchase Obligation (RPO).

## MANAGEMENT SYSTEMS

Company is having Integrated Management System (IMS) comprising of Quality Management System (ISO 9001:2008), Environmental Management System (ISO 14001:2004), Occupational Health & Safety Management System (OHSAS 18001:2007), Food Safety Management System (ISO 22000:2005) and Food Safety System Certificate (FSSC 22000: 2010). Integrated Management System has been accredited by M/s DNV, a renowned certification agency.

## LEAN MANAGEMENT

Company is adopting a systematic approach to identifying and eliminating waste (non-value-added activities) through continuous improvement by following the product through flow processes based on a signal from the customers (internal & external).

Company uses the building blocks of—standardized work, workplace organization, visual controls, effective plant layout, and quality at the source, batch reduction, customer demand-based manufacturing, point-of-use storage, quick changeover, cellular manufacturing, Takt time, process improvements, Kaizen, world class manufacturing, synchronous manufacturing, and inventory management.

## RESEARCH & DEVELOPMENT CENTRE (R&D)

Customer driven Innovation has been one of the key drivers for Company's business and has been contributing both to the sustenance and growth of Company's Green Chemical business. The Innovation Strategy is focused to create value for our esteemed customers as well as for Company via new product, process and application development. In a nutshell, the strategy is to create a win-win scenario for Company as well as for its valued customers. Furthermore, Company's best practices are driven by "Sustainability via Green Chemistry".

The developmental activities are carried out at the state-of-the-art R & D Centers located at Kashipur (chemical) and at Dehradun (Ennature Biopharma). These centers are equipped with most modern and advanced

instruments and with a team of highly experienced and dedicated researchers. The resultant scientific milestones have laid the ground work for numerous solution-oriented applications in a wide variety of industry sectors, which in turn ensures our profitable growth and sustainable commercial successes.

The rapidly expanding and aging environment, rising demand for energy, pollution of water and unpredictable climates represent global challenges and Company try to contribute our bit with innovative and effective solutions through GREEN CHEMISTRY. The efforts have led to many customized value added products and processes with emphasis on "Sustainable" approaches via use of renewable RMs and savings of energy & water. These products and processes are designed to meet most of the international standards and are accredited with various international organizations like Control Union (Europe) i.e. GOTS, Oekoetex, REACH etc.

Besides, the research teams are continuously engaged with projects of national interest like "Development of alternative RMs for Ore Beneficiation", "All-in-one products for textile processing" etc., some of them are also in collaboration with academia and research institutes. The Lignocellulosic Project is in collaboration with UICT, Mumbai and with Department of Biotechnology (DBT). The R&D Centres are duly recognized by the Department of Science & Technology (DST), Govt. of India.

At present, the focus of R&D center has been in working with customized projects for various industrial applications such as:

1. Textile Processing (Fibre & Fabric processing)  
Development of Products for continuous processing (Saves Energy, Water & improves productivity), Bio-surfactants based Products for De-sizing & Peroxide bleaching (Environment friendly), Fiber finishes based on Green Surfactants (Biodegradability) and Product Package for single-bath processing (scouring and dyeing, reduced water consumption).
2. Crop-Protection Business  
Development of New Surfactant blends for capsule suspension- Controlled Release Applications, Emulsifier package for multiple toxicants (reduced inventory operation), Surfactant and adjuvant for jelled free crop protection formulation, Green emulsifier based package for powder and granule formulation and New cost effective orchid spray base.
3. Oil & Gas Industry  
Development of New de-emulsifier low temperature (energy savings) and faster processing, Green surfactant based corrosion & scale inhibitors and Ecofriendly Drilling fluid additives.

4. Paper Industry  
Development of Universal cooking aid for easy digestion of all types of pulp and Eco-friendly deinking chemicals for recycled paper.
5. Automobile industry  
Development of Ecofriendly "solvent free" Pour Point Depressant.
6. Detergent / Personal care Industry  
Development of Biodegradable Amphoteric surfactant for personal care products, Biodegradable & environment friendly Polyols and Specialty Esters for personal care products.
7. Mining / Ore Industry  
Development of Molasses free finders for ore beneficiation (briquetting).
8. Construction chemicals  
Development of Ethylene oxide derivatives based formulations as water reducing agent (Ready made concrete).
9. Ennature Biopharma  
Development of new Nature Health Products (NHPs), Shogaol developed from Ginger for control of cancer (Blood Leukemia), In-house technology development for improvement of yield for the SCF-CO2 process and Ongoing projects to develop facilitating better penetration to domestic as well as international market.

The most important product development principle of Company's R&D has been to focus on 3 Es i.e. Efficiency; Economic and Environment friendliness. The R & D not only develops the products as per the need of the customers but also ensures the smooth performance of the products at customers' end via very effective technical service Team. Further, the life cycle analysis and biodegradability of these products are ensured prior to the launch of the products.

## 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.

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 also has 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.

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

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 Herbal Extraction, Industrial Gases and Natural 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 transactions.

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. The provisions of the Corporate Governance code prescribed by the Companies Act and the Listing Agreement, for the time being in force, have been complied.

## Board of Directors

### a) Composition of the Board

As on 31st March, 2012 the Board of Directors comprised of nine Directors out of which seven are Non-Executive Directors, one Managing Director and one Executive Director. Out of the Nine Directors, Company has Five Independent Directors.

### b) Number of Board Meetings

During the year ended 31st March, 2012, Four Board Meetings were held on 20th May, 16th July, 14th November, 2011 and 6th February, 2012.

### 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	4	4	Yes	5
Smt. Jayshree Bhartia	Promoter Director	4	3	No	2
Shri Pradip Kumar Khaitan	Non-Independent Director	4	3	No	14
Shri Autar Krishna	Independent Director	4	2	No	6
Shri Jitender Balakrishnan	Independent Director	4	4	No	14
Shri Ravi Jhunjhunwala	Independent Director	4	4	No	12
Shri Jagmohan N. Kejriwal	Independent Director	4	4	No	Nil
Shri R.C. Misra	Independent Director	4	4	Yes	Nil
Shri M.K. Rao	Executive Director	4	4	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

### d) Disclosures

- (i) The details of related party transactions with the Company as required by Accounting Standard (AS-18) on Related Party Transactions have been given in Note No.40 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	394003
Shri R.C. Misra	500
Shri Autar Krishna	1000

### e) Remuneration of Directors, sitting fees etc. for the year 2011-12

Shri U.S. Bhartia, Chairman and Managing Director was paid salary, Commission and perquisites as approved by the Central Government for ₹ 5,36,34,624/- (Rupees Five Crores Thirty Six Lacs

Thirty Four Thousand Six Hundred Twenty Four only (Including Commission)). Besides this, the Chairman and Managing Director were entitled to Company's contribution to provident fund and gratuity fund.

Shri M.K. Rao, Executive Director was paid salary and perquisites of ₹ 47,39,012/- (Rupees Forty Seven Lacs Thirty Nine Thousand twelve only). 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 31st March, 2012

Name of director	Commission (₹)	Sitting Fee (₹)
Smt Jayshree Bhartia	1,50,000	2,20,000
Shri Autar Krishna	1,50,000	1,00,000
Shri Pradip Kumar Khaitan	1,50,000	70,000
Shri Jagmohan N Kejriwal	1,50,000	2,10,000
Shri R.C. Misra	1,50,000	3,90,000
Shri Ravi Jhunjunwala	1,50,000	80,000
Shri Jitender Balakrishnan	1,50,000	80,000

During the year, payments of ₹ 27,23,564/- (₹ Twenty Seven Lac Twenty Three Thousand Five Hundred Sixty Four 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 ([www.indiaglycols.com](http://www.indiaglycols.com)) All Board members and senior management personnel have affirmed compliance with the code for the year 2011-12, declaration by Chairman and Managing Director 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 31st March, 2012 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 Members	Status	No. of Meetings attended
Shri R.C. Misra	Chairman	4
Shri Jagmohan N Kejriwal	Member	4
Shri Autar Krishna	Member	2

**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.

**b) Investors' Grievance Committee**

**i) Terms of Reference**

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

**ii) Composition**

As on 31st March, 2012 the committee comprises of three non-executive Independent 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 Members	Status	No. of Meetings attended
Shri R.C. Misra	Chairman	4
Shri U.S. Bhartia	Member	3
Shri Jagmohan N Kejriwal	Member	4
Shri Autar Krishna	Member	2

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

During the year under review, Company had received 26 Investors' Complaints. Upto 31st March, 2012, Company had redressed 26 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 31st March, 2012, 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 19 times during the year. The attendance record of the members at the meetings is as follows:

Name of the Members	Status	No. of Meetings attended
Shri U.S. Bhartia	Chairman	19
Smt Jayshree Bhartia	Member	19
Shri Jagmohan N Kejriwal	Member	0
Shri R.C. Misra	Member	19

**d) Investment Committee**

**(i) Terms of Reference**

The Committee of Board of Directors is constituted to consider and approve Corporate Loans and Investment and invest surplus funds from time to time in marketable securities.

**(ii) Composition**

As on 31st March, 2012, the Committee comprises of three Directors, namely, Shri U.S. Bhartia, Chairman and Managing Director and two non-executive Directors namely Shri R.C. Misra and Shri Pradip Kumar Khaitan.

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

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

Name of the Members	Status	No. of Meetings attended
Shri U.S. Bhartia	Chairman	2
Shri Pradip Kumar Khaitan	Member	1
Shri R.C. Misra	Member	2

**e) Appointment and Remuneration Committee**

**i) Terms of Reference**

The Committee has been constituted to consider and review Remuneration of Managing Director, Executive Director and any other official as may be required by the law for the time being in force.

**ii) Composition**

As on 31st March, 2012, the Committee comprises three non-executive independent Directors namely, Shri R.C. Misra, Shri Autar Krishna and Shri Jagmohan N. Kejriwal also one non-executive non-independent Director namely, Shri Pradip Kumar Khaitan.

**iii) Attendance record of the Appointment and Remuneration Committee.**

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

Name of the Members	Status	No. of Meetings attended
Shri R.C. Misra	Chairman	1
Shri Jagmohan N. Kejriwal	Member	1
Shri Pradip Kumar Khaitan	Member	0
Shri Autar Krishna	Member	0

**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 31st March, 2012, 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 been 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

**d) General Body Meetings**

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

Financial Year	Date	Time	Venue
2010-11	27.09.2011	12.30P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand
2009-10	21.08.2010	12.30P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand
2008-09	17.08.2009	12.30P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S.Nagar, Uttarakhand

Special Resolutions under section 81 (1A) were passed at the AGM(s) held on 17.08.2009, 21.08.2010 and 27.09.2011.

**e) Postal Ballot**

During the year ended 31st March, 2012, there has been one ordinary resolution under section 293(1)(d) and one ordinary resolution under section 293(1)(a) and one special resolution passed under section 292 and 372A by the Company's Shareholders through postal ballot.

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.

**Additional shareholders information**

**a) Annual General Meeting**

Date : 15th September, 2012  
 Venue : A-1, Industrial Area, Bazpur Road, Kashipur- 244713, Distt. U.S.Nagar, Uttarakhand  
 Time : 12.30 P.M.

**b) Financial Calendar**
**Financial year: 1st April to 31st March**

For the financial year 2012-13, the tentative dates for approval of unaudited financial results will be by July 16, 2012 for the first quarter, by 15th November, 2012 for half-yearly, 14th February, 2012 for third quarter for Unaudited/Audited Results and by May 15/May 30, 2013 for approval of Unaudited 4th Quarter/Audited Results (2012-13).

**c) Book Closure**

The Register of Members and Share Transfer Books of the Company shall remain closed from 5th September, 2012 to 15th September, 2012 (Both days inclusive)

**d) Dividend Payment Date: 20.09. 2012**
**e) Listing at stock exchanges and stock codes**

The name of the Stock Exchanges at which the equity shares are listed as on 31st March, 2012 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 31.03.2012 has been paid.

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

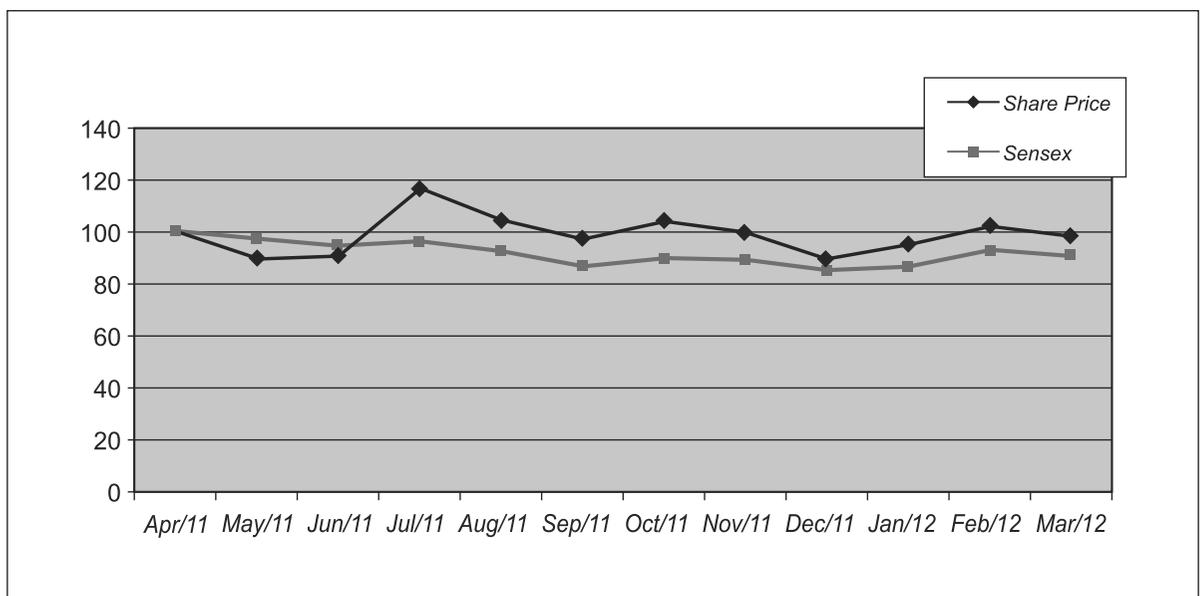
NSDL - INE 560A01015

CDSL - INE 560A01015

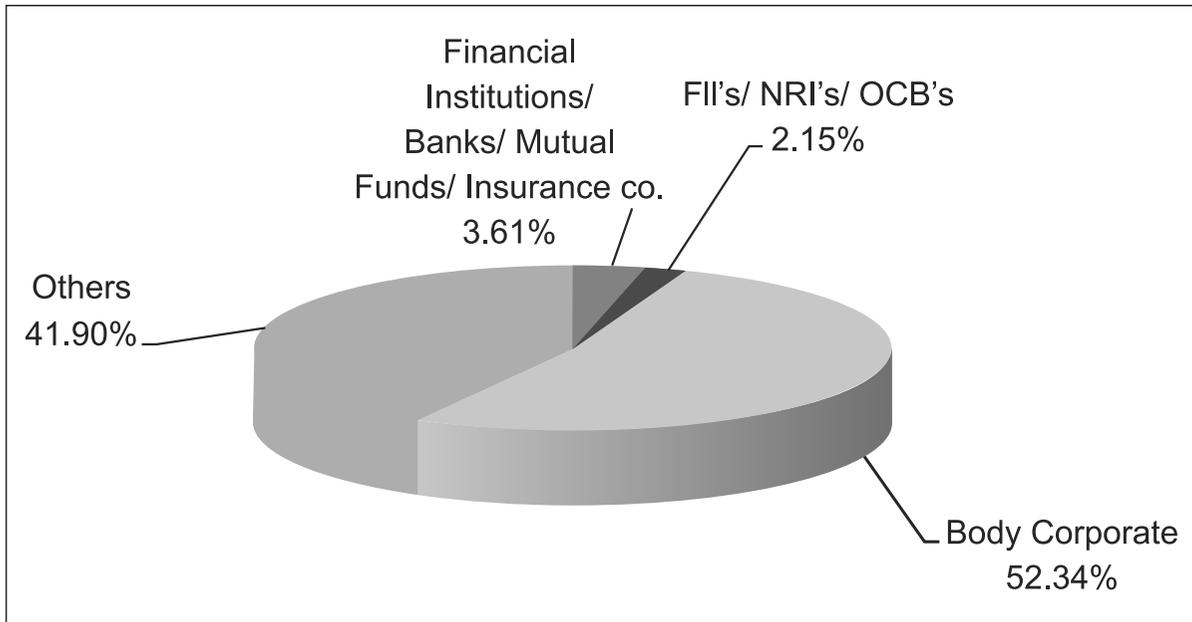
**f) Stock Data**

High/Low of market price of the Company's equity shares traded on the Bombay Stock Exchange Ltd. during the financial year ended 31st March, 2012 was as follows:

Month	High	Low	Sensex
Apr-11	145.00	124.50	19,811.14
May-11	130.95	103.50	19,253.87
Jun-11	132.20	105.55	18,873.39
Jul-11	169.20	127.25	19,131.70
Aug-11	152.00	115.00	18,440.07
Sep-11	142.00	121.00	17,211.80
Oct-11	151.40	117.60	17,908.13
Nov-11	145.50	120.00	17,702.26
Dec-11	130.00	111.25	17,003.71
Jan-12	138.90	113.00	17,258.97
Feb-12	148.85	130.55	18,523.78
Mar-12	142.90	126.55	18,040.69

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


**(h) Distribution of shareholding as on 31st March, 2012**



**i) Shares held in physical and dematerialised form**

As on 31st March, 2012, 87.91% of shares were held in De-materialized form and 12.09% in physical form. 89.40% Non-Promoters holding is in De-materialized 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. Udhm Singh Nagar, Uttarakhand.
- 2) E-1, Sector-15, Gorakhpur Industrial Development Area, Gorakhpur, Uttar Pradesh.
- 3) Plot No. 2, 3 & 4 Pharma City, Selaqui, Dehradun, Uttarakhand

**l) Address for correspondence**

India Glycols Limited  
 Plot No. 2B, Sector-126, Noida-201 304,  
 Gautam Budh Nagar, Uttar Pradesh  
 Telephone : 0120- 3090100,  
 Fax : 0120-3090111  
 Website : www.indiaglycols.com  
 E-Mail : 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, Bengaluru, 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 Plot No. 2B, Sector – 126, Noida-201 304, Gautam Budh Nagar, Uttar Pradesh 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.

# Auditors' Certificate on Corporate Governance

To The Members of **India Glycols Limited**

We have examined the compliance of conditions of Corporate Governance by India Glycols Limited for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state, that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are unattended/pending for a period exceeding one month against the Company as certified by the Registrars & Transfer Agents of the Company and details presented to the Investors Grievance Committee of the Company.

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

**For Lodha & Co.,**  
Chartered Accountants  
Firm Registration No:301051E

Date : 25th July, 2012  
Place : New Delhi

**(N. K. Lodha)**  
Partner  
M. No.: - 85155

# Auditors' Report

To  
The Members of  
INDIA GLYCOLS LIMITED

We have audited the attached Balance Sheet of **INDIA GLYCOLS LIMITED** as at 31st March 2012, the statement of Profit and Loss Account and also the 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 enclose 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) *Attention is invited to:*

*Note no. 34(i) & (iii) of financial statements regarding non-provision against investment in a subsidiary company Shakumbari Sugar and Allied Industries Limited (SSAIL) amounting to ₹ 5,427.50 lacs and against loans of amounting to ₹ 1,546.67 lacs (including interest accrued thereon) where in the opinion of management no provision is presently necessary considering the long term in nature and the intrinsic value of assets of stated subsidiary company as stated in the said note and Company has also provided corporate guarantee for loan sanctioned/drawn by SSAIL (Note no.27 (iv)) where management is confident about recoverability / realisability and our inability to comment thereon.*

*Net profit for the year, investments, loans & advances and reserves & surplus are without considering the above which cannot be ascertained or otherwise for the reason stated in para above.*

*Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said statements of account read together with note no 46 and other 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, 2012;
- (ii) in the case of statement of Profit and Loss, of the profit 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  
Firm Registration No: 301051E

**(N. K. Lodha)**

Partner

M. No.: - 85155

Date : 14th May, 2012

Place: New Delhi

## 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, 2012)

- |  |   |
|--|---|
| <p>i. (a) The Company has maintained records in respect of fixed assets showing full particulars including quantitative details and situation of its fixed assets.</p> <p>(b) As per information &amp; explanation given to us, certain fixed assets have been physically verified by the management. As explained to us there is 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.</p> <p>(c) As per the records and information &amp; explanation given to us, fixed assets disposed off during the year were not substantial.</p> <p>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.</p> <p>(b) In our opinion and according to information &amp; explanation given to us, the procedures of physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>(c) In our opinion and according to information &amp; explanation given to us, the Company is generally maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.</p> <p>iii. (a) The Company has granted unsecured loan to one body corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loan is ₹ 54 lacs and Nil respectively.</p> <p>(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been granted are not, prima facie, prejudicial to the interest of the Company.</p> <p>(c) In respect of aforesaid loan, the recovery of principal as well as interest is regular as stipulated.</p> <p>(d) According to the information and explanations given to us, the year end balance is not overdue for payment.</p> | <p>(e) The company has taken unsecured loan from seven companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans are aggregate of ₹ 12,040 lacs and ₹ 12,000 lacs respectively.</p> <p>(f) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been taken are not, prima facie, prejudicial to the interest of the company.</p> <p>(g) The company is regular in repaying the principal and interest amounts whenever the same are stipulated.</p> <p>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 for which suitable alternative sources do not exist for obtaining comparable quotation or where user department has shown specific preference, where, as explained, rates were determined considering the quality, volume, nature of the items and market conditions prevailing at that time in certain cases, there is an internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and nature of its business for the certain purchases of Inventory &amp; fixed assets, and for the sale of goods and services {read with note no. 37 &amp; 43(a) of financial statements}. Based on the audit procedure performed and information &amp; 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.</p> <p>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 (iv) above, the transaction made in pursuance of such contracts or arrangements (exceeding the value of ₹ 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.</p> <p>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</p> |
|--|---|

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. 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 account 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, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable. According to the information and explanations given to us, generally there are no undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months.
- (b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax and Wealth Tax that have not been deposited with the appropriate authorities on account of any dispute and dues in respect of Custom Duty, Service Tax, Excise Duty, Sales tax and Cess that have not been deposited with appropriate authority on account of dispute and the forum where the dispute is pending are given below:-

Nature of Statute	Nature of dues	Amount (₹ in lacs)	Period	Forum
Custom Act	Custom duty	11.42	1992-93	High Court – Uttaranchal
	Custom duty	193.05	2004-05, 2009-10	Asstt. Commissioner of custom
	Duty Drawback	15.86	2006-07	Joint Secretary, Department Of Revenue
Finance Act 1994	Service Tax	7.93	2005-2009	CESTAT
	Service Tax	111.18	2004-05, 2005-06	Commissioner
	Service Tax	36.31	2004-08	Commissioner (Appeals)
Central Excise Act	CENVAT Cedit	0.94	1996-97	CESTAT
	Excise duty	69.99	2007-08	CESTAT
	Excise duty	61.26	2005-06 to 2011-12	Asstt. Commissioner Haldwani
	Excise duty	4,183.63	2010-2011	Asstt. Commissioner Haldwani
	Excise duty	59.40	2005-06 to 2010-11	CESTAT
	Excise duty	6.45	2009-10 to 2010-11	CESTAT
	Excise duty	9.06	2010-11 to 2011-12	Joint Commissioner Allahabad
	Excise duty	3.19	2010-11 to 2011-12	Asstt. Commissioner Gorakhpur
UP VAT Act	Sales Tax	12.29	2008-09 to 2009-10	Additional Commissioner
	Sales Tax	10.50	2009-10	Allahabad High Court

This is to be read with note no.27 (A) (i) of the financial statements

- x. The Company does not have accumulated losses at the end of financial year and has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- xi. In our opinion, based on 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 explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

- xv. According to the information and explanations given to us, the Company has given corporate guarantees to banks for Loans taken by Shakumbari Sugar & Allied Industries Limited ('SSAIL' a Subsidiary Company whose net worth have been fully eroded) amounting to ₹ 19,663.93 lacs as stated in note no. 27 (A) (iv) of the financial statements, the terms and conditions on which the Company has given guarantees for loans taken by SSAIL from banks are not, prima facie, as explained, prejudicial to the interest of the Company since the same is/are on account of commercial expediency. 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 explanations 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 outstanding debentures during the year and also at year end.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the 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  
Firm Registration No:301051E

**(N. K. Lodha)**

Partner

M. No.: - 85155

Date : 14th May, 2012

Place : New Delhi

# Balance Sheet as at 31st March, 2012

(₹ in Lacs)

	Note No.	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,788.25	2,788.25
Reserves and Surplus	3	48,165.54	38,678.34
		<b>50,953.79</b>	<b>41,466.59</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	63,768.82	51,130.96
Deferred tax liabilities (Net)	5	11,293.22	6,064.24
Other Long-term liabilities	6	459.93	210.63
Long-term provisions	7	248.02	211.36
		<b>75,769.99</b>	<b>57,617.19</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	113,434.09	80,516.11
Trade payables		20,155.18	12,590.23
Other current liabilities	9	31,406.43	28,098.31
Short-term provisions	7	2,723.53	829.99
		<b>167,719.23</b>	<b>122,034.64</b>
<b>TOTAL</b>		<b>294,443.01</b>	<b>221,118.42</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	10	105,732.90	103,426.83
Intangible assets	10	481.38	534.39
Capital work-in-progress		9,729.64	10,900.22
Non-current investments	11	5,644.52	5,644.02
Long-term loans and advances	12	16,997.83	7,845.59
Other non-current assets	13	1,463.86	41.32
		<b>140,050.13</b>	<b>128,392.37</b>
<b>Current Assets</b>			
Current Investments	11	1,589.71	76.14
Inventories	14	61,914.58	42,395.68
Trade receivables	15	26,903.08	16,004.73
Cash and cash equivalents	16	29,566.35	17,640.08
Short-term loans and advances	17	32,523.79	16,609.42
Other current assets	18	1,895.37	-
		<b>154,392.88</b>	<b>92,726.05</b>
<b>TOTAL</b>		<b>294,443.01</b>	<b>221,118.42</b>

Summary of significant accounting policies 1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Lodha & Co.**

Chartered Accountants

Firm Registration no. 301051E

**N.K. Lodha**

Partner

M.No. 85155

**U. S. Bhartia**

Chairman and Managing Director

**M. K. Rao**

Executive Director

**Rakesh Bhartia**

Chief Executive Officer

Date : 14th May, 2012

Place : Noida, UP

**Anand Singhal**

Chief Financial Officer

**Lalit Kumar Sharma**

Company Secretary

## Statement of Profit & Loss for the year ended 31st March, 2012

(₹ in Lacs)

	Note No.	2011-12	2010-11
Revenue from operations	19	257,523.83	163,266.05
Other income	20	915.40	545.59
<b>Total Revenue</b>		<b>258,439.23</b>	<b>163,811.64</b>
<b>Expenses:</b>			
Cost of materials consumed	21	110,730.82	92,642.86
Purchase of Stock-in-Trade	22	43,774.86	8,292.69
Change in inventories of finished goods, work-in-progress and Stock-in-trade	23	3,380.70	(2,274.10)
Employee benefit expense	24	6,882.91	6,506.41
Finance costs	25	11,319.50	9,152.02
Depreciation and amortization expense	10	7,752.63	6,861.76
Other expenses	26	59,813.41	38,954.11
<b>Total Expenses</b>		<b>243,654.83</b>	<b>160,135.75</b>
<b>Profit before exceptional items and tax</b>		<b>14,784.40</b>	<b>3,675.89</b>
Exceptional Items (Net)		(903.96)	-
<b>Profit before tax</b>		<b>15,688.36</b>	<b>3,675.89</b>
Tax Expense:			
- Current Tax		3,135.40	752.06
- Deferred tax Charged / (Credit)		5,228.98	1,371.60
- Tax for earlier years		-	(258.07)
- Minimum Alternate Tax Credit entitlement		(3,135.40)	(752.06)
<b>Profit for the period</b>		<b>10,459.38</b>	<b>2,562.36</b>
<b>Earning per Equity share basic/ diluted</b>		<b>37.51</b>	<b>9.19</b>

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Firm Registration no. 301051E

**N.K. Lodha**
*Partner*

M.No. 85155

**U. S. Bhartia**
*Chairman and Managing Director*
**M. K. Rao**
*Executive Director*
**Rakesh Bhartia**
*Chief Executive Officer*

Date : 14th May, 2012

Place : Noida, UP

**Anand Singhal**
*Chief Financial Officer*
**Lalit Kumar Sharma**
*Company Secretary*

# Cash Flow Statement for the year ended 31st March, 2012

(₹ in Lacs)

	2011-2012		2010-2011	
<b>A Cash Flow from Operating Activities</b>				
Net Profit Before Tax		15,688.36		3,675.89
Adjustments For:				
Depreciation	7,752.63		6,861.76	
(Profit) / Loss on Sale of Assets	38.05		37.75	
Unrealised Foreign Exchange Fluctuation (Gain) / Loss	4,230.81		(1,046.70)	
Unrealised commodity derivative (Gain) / Loss	7.70		394.56	
Amortisation of Foreign Currency Monetary Item Translation Difference	621.78		34.20	
Reversal of Provision for Diminution in Value of Current Investment	(2.90)		(1.05)	
Bad Debts W/Off & Provision for Doubtful Debts & Advances	14.86		376.41	
Provision No Longer Required Written Back	(3,733.01)		(69.05)	
Interest / Finance Expense	12,964.78		9,729.65	
Interest / Dividend Income	(2,536.87)	19,357.83	(1,111.65)	15,205.88
<b>Operating Profit before Working Capital Changes</b>		<b>35,046.19</b>		<b>18,881.77</b>
Adjustments For:				
(Increase) / Decrease in Trade & Other Receivables	(19,003.91)		(12,056.80)	
(Increase) / Decrease in Inventories	(19,518.90)		(12,824.89)	
Increase / (Decrease) in Trade & Other Payables	9,972.34	(28,550.47)	5,635.28	(19,246.41)
<b>Cash Generated from Operations</b>		<b>6,495.72</b>		<b>(364.64)</b>
Income Tax Paid (Net)		(1,765.81)		(132.36)
<b>Net Cash from Operating Activities</b>		<b>4,729.91</b>		<b>(497.00)</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(11,182.78)		(8,987.43)	
Sale of Fixed Assets	73.35		88.72	
Interest / Dividend received	1,381.63		419.99	
ICDs given	(42,423.00)		(15,663.50)	
ICDs received back	31,443.97		14,837.05	
Investments in shares of subsidiaries/ joint venture	(0.50)		(1,600.00)	
Purchase of current investment	(1,510.67)		-	
<b>Net Cash used in Investing Activities</b>		<b>(22,218.00)</b>		<b>(10,905.17)</b>
<b>C Cash Flow from Financing Activities</b>				
Proceeds from Govt subsidy	5.00		200.00	
Proceeds from Borrowings	138,916.77		44,443.19	
Repayment of Borrowings	(95,434.43)		(8,381.22)	
Interest/other Borrowing Cost	(13,582.41)		(11,139.35)	
Dividends Paid (Including Corporate Dividend Tax)	(490.57)		(491.69)	
<b>Net Cash Inflow from Financing Activities</b>		<b>29,414.36</b>		<b>24,630.93</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents [A+B+C]</b>		<b>11,926.27</b>		<b>13,228.76</b>
Cash & Cash Equivalent being Cash & Bank Balances (Opening Balance)		17,640.08		4,411.32
Cash & Cash Equivalent being Cash & Bank Balances (Closing Balance)		<b>29,566.35</b>		<b>17,640.08</b>

**Note :**

- (1) Previous Year's Figures Have Been Regrouped Wherever Considered Necessary (Refer note no 50)
- (2) Cash And Cash Equivalent Being Cash And Bank Balances As Per Note no 16

As per our report of even date

**For Lodha & Co.**

Chartered Accountants  
Firm Registration no. 301051E

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

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

**M. K. Rao**  
Executive Director

**Rakesh Bhartia**  
Chief Executive Officer

Date : 14th May, 2012  
Place : Noida, UP

**Anand Singhal**  
Chief Financial Officer

**Lalit Kumar Sharma**  
Company Secretary

# Notes to the Accounts

## 1. 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, 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 whereas gains are recognised only on settlement. The premium on derivative contract is expensed out over the terms of contract.

### F. 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.

Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

- (c) Other short term absences are provided based on past experience of leave availed.

### G. GOVERNMENT GRANTS

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

## Notes to the Accounts

### H. 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. Ancillary cost incurred in connection with the borrowings are amortised over the term of loan.

### I. 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.

### J. 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.

### K. 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.

### L. 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.

## 2. SHARE CAPITAL

(₹ in Lacs) except as otherwise stated

Particulars	As at 31.03.2012	As at 31.03.2011
<b>Authorised:</b>		
30,000,000 (Previous Year 30,000,000) Equity Shares of ₹ 10/- each	<b>3,000.00</b>	3,000.00
	<b>3,000.00</b>	3,000.00
<b>Issued, Subscribed and paid up:</b>		
27,882,500 (Previous Year 27,882,500) Equity Shares of ₹ 10/- each fully paid up	<b>2,788.25</b>	2,788.25
	<b>2,788.25</b>	2,788.25

#### a) Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to the Accounts

### b) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	31.03.2012 No's	31.03.2011 No's
KASHIPUR HOLDINGS LIMITED	7,523,800	7,480,000
SAJANI DEVI BHARTIA	2,100,249	2,100,249

### c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31.03.2012 No's	31.03.2011 No's
Shares outstanding as at the beginning of the year	27,882,500	27,882,500
Additions during the year	-	-
Deletion during the year	-	-
Shares outstanding as at the end of the year	27,882,500	27,882,500

### 3. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 01-04-2011	Additions	Deductions	As at 31.03.2012
Capital Reserve	463.25	-	-	463.25
General Reserve	8,928.60	1,046.00	-	9,974.60
Reserve for Contingencies	200.00	-	-	200.00
Surplus in Statement of Profit & Loss {Refer footnote (a)}	29,086.49	10,459.38	2,018.18	37,527.69
	38,678.34	11,505.38	2,018.18	48,165.54
Previous year	36,600.45	2,662.36	584.47	38,678.34

	31.03.2012	31.03.2011
<b>(a) Detail of Surplus in the Statement of Profit &amp; Loss</b>		
Opening balance	29,086.49	27,108.60
Add : Net Profit after tax transferred from Statement of Profit and Loss	10,459.38	2,562.36
Add : Excess Corporate Dividend Tax provision written back	-	1.62
	39,545.87	29,672.58
Less : Appropriations		
Proposed Dividend*	836.48	418.24
Corporate Dividend Tax*	135.70	67.85
Transfer to general reserve	1,046.00	100.00
<b>Net Surplus in the Statement of Profit &amp; Loss</b>	<b>37,527.69</b>	29,086.49

\* The Board of Directors, proposed a dividend of ₹ 3/- (Previous year ₹ 1.5/-) per equity share. The proposal is subject to approval in the ensuing Annual General Meeting. The total dividend appropriation for the year ended March 31, 2012 amounted to ₹ 972.18 Lacs (Previous Year ₹ 486.09 Lacs) including corporate dividend tax of ₹ 135.70 Lacs (Previous Year ₹ 67.85 Lacs)

# Notes to the Accounts

## 4. LONG TERM BORROWINGS

(₹ in Lacs)

	Non-Current Portion		Current Maturities	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>SECURED LOANS</b>				
Rupee Term Loans				
from Banks (Foot Note 2)	<b>31,456.21</b>	45,328.81	<b>14,992.50</b>	13,024.37
Other than Banks (Foot Note 2)	<b>401.77</b>	221.26	<b>58.32</b>	43.51
Foreign Currency Term Loans from Banks	<b>19,910.84</b>	2,533.66	<b>6,556.03</b>	4,064.18
Buyers Import Credit- Bank	-	424.23	<b>483.97</b>	-
	<b>51,768.82</b>	48,507.96	<b>22,090.82</b>	17,132.06
<b>UNSECURED LOANS</b>				
Fixed Deposits	-	9.00	<b>9.00</b>	170.68
Loan from related parties (Body Corporates)	<b>12,000.00</b>	2,614.00	-	-
	<b>12,000.00</b>	2,623.00	<b>9.00</b>	170.68
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 9)			<b>22,099.82</b>	17,302.74
	<b>63,768.82</b>	51,130.96	-	-

### 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 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 / Buyers Credit.
- Rupee Term Loans includes loans from Banks of ₹ 33.20 Lacs (Previous Year ₹ 59.44 Lacs) and loans from others ₹ 110.09 Lacs (Previous Year ₹ 114.77 Lacs) secured by hypothecation of Motor Vehicles purchased there under which is repayable on different dates. Further, Rupee Term Loans from others includes ₹ 350.00 Lacs (Previous Year ₹ 150.00 Lacs) secured against bank guarantee.
- Term Loan from bank outstanding as at 31.03.2012 Nil (Previous Year ₹ 250.00 Lacs).
- Term Loan from bank of ₹ 300.00 Lacs (Previous Year ₹ 600.00 Lacs), is repayable in June, 2012.
- Term Loan from bank of ₹ 554.25 Lacs (USD 10.89 Lacs) (Previous Year ₹ 1,000.00 Lacs), is repayable in July, 2012.
- Term Loan from bank of ₹ 1,625.00 Lacs (Previous Year ₹ 2,843.75 Lacs), is repayable in 4 equal quarterly installments.
- Term Loan from bank of ₹ 1,360.00 Lacs (Previous Year ₹ 2,440.00 Lacs), is repayable in 4 equal quarterly installments of ₹ 270.00 Lacs and last quarter installment of ₹ 280.00 Lacs.
- Term Loan from bank of ₹ 937.50 Lacs (Previous Year ₹ 1,687.50 Lacs), is repayable in 5 equal quarterly installments.
- Term Loan from bank of ₹ 5,000.00 Lacs (Previous Year Nil), is repayable in 12 quarterly installments (2 installments for ₹ 208.50 Lacs each, 8 installments of ₹ 417.00 Lacs each and remaining 2 installments of ₹ 623.50 Lacs each).
- Term Loan from bank of ₹ 2,400.00 Lacs (Previous Year ₹ 3,337.50 Lacs), is repayable in 8 equal quarterly installments.
- Term Loan from bank of ₹ 2,939.28 Lacs (USD 57.77 Lacs), (Previous Year ₹ 3,625.00 Lacs), is repayable in 12 quarterly installments (11 installments for ₹ 255.59 Lacs each and remaining 1 installments for ₹ 127.79 Lacs).
- Term Loan from bank of ₹ 3,200.00 Lacs (Previous Year ₹ 4400.00 Lacs), is repayable in 8 quarterly installments (4 installment for ₹ 350.00 Lacs each and remaining 4 installments for ₹ 450.00 Lacs each).
- Term Loan from bank of ₹ 1605.29. lacs (USD 31.55 Lacs) (Previous Year ₹ 3,750.00 Lacs), is repayable in 2 equal quarterly installments of ₹ 802.65 Lacs each).
- Term Loan from bank of ₹ 3,550.00 Lacs (Previous Year ₹ 6,362.50 Lacs), is repayable in 4 equal quarterly installments.
- Term Loan from bank of ₹ 5,010.64 Lacs (Previous Year ₹ 5,000.00 Lacs) is repayable in 12 equal quarterly installments.
- Term Loan from bank of ₹ 2,003.30 Lacs (Previous Year ₹ 4,000 Lacs), is repayable in 4 equal quarterly installments of ₹ 500.00 Lacs each.
- Term Loan from bank of ₹ 2,500 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments after moratorium period of 1 year from disbursement.
- Term Loan from bank of ₹ 5,678.06 Lacs (USD 111.60 Lacs) (Previous Year ₹ 4,122.48 Lacs, USD 92.43 Lacs), is repayable in 16 equal quarterly installments of ₹ 354.88 Lacs each).

## Notes to the Accounts

- 19 Term Loan from bank of ₹ 11,139.67 Lacs (USD 218.94 Lacs) (Previous Year ₹ 10,000 Lacs), is repayable in 45 monthly installments (3 equal installments of ₹ 34.35 Lacs, 12 equal installments of ₹ 40.07 Lacs, 24 equal installments of ₹ 286.22 Lacs, 5 equal installments of ₹ 629.68 Lacs and remaining ₹ 538.10 Lacs is payable on 31-12-2015).
- 20 Term Loan from bank of ₹ 4,500.00 Lacs (Previous Year ₹ 3,375.00 Lacs), is repayable in 16 equal quarterly installments of ₹ 281.25 Lacs each.
- 21 Term Loan from bank of ₹ 3,273.81 Lacs (Previous Year ₹ 1,500.00 lacs), is repayable in 91 equal monthly installments of ₹ 35.75 Lacs each and remaining 1 installments of ₹ 20.56 Lacs.
- 22 Term Loan from bank of ₹ 5,000 Lacs (Previous Year Nil), is repayable in 8 quarterly installments of ₹ 625.00 Lacs each with moratorium period of 12 months.
- 23 Term Loan from bank of ₹ 2,500.00 Lacs (Previous Year Nil), is repayable in 8 quarterly installments of ₹ 312.50 Lacs each . First installments will fall due in quarter ending 18 month from the date of first disbursement.
- 24 Term Loan from bank of ₹ 2,436.50 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments commencing after a moratorium of 2 years from the date of first disbursement.
- 25 Term Loan from bank of ₹ 2,625 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments commencing after a moratorium of 2 years from the date of first disbursement.
- 26 Term Loan from DBT Bihorama ₹ 350.00 Lacs (Previous Year ₹ 150.00 Lacs) is repayable in 10 equal half yearly installment after June 2012.
- 27 Term Loan from bank of ₹ 515.16 Lacs (USD 10.125 Lacs) (Previous Year ₹ 1,053.67 Lacs, UDS 23.63 Lacs), is repayable in 3 equal quarterly installments.
- 28 Term Loan from bank of ₹ 2,228.92 Lacs (USD 43.81 Lacs) (Previous Year ₹ 3,331.20 Lacs, USD 74.69 Lacs), is repayable in 7 quarterly equal installments of ₹ 318.42 Lacs.
- 29 Buyers Credit of ₹ 483.97 Lacs is secured against non fund based facility sanctioned to the Company and due for payment in March 2013.
- 30 Loan from related parties of ₹ 12,000.00 Lacs is payable on demand after a period of 3 years from the respective date of loans (₹ 2,604.00 Lacs is repayable in 2013-14 and ₹ 9,396.00 Lacs is repayable in 2014-15).
- 31 Term loans from bank of Nil (Previous Year ₹ 2,212.98 Lacs, USD 48.19 Lacs).

### 5. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Pursuant to the Accounting Standard on " Accounting for taxes on Income "(AS-22) deferred tax liability/assets are as:		
<b>Deferred Tax Assets :-</b>		
Amount covered U/S 43B	241.82	224.15
Provision for doubtful debts	28.70	50.93
Unabsorbed Depreciation	621.94	2,696.78
Business Loss	-	1,672.68
Others	1,358.04	1,527.97
<b>Gross Deferred tax Assets</b>	<b>2,250.50</b>	<b>6,172.51</b>
<b>Deferred Tax Liabilities :-</b>		
Accelerated depreciation	12,636.66	12,236.75
Others	907.06	-
<b>Gross Deferred tax Liability</b>	<b>13,543.72</b>	<b>12,236.75</b>
<b>Net Deferred Tax Liability</b>	<b>11,293.22</b>	<b>6,064.24</b>

### 6. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Security deposits-Real Estate	459.93	210.63
	459.93	210.63

## Notes to the Accounts

### 7. PROVISIONS

(₹ in Lacs)

	Long - Term		Short - Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Provision for employee benefits:</b>				
Provision for Gratuity	-	-	237.21	203.82
Provision for Leave Encashment	248.02	211.36	117.65	113.10
	248.02	211.36	354.86	316.92
<b>Others:</b>				
Proposed equity dividend	-	-	836.48	418.24
Provision for tax on proposed equity dividend	-	-	135.70	67.85
Provision for Income Tax {Net of advance tax ₹ 2,987.21 Lacs (Previous Year ₹ 1,221.39 Lacs)}	-	-	1,392.68	23.10
Provision for Fringe Benefit Tax {Net of advance tax ₹ 38.65 Lacs}(Previous Year ₹ 165.27 Lacs)}	-	-	0.26	0.26
Provision for Wealth Tax	-	-	3.55	3.62
	-	-	2,368.67	513.07
	248.02	211.36	2,723.53	829.99

### 8. SHORT TERM BORROWINGS

(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
<b>SECURED LOANS</b>		
Loans repayable on demand from Banks:		
Buyers Import Credit	53,784.48	36,548.03
Working Capital Loans	59,647.73	43,968.08
(Including working capital demand loan Nil previous year ₹ 0.99 lacs)		
	113,432.21	80,516.11
<b>UNSECURED LOANS</b>		
Short Term Loans from Banks	1.88	-
	1.88	-
	113,434.09	80,516.11

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. Buyers Credit facility is secured against non-fund based facility sanctioned to the Company. Further Packing credit facility of ₹ 15,115.27 Lacs (included in working capital loans) are also secured by pledge of deposit.

## Notes to the Accounts

### 9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Current maturities of long term borrowings (Note No 4)	22,099.82	17,302.74
Interest accrued but not due on borrowings	386.49	258.59
Duties, taxes and other statutory dues	1,380.13	697.73
Capital Payables	1,869.04	3,930.24
Advance from Customers	1,419.61	1,467.77
Retention money	385.25	410.52
Expenses payable (Including MTM on derivative contracts)	3,022.93	3,316.04
Other Payables	729.69	557.84
Investor education & protection fund shall be credited by the following amounts when due:		
(i) Unclaimed Dividends	97.12	101.60
(ii) Unclaimed matured deposits	12.71	46.90
(iii) Unclaimed interest on above (ii)	3.64	8.34
	<b>31,406.43</b>	<b>28,098.31</b>

### 10. FIXED ASSETS

(₹ in Lacs)

Description	Gross Carrying Amount				Depreciation/ Amortization				Net Carrying Amount	
	As at 01.04.2011	Additions*	Sales/ Other Adjust- ments	As at 31.03.2012	As at 01.04.2011	For the year	Sales/ Other Adjust- ments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible assets</b>										
(i) Freehold Land	1,844.00	18.03	-	1,862.03	-	-	-	-	1,862.03	1,844.00
(ii) Leasehold Land	1,410.97	-	-	1,410.97	118.54	16.64	-	135.18	1,275.79	1,292.43
Buildings	15,725.58	755.62	-	16,481.20	1,232.12	307.34	-	1,539.46	14,941.74	14,493.46
Plant and Machinery	127,934.82	8,842.82	-	136,777.64	45,307.87	6,940.33	-	52,248.20	84,529.44	82,626.95
Office Equipment	1,819.38	50.88	35.29	1,834.97	788.36	148.27	20.54	916.09	918.88	1,031.02
Furniture and Fixtures	1,747.40	254.15	23.51	1,978.04	393.50	120.64	11.79	502.35	1,475.69	1,353.90
Vehicles#	1,099.32	126.07	174.98	1,050.41	314.25	96.88	90.05	321.08	729.33	785.07
<b>Total (A)</b>	<b>151,581.47</b>	<b>10,047.57</b>	<b>233.78</b>	<b>161,395.26</b>	<b>48,154.64</b>	<b>7,630.10</b>	<b>122.38</b>	<b>55,662.36</b>	<b>105,732.90</b>	<b>103,426.83</b>
<b>Intangible assets</b>										
Computer software	968.57	69.52	-	1,038.09	434.18	122.53	-	556.71	481.38	534.39
<b>Total (B)</b>	<b>968.57</b>	<b>69.52</b>	<b>-</b>	<b>1,038.09</b>	<b>434.18</b>	<b>122.53</b>	<b>-</b>	<b>556.71</b>	<b>481.38</b>	<b>534.39</b>
<b>Grand Total (A) + (B)</b>	<b>152,550.04</b>	<b>10,117.09</b>	<b>233.78</b>	<b>162,433.35</b>	<b>48,588.82</b>	<b>7,752.63</b>	<b>122.38</b>	<b>56,219.07</b>	<b>106,214.28</b>	<b>103,961.22</b>
Previous Year	122,042.55	30,736.87	229.38	152,550.04	41,829.97	6,861.76	102.91	48,588.82		

\* (i) Includes foreign exchange fluctuation difference arising under AS-11 (The effect of changes in foreign exchange rates) vide notification no. G.S.R 225 (E) dated 31st March, 2009 issued by Ministry of corporate affairs of Government of India

(ii) Includes capitalisation of:

(a) Finance cost Building Nil (Previous Year ₹ 786.14 Lacs), Plant & Machinery ₹ 1,380.43 Lacs (Previous Year ₹ 2,140.85 Lacs).

(b) Exchange difference — Plant and machinery ₹ 911.48 Lacs (Previous Year ₹ 241.36 Lacs).

# Gross block includes Rs. 311.30 Lacs (Previous Year ₹ 267.12 Lacs) secured by hypothecation against loan.

# Notes to the Accounts

## 11. INVESTMENTS

(₹ in Lacs), except as otherwise stated

Particulars	Nominal Value	As at 31.03.2012		As at 31.03.2011	
<b>Non-Current Investments</b>					
<b>Long Term, Non-Trade Investment-At Cost less provision</b>					
<b>Investment in Equity Instruments</b>					
<b>Unquoted, Fully paid up-Subsidiary Companies</b>					
1,000,000 (Previous Year 1,000,000) Equity Shares of IGL Finance Ltd.	₹ 10	500.00		500.00	
Less: Provision for diminution		425.00	75.00	425.00	75.00
100,000 (Previous Year 100,000) Equity Shares of IGL CHEM International. PTE Ltd., Singapore	SGD 1		27.41		27.41
50,112,100* (Previous Year 50,112,100) Equity Shares of Shakumbari Sugar & Allied Industries Ltd.	₹ 10		4,427.50		4,427.50
<b>Unquoted, Fully paid up - Joint Venture</b>					
5,000 (Previous Year Nil) Equity Shares of Kashipur Infrastructure and Freight Terminal Private Limited			0.50		-
			4,530.41		4,529.91
<b>Quoted, fully paid up - Others</b>					
211,360 (Previous Year 211,360) Equity Shares of IDBI Bank Ltd	₹ 10		105.00		105.00
34,000 (Previous Year 34,000) Equity Shares of Axis Bank Ltd.	₹ 10		7.14		7.14
2,500 (Previous Year 2,500) Equity Shares of ICICI Bank Ltd.	₹ 10		1.97		1.97
			114.11		114.11
			4,644.52		4,644.02
<b>Investment in Preference Share (Unquoted, fully paid up) - Subsidiary company</b>					
10,000,000 (Previous Year 10,000,000) 10% Cumulative Redeemable Preference Shares of Shakumbari Sugar & Allied Industries Ltd.	₹ 10		1,000.00		1,000.00
			1,000.00		1,000.00
<b>Total Non - Current investments</b>					
Aggregated book value of Unquoted investment			5,530.41		5,529.91
Aggregated book value of quoted investment			114.11		114.11
Market value of quoted investments			633.26		807.11
Aggregate provision made for Diminution in value of Investments			425.00		425.00
<b>Current Investments - at the lower of cost and fair value</b>					
Others- Unquoted, fully paid up (Non-Trade Investment)					
<b>Investments in Mutual funds</b>					
668,518 (Previous Year 668,518) UTI Bonds Fund-Dividend Plan	₹ 10		79.04		76.14
100,000 (Previous Year Nil) SBI Gold Fund- growth	₹ 10		10.00		-
29,863 (Previous Year Nil) SBI Magnum Insta Cash-Daily Dividend	₹ 1,000		500.22		-
99,721 (Previous Year Nil) SBI PLF-SI-Daily Dividend	₹ 1,000		1,000.45		-
<b>Total Current Investments</b>					
Aggregated book value of Unquoted investment			1,589.71		76.14
Aggregate provision made for Diminution in value of Investments			3.17		6.07

\* Refer Note no 34 to financial statements (Regarding SSAIL ICD and investment)

**Note:** The Company has earmarked 668518 UTI Bonds Funds amounting to ₹ 79.04 Lacs (Previous Year 668518 UTI Bonds Funds amounting to ₹ 76.14 Lacs) in compliance with the provisions of Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

## Notes to the Accounts

### 12. LONG TERM LOANS & ADVANCES (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Capital Advances	4,390.11	2,671.70
Security Deposits@	1,893.05	1,427.75
Balance with Excise and Authorities	2,869.03	2,355.73
Inter Corporate Deposits #	7,589.48	1,101.45
Other Loans & advances *	256.16	288.96
(Includes ₹ 2.11 Lacs (Previous Year ₹ 2.78 Lacs) due from a director)		
	<b>16,997.83</b>	<b>7,845.59</b>

\*Prepaid expenses and loans to employees

# Includes loans to related parties ₹ 964.48 lacs (Previous year ₹ 226.45 lacs)

@ Includes ₹ 480.00 lacs (Previous Year ₹ 480.00 Lacs) security deposit to Private companies in which director/directors of company is director and are also related parties.

### 13. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Bank balance on deposit account* (Refer Note No. 16)	36.40	41.32
Others		
Foreign Currency Monetary Item Translation Difference	1,346.72	-
Upfront fee, processing charges, etc amortised over tenure of loans	80.74	-
	<b>1,463.86</b>	<b>41.32</b>

\*Pledged with bank/Government Authorities as margin money/security against the borrowings and guarantees maturing after 12 months

### 14. INVENTORIES (At lower of cost and net realisable value) (As taken, valued and certified by the management)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Raw Materials*	38,213.74	17,890.28
Work-in-Process	2,151.89	9,366.70
Finished Goods **	8,098.32	3,705.62
Stores and Spares	13,379.87	11,361.37
Residue Product	7.04	7.75
Scrap	5.15	4.22
Loose Tools	58.57	59.74
	<b>61,914.58</b>	<b>42,395.68</b>

\*Includes in transit ₹ 10,830.56 Lacs (Previous Year ₹ 7,190.99 Lacs)

\*\*Includes in transit ₹ 463.87 Lacs (Previous Year ₹ 324.21 Lacs)

## Notes to the Accounts

### 15. TRADE RECEIVABLES (Unsecured considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
(a) Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	542.80	729.97
- doubtful	41.86	106.71
(b) Other (Considered Good)	26,360.28	15,274.76
	<b>26,944.94</b>	16,111.44
Less: Provision for Doubtful debts	41.86	106.71
	<b>26,903.08</b>	16,004.73

### 16. CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
<b>(a) Cash and Cash equivalents</b>		
(i) Cash in Hand	22.96	30.87
(ii) Balance with Banks		
- On Current Accounts	4,649.94	2,456.77
- In Fixed Deposit Accounts maturing within 12 months*	24,496.33	15,050.84
- On Dividend Accounts	97.12	101.60
(iii) Cheques in hand	300.00	-
<b>(b) Other bank balances</b>		
- In Fixed Deposit Accounts maturing after 12 months*	36.40	41.32
	<b>29,602.75</b>	17,681.40
Less: Amount disclosed under Other Non Current Assets (Note No 13)	36.40	41.32
	<b>29,566.35</b>	17,640.08

\* Pledged with bank/Government Authorities as margin money/security against guarantees, packing credit facility and other borrowings.

## Notes to the Accounts

### 17. SHORT TERM LOANS & ADVANCES (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012		As at 31.03.2011	
Inter Corporate Deposits		4,491.00		-
Interest receivable (Includes receivable from related party ₹ 582.18 Lacs (Previous Year ₹ 236.94 Lacs))		1,939.12		783.89
Export Incentive receivable		6,140.49		2,491.13
Balance with Excise and Authorities		3,644.22		2,127.83
Deposits with Government Departments & Others		286.34		299.51
MAT Credit Entitlements		4,789.68		1,654.28
Prepaid expenses		584.41		379.20
Other Advances:				
Advances recoverable in cash or in kind or for value to be received*	10,648.53		8,873.58	
Doubtful advances / loans	46.61		46.61	
	10,695.14		8,920.19	
Less : Provision for doubtful advances / loans	(46.61)	10,648.53	(46.61)	8,873.58
		32,523.79		16,609.42

\*Includes business advance of ₹ 2,854.65 Lacs (Previous Year ₹ 2,333.70 Lacs) to related parties and Nil (Previous Year ₹ 4.91 Lacs) to firm in which director is partner

### 18. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Foreign Currency Monetary Item Translation Difference	1,448.97	-
Upfront fee, processing charges, etc amortised over tenure of loans	446.40	-
	1,895.37	-

The Company has during the year amortised the ancillary cost incurred in connection with the borrowing over the term of the loan.

## Notes to the Accounts

### 19. REVENUE FROM OPERATIONS

(₹ in Lacs)		
	2011-2012	2010-2011
<b>Sales of Products</b>		
Glycols	59,211.34	42,141.55
E.O. Derivatives	88,959.07	85,925.09
Guar Gum Powder and derivatives	39,564.32	6,487.80
Ethyl Alcohol (Potable)	50,168.49	34,147.40
Industrial Gases	3,144.19	2,940.92
Sale of traded goods		
Chemical Products	37,646.25	3,300.46
Agri Products	4,624.43	5,094.93
Export Incentive receivable	3,711.62	1,308.58
Others	4,602.21	1,895.59
	<b>291,631.92</b>	<b>183,242.32</b>
Less: Excise Duty	37,743.48	23,055.52
	<b>253,888.44</b>	<b>160,186.80</b>
<b>Sales of Service</b>		
Rent	617.41	322.67
Others	283.99	79.82
	<b>901.40</b>	<b>402.49</b>
<b>Other Operating Revenue</b>		
Provision no longer required written back	140.35	67.03
Sundry balances written back	215.56	2.02
Provision for doubtful debts/Advances written back	-	1.50
Exchange fluctuation gain (Net of Loss of ₹ 1,256.34 Lacs)	-	1,295.17
Miscellaneous Income	2,378.08	1,311.04
	<b>2,733.99</b>	<b>2,676.76</b>
<b>Total Revenue from operations</b>	<b>257,523.83</b>	<b>163,266.05</b>

### 20. OTHER INCOME

(₹ in Lacs)		
	2011-2012	2010-2011
Interest Income	869.83	521.38
Dividend on Long term Investment	16.74	12.64
Dividend on current investment (TDS ₹ Nil, Previous Year ₹ Nil)	5.01	-
Reversal of Diminution in value of current Investments	2.90	1.05
Commodity Derivative Income	3.76	-
Profit on sale of Fixed Assets	17.16	10.52
	<b>915.40</b>	<b>545.59</b>



## Notes to the Accounts

### 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

	2011-2012	2010-2011
<b>CLOSING STOCK</b>		
<b>Finished Goods</b>		
Glycols	2,685.15	403.95
- E.O. Derivatives	4,127.60	2,398.22
- Ethyl Alcohol (Potable)	408.47	440.75
- Guar Gum Powder and derivatives	515.55	81.01
- Guar Churi	0.13	0.01
- Industrial Gases	20.48	25.60
- Herbal Products	340.94	356.08
<b>Total Finished Goods</b>	<b>8,098.32</b>	<b>3,705.62</b>
<b>Work-in-Process (Note @ below)</b>	<b>2,151.89</b>	<b>9,366.70</b>
<b>Residue Product</b>	<b>7.04</b>	<b>7.75</b>
	<b>10,257.25</b>	<b>13,080.07</b>
<b>LESS : OPENING STOCK</b>		
<b>Finished Goods</b>		
Glycols	403.95	1,111.22
- E.O. Derivatives	2,398.22	3,058.79
- Ethyl Alcohol (Potable)	440.75	866.32
- Guar Gum Powder and derivatives	81.01	198.87
- Guar Churi	0.01	0.07
- Industrial Gases	25.60	8.28
- Herbal Products	356.08	-
<b>Total Finished Goods</b>	<b>3,705.62</b>	<b>5,243.55</b>
<b>Work-in-Process (Note @ below)</b>	<b>9,366.70</b>	<b>5,242.83</b>
<b>Residue Product</b>	<b>7.75</b>	<b>7.66</b>
	<b>13,080.07</b>	<b>10,494.04</b>
Less: Stocks at the commencement of commercial production		
<b>Herbal Products</b>		
- Finished Goods	-	147.84
- Stock-in-Process	-	328.95
Less: Differential Excise Duty provided on Stocks.	557.88	(164.86)
	<b>3,380.70</b>	<b>(2,274.10)</b>
<b>Note @</b>		
<b>Work-in-Process</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Alcohol	1,132.05	7,765.04
EO	15.16	34.58
Guar Gum	45.55	151.16
RS/ENA	290.76	217.10
Others	668.37	1,198.82
	<b>2,151.89</b>	<b>9,366.70</b>

## Notes to the Accounts

### 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	2011-2012	2010-2011
Salaries, Wages, Allowances, etc.	5,828.69	5,585.30
Contribution to Provident and other Funds	429.64	450.75
Employees' Welfare and other Benefits	624.58	470.36
<b>TOTAL</b>	<b>6,882.91</b>	<b>6,506.41</b>

### 25. FINANCE COSTS

(₹ in Lacs)

	2011-2012	2010-2011
Interest on Fixed Loans	7,352.18	6,080.57
Other Interest	3,768.62	2,082.57
Other Borrowing Cost		
Financial Charges	1,843.98	1,566.51
	12,964.78	9,729.65
Less: Interest Received on temporary deposits	1,645.28	577.63
	11,319.50	9,152.02

### 26. OTHER EXPENSES

(₹ in Lacs)

	2011-2012	2010-2011
Stores and spares Consumed	5,009.82	3,380.82
Power and Fuel	32,064.44	23,692.70
Repairs and Maintenance		
- Buildings	395.82	225.05
- Plant and Machinery	1,507.56	928.52
- Others	263.00	195.07
Rent	112.79	75.00
Rates and Taxes	1,177.06	1,093.87
Travelling and Conveyance	815.84	1,084.54
Insurance (Net of recovery from customers ₹ 2.30 Lacs, Previous year ₹ 2.98 Lacs)	350.88	161.73
Directors' sitting Fee	11.50	10.50
Commission to Non Executive Director	10.50	-
Donation	12.50	44.61
Commission to Selling agents	911.61	501.98
Freight forwarding and others (Net of recovery from customers / provision written back ₹ 937.84 Lacs, Previous year ₹ 1,692.01 Lacs)	6,939.96	4,942.13
Exchange Fluctuation loss (Net of gain ₹ 4,366.14 Lacs)	7,652.72	-
Commodity Derivative Loss	-	353.46

## Notes to the Accounts

### 26. OTHER EXPENSES (Continued)

(₹ in Lacs)

	As at 31.03.2012		As at 31.03.2011	
	Bad debts written off	79.71		437.44
Less : Provision for doubtful debts written back	71.97	7.74	83.46	353.98
Provision for doubtful debts and advances (Net)		7.12		23.93
Loss on Sale / Discard of Fixed Assets		55.21		48.27
Amortisation of Foreign Currency Monetary Item Transaction Difference		621.78		34.20
Wealth Tax		3.09		3.62
Printing & Stationery, Postage, Telephone, security, legal and professional and other Miscellaneous Expense		1,882.47		1,800.13
		59,813.41		38,954.11
	2011-2012		2010-2011	
<b>Consumption of Imported and Indigenous Stores and spares</b>	<b>% age</b>	<b>Amount</b>	<b>% age</b>	<b>Amount</b>
Imported	34.41	1,724.06	38.49	1,301.34
Indigeneous	65.59	3,285.76	61.51	2,079.48
	100.00	5,009.82	100.00	3,380.82

### 27) (A) Contingent Liabilities not provided for (As Certified by the Management) :-

#### (i) In respect of :-

(₹ in Lacs)

Particulars	As on 31.03.2012	As on 31.03.2011
Central Excise/ State Excise	4,573.52	5,633.08
Customs	261.93	350.12
Service Tax	182.28	213.80
Sales Tax	31.84	31.84
Other matters	2,003.36	79.38
	7,052.93	6,308.22

- (i) Claims against the Company not acknowledge as debts amounting to Nil (Previous Year: ₹ 303.24 Lacs).  
(ii) Bills discounted with Banks ₹ 7,925.98 Lacs (Previous Year: ₹ 3,365.09 Lacs).  
(iii) Corporate Guarantee to banks for loan availed by Shakumbari Sugar & Allied Industries Limited (a subsidiary company) amounting to ₹ 19,663.93 Lacs. (Previous Year ₹ 22,633.13 Lacs)

(B) Custom duty saved on import of raw material under Advance License pending fulfillment of export obligation is amounting to ₹ 1,617.19 lacs (Previous year ₹ 1,413.79 Lacs).

The management is of the view that considering the past export performance and future prospects there is certainty that pending export obligation under advance licenses, will be fulfilled before expiry of the respective advance licenses. Accordingly and on "Going Concern Concept" basis there is no need to make any provision for custom duty saved.

28) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 4,390.11 Lacs, previous year ₹ 2,671.70 Lacs) are ₹ 9,075.68 Lacs (Previous year ₹ 3,581.21 Lacs).

## Notes to the Accounts

29) 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.

30) Advances recoverable in cash or kind includes loans and advances in the nature of Loan recoverable from the employees amounting to ₹ 224.40 Lacs (Previous year ₹ 261.37 Lacs) where there is no interest or interest is below Section 372A of the Companies Act (Maximum Balance outstanding during the year ₹ 353.14 Lacs, previous year ₹ 424.28 Lacs). Out of the above ₹ 59.47 Lacs (Previous Year ₹ 66.04 Lacs) either has repayment schedule beyond seven years or there is no repayment schedule (Maximum Balance outstanding during the year ₹ 75.39 Lacs, previous year ₹ 127.77 Lacs).

### 31) Employees Benefits:

#### a) Defined Contribution Plan:

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	361.30	377.43

#### 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

(₹ in Lacs)

	Gratuity		Leave Encashment (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Present Value of Obligation at the beginning of the year	1149.73	856.96	324.46	282.48
Current Service Cost	122.69	105.22	60.87	34.84
Interest Cost	91.98	68.56	25.95	22.60
Actuarial (gain)/ loss on obligations	95.84	167.80	(21.81)	12.21
Benefit Paid	(79.38)	(48.81)	(23.80)	(27.67)
Present Value of Obligation as at the end of the year	1380.86	1,149.73	365.67	324.46

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

(₹ in Lacs)

	Gratuity	
	31.03.2012	31.03.2011
Fair value of plan assets at the beginning of the year	945.91	865.46
Expected Return on Plan Assets	85.13	79.26
Contributions	203.82	50.00
Actuarial gain/ (loss) on Plan assets	(11.83)	-
Benefit Paid	(79.38)	(48.81)
Fair value of plan assets at the end of the year	1143.65	945.91

## Notes to the Accounts

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

(₹ in Lacs)

	Gratuity		Leave Encashment (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Fair value of plan assets as at 31st March 2011	1143.65	945.91	-	-
Present Value of Obligation as at 31st March 2011	1380.86	1,149.73	365.67	324.46
Funded Status [surplus/(Deficit)]	(237.21)	(203.82)	(365.67)	(324.46)
Net Assets/(Liability) Recognized in Balance Sheet	(237.21)	(203.82)	(365.67)	(324.46)

### IV. Expenses recognized during the year

(₹ in Lacs)

	Gratuity		Leave Encashment (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Current Service Cost	122.69	105.22	60.87	34.84
Interest Cost	91.98	68.56	25.95	22.60
Expected Return on Plan Assets	(85.13)	(79.26)	-	-
Actuarial (gain)/ loss	107.66	167.80	(21.81)	12.21
Net Expenses Recognized	237.20	262.32	65.01	69.65

### V. Investment Detail

All Investments are made with Trust.

### VI. Actuarial / Demographic assumptions:-

(₹ in Lacs)

	Gratuity		Leave Encashment (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Mortality Table (LIC)	1994-96 (Ultimate)		1994-96 (Ultimate)	
Discount rate (Per annum)	8.60%	8.00%	8.60%	8.00%
Expected Return on Plan Assets (Per annum)	8.00%	9.00%	NA	NA
Rate of escalation in salary (per annum)	8.00%	7.00%	8.00%	7.00%
Retirement Age	58 Years		58 years	
Withdrawal Rate (All Ages)	10%		10%	

The estimate of rate of escalation in salary considered in actuarial valuation, taken 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.

- 32) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of license 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 18th October, 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 ₹ 507.05 Lacs (shown as recoverable under the head Loans and Advances) with State Government of Uttarakhand.
- 33) In the earlier years, the State Government of Uttarakhand had levied Export Pass Fee on ENA/RS export outside India. The matter is finally disposed of by Hon'ble High Court of Uttarakhand vide its Order dated 9th January, 2012 and has declared the levy of said fee as unsustainable and irrecoverable. Amount of ₹ 17.01 Lacs paid in earlier years along with ₹ 51.04 Lacs paid in current year are shown as recoverable from State Govt. of Uttarakhand in the books of account.

## Notes to the Accounts

- 34)** (i) Company has investment of ₹ 5,427.50 Lacs (Previous year ₹ 5,427.50 Lacs) in equity shares and 10% cumulative redeemable preference share capital in a subsidiary company Shakumbari Sugar and Allied Industries Limited (SSAIL) where net worth as per the audited accounts for the year ended 31st March 2012 have been fully eroded.
- (ii) Company has an investment of ₹ 27.41 Lacs (Previous year ₹ 27.41 Lacs) in equity share capital of subsidiary company IGL Chem International PTE. LTD. (IGL CIP) where book value is negative / lower.
- Considering the intrinsic value of the investee assets and long term nature of investment made, no provision at this stage is considered necessary by the management for investments in above stated subsidiaries namely SSAIL and IGL CIP.
- (iii) Loans and advances includes Inter corporate deposit to SSAIL amounting to ₹ 1,546.67 lacs (Previous year ₹ 463.39 lacs) (including interest thereon), where management is confident about recoverability/ realisability of the same. (Maximum balance outstanding during the year ₹ 10,704.45 Lacs, previous year ₹ 4,514.28 Lacs)
- 35)** The Company has challenged the legality and the validity of the financial derivative transaction dated 15th January 2008 entered into with Standard Chartered Bank, New Delhi (SCB), which is the subject matter of civil suit (Original suit) pending before the Hon'ble High Court of Delhi (High Court) at New Delhi. Provision made in earlier year has been written back in the books of accounts in view of the favourable opinion of the legal consultant and order of DRT and DRAT not to entertain application of the SCB, pending final decision of the High Court same has been shown under contingent liability.
- 36)** In accordance with Companies (Accounting Standards) Amendment Rules 2009 as amended by Companies (Accounting Standards) (Second Amendment) Rules 2011, the Company continued its policy, as exercised in financial year 2008-09, 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" to be amortised over the period of loan. Accordingly: (a) Exchange differences (gain)/ loss relating to long-term monetary items, in so far related to acquisition of depreciable capital assets, arising during the year amounting to ₹ 809.65 Lacs (Previous year ₹ 220.02 Lacs) (net of depreciation ₹ 101.83 Lacs, previous year ₹ 21.34 Lacs.) adjusted to the cost of fixed assets, and (b) relating to other long-term monetary items arising during the year amounting to ₹ 2795.69 Lacs (Previous year ₹ 1.13 Lacs) (Net of amortization ₹ 621.78 Lacs, previous year ₹ 1.13 Lacs) are adjusted to "Foreign Currency Monetary Item Translation Difference".
- 37)** As required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

(₹ in Lacs)

S.No.	Particulars	2011-2012	2010-2011
a)	i) Principal amount remaining unpaid at the end of the accounting year	<b>36.53</b>	53.83
	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.	-	-

The above information's regarding Micro, Small and medium Enterprise has been determined to the extent such parties have been identified of information available with the Company.

## Notes to the Accounts

- 38) (i) Catalyst is charged to the Profit & Loss Account as consumable (Stores & Spares) based on technically assessed useful life (1 to 3 Years).  
(ii) Specialised Computer Software is amortised over its useful life of 6 years on SLM basis.

- 39) 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:

(₹ in Lacs)

Particulars	2011-2012	2010-2011
Amount brought forward from previous year	3,335.45	4,758.11
Raw Material & Chemical Consumed	2.66	-
Salary, wages & allowances	9.68	6.18
Contribution to Provident fund & other funds	0.77	0.35
Staff welfare expenses	9.84	-
Legal & Professional charges	0.02	5.00
Repair & Maintenance	11.65	3.02
Travelling and Conveyance	23.26	8.67
Interest on Fixed Loans	631.86	1,030.66
Exchange Fluctuation (net)	0.81	7.35
Power & Fuel	36.29	260.46
Rates & Taxes	9.22	0.67
Miscellaneous Expenses	1.87	0.76
	<b>4,073.38</b>	<b>6,081.23</b>
Less : Transferred/ Capitalised during the year	<b>2,791.50</b>	<b>2,745.78</b>
Balance carried forward	<b>1,281.88</b>	<b>3,335.45</b>

### 40) 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 (Chairman and Managing Director)
- M. K. Rao (Executive Director)
- Pragya Bhartia

##### 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
- Supreet Vyapaar (P) Ltd.
- Mayur Barter (P) Ltd.
- Facit Commosales (P) Ltd.
- J. Boseck & Co. (P) Ltd.

##### D. Joint Venture Enterprise

- Kashipur Infrastructure and Freight Terminal Private Limited

## Notes to the Accounts

**(ii) Detail of Transactions with related parties:**
*(₹ in Lacs)*

S.No. Particulars	2011-2012	2010-2011
<b>A. Shakumbari Sugar and Allied Industries Limited</b>		
- Purchases of Material	3,142.92	2,111.01
- Sale of Material	16.50	12.99
- Purchase of Fixed Assets	-	1,073.57
- ICD Given	28,488.03	12,508.50
- ICD Received Back	27,750.00	10,682.05
- ICD Received	-	4,010.00
- ICD Paid Back	-	4,010.00
- Investment in Equity and Preference Share Capital (converted from ICD given)	-	1,600.00
- Interest Income	383.60	263.27
- Interest Expense	-	9.10
Outstanding at year end		
- Balance Receivable		
i) ICD (including interest)	1,546.67	463.39
ii) Others (net of receivable)	2,849.65	2,333.70
- Balance Payable (interest on ICD)	8.19	8.19
- Corporate Guarantee#		
# Refer note no. 27(A) (iv)		
<b>B. IGL CHEM International Pte. Ltd.</b>		
- Sale of Material	3,328.22	1,575.64
Outstanding at year end		
- Balance Receivable	750.11	344.40
<b>C. Ajay Commercial Co. (P) Ltd.</b>		
- ICD Received	-	325.50
- Interest Expense	26.11	15.84
- Rent Paid	2.34	2.34
- Security Deposit Given	-	150.00
Outstanding at year end		
- Balance Payable		
i) ICD	325.50	325.50
- Security Deposit receivable	240.00	240.00
<b>D. J. B. Commercial Co. (P) Ltd.</b>		
- ICD Received	-	271.50
- ICD Paid Back	5.00	9.00
- Interest Expense	21.06	13.11
- Rent Paid	2.34	2.34
- Security Deposit Given	-	150.00
Outstanding at year end		
- Balance Payable		
i) ICD	257.50	262.50
ii) ICD Interest	0.01	-
- Security Deposit receivable	240.00	240.00
<b>E. Kashipur Holdings Limited</b>		
- ICD Received	6,676.00	1,000.00
- ICD Paid Back	10.00	5.00
- Interest Expense	351.67	36.86
- Advance given	5.00	-

## Notes to the Accounts

(₹ in Lacs)

S.No.	Particulars	2011-2012	2010-2011
	Outstanding at year end		
	- Balance Payable		
	i) ICD	7,661.00	995.00
	ii) Others	-	0.36
	- Balance Receivable	5.00	-
<b>F.</b>	<b>Polylink Polymers (India) Ltd.</b>		
	- Sale of Material	-	57.78
	- Rent & Maintenance charges	97.99	7.80
	- ICD Given	54.00	-
	- ICD Received Back	54.00	-
	- Interest Income	1.46	-
	Outstanding at year end		
	- Balance Payable	30.13	1.52
	- Balance Receivable	59.10	57.78
<b>G.</b>	<b>Hindustan Wires Limited</b>		
	- Purchases of Material	-	4.42
	- Sale of Material	275.25	273.54
	- Rent & other expenses	5.00	3.23
	Outstanding at year end		
	- Balance Receivable	18.32	15.79
	- Deposit Receivable	0.29	0.29
	- Balance Payable	0.09	0.80
<b>H.</b>	<b>Supreet Vyapaar (P) Ltd.</b>		
	- ICD Received	500.00	1,008.00
	- ICD Paid Back	20.00	360.00
	- Interest Expense	86.77	51.17
	Outstanding at year end		
	- Balance Payable		
	i) ICD	1,128.00	648.00
<b>I.</b>	<b>Mayur Barter (P) Ltd.</b>		
	- ICD Received	2,000.00	378.00
	- Interest Expense	132.41	3.01
	Outstanding at year end		
	- Balance Payable		
	i) ICD	2,378.00	378.00
<b>J.</b>	<b>Facit Commosales (P) Ltd.</b>		
	- ICD Received	250.00	-
	- Interest Expense	16.27	-
	Outstanding at year end		
	- Balance Payable		
	i) ICD	250.00	-
<b>K.</b>	<b>J. Boseck &amp; Co. (P) Ltd.</b>		
	- ICD Paid Back	5.00	-
	- Interest Expense	0.04	0.26
	Outstanding at year end		
	- Balance Payable		
	i) ICD	-	5.00
	ii) Other	0.03	-

## Notes to the Accounts

(₹ in Lacs)

S.No.	Particulars	2011-2012	2010-2011
<b>L.</b>	<b>Kashipur Infrastructure and Freight Terminal Private Limited</b>		
	- Investment made	<b>0.50</b>	-
	- Reimbursement received against expenses incurred on their behalf.	<b>1.01</b>	-
<b>M.</b>	<b>U. S. Bhartia</b>		
	- Managerial Remuneration	<b>536.34</b>	788.13
<b>N.</b>	<b>M. K. Rao</b>		
	- Managerial Remuneration	<b>47.39</b>	38.59
<b>O.</b>	<b>Pragya Bhartia</b>		
	- Salary	<b>19.13</b>	5.12

### 41) Earnings per share (EPS)

Particulars	2011-2012	2010-2011
Net profit for the year attributable to equity shareholders (₹ in Lacs)	<b>10,459.38</b>	2,562.36
Weighted average number of equity shares outstanding	<b>27882500</b>	27882500
Basic and diluted earnings per share (face value of ₹ 10 each) (₹)	<b>37.51</b>	9.19

### 42) Expenditure on Research & Development:

(₹ in Lacs)

Particulars	2011-2012	2010-2011
Capital	<b>704.93</b>	8.17
Revenue	<b>214.90</b>	297.08
	<b>919.83</b>	305.25

- 43) (a) Balances of certain Debtors, creditors, other liabilities and loans and advances are in process of confirmation and/or reconciliation. Management is confident that on final reconciliation/ confirmation of these, there will not be any material adjustment.
- (b) i) Loans and advances includes advance for supplies ₹ 2,849.65 Lacs (Previous year ₹ 2,333.70 Lacs) to Shakumbari Sugar and Allied Industries Limited (Subsidiary Company) (Maximum balance outstanding during the year ₹ 3,200.00 Lacs (Previous year ₹ 2,700.26 Lacs).
- (ii) Debtors includes ₹ 750.11 Lacs (Previous year ₹ 344.40 Lacs) receivable from IGL Chem International Pte Limited (Subsidiary Company) (Maximum balance outstanding during the year ₹ 1,151.50 Lacs (Previous year ₹ 447.62 Lacs).
- 44) Foreign exchange gain amounting to ₹ 32.07 Lacs (previous year ₹ 1,121.50 Lacs), net of Loss of ₹ 5,077.49 Lacs (previous year ₹ 2,663.77 Lacs) has been included in the respective heads of accounts in the Profit Loss Account. This has no impact on Profit / Loss for the year.
- 45) The Company has entered into a Joint Venture Agreement dated October 12, 2011 with Fourcee Infrastructure Equipments Pvt. Limited (FIEPL) for setting up a private freight terminal providing railway based logistic services and other facilities at Kashipur, Uttarakhand. The Company holds 50% stake in the Joint Venture and 50% in held by Fourcee Infrastructure Equipments Pvt. Limited. The Company has invested a total amount of Rs. 0.50 lacs till March 31, 2012 and also committed for additional investment of Rs. 1700 lacs.
- 46) Kashipur Infrastructure and Freight Terminal Private Limited (KIFTPL), is a Joint Venture wherein the Company holds 50% stake. KIFTPL has not started any commercial activities till date. Pending approval and adoption of audited financial statements for the year ended 31st March 2012 by the Board of Directors of KIFTPL disclosures in compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures", have not been made. The amount involved is not material.

## Notes to the Accounts

### 47) Segment Information:

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

(₹ in Lacs)

	Business Segments				Others		Unallocable		Total	
	Industrial Chemicals		Liquor		31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	31.03.2012	31.03.2011	31.03.2012	31.03.2011						
<b>A REVENUE</b>										
1 Gross Sales (External)	2,33,133.60	1,42,403.13	50,589.70	34,358.96	8,810.02	6,882.72	-	-	2,92,533.32	1,83,644.81
2 Other Income	1,656.53	761.52	862.94	559.02	214.51	89.87	915.41	1,811.94	3,649.39	3,222.35
3 Total Revenue	2,34,790.13	1,43,164.65	51,452.64	34,917.98	9,024.53	6,972.59	915.41	1,811.94	2,96,182.71	1,86,867.16
<b>B RESULTS</b>										
1 Segment Result (PBIT)	36,940.95	11,931.21	3,892.41	3,499.35	(1,221.85)	(1,530.43)	(12,603.65)	(1,072.22)	27,007.86	12,827.91
2 Interest Expense (Net)									11,319.50	9,152.02
3 Profit Before Tax									15,688.36	3,675.89
4 a Provision for Current Tax (net of MAT credit)									-	-
4 b Deferred Tax									5,228.98	1,371.60
4 c Taxation provision of earlier year									-	(258.07)
5 Profit after Tax									10,459.38	2,562.36
<b>C OTHER INFORMATION:</b>										
1 Segment Assets	1,99,873.64	1,57,592.80	13,855.34	13,318.41	17,951.67	16,829.96	62,762.35	33,377.25	2,94,443.00	2,21,118.42
2 Segment Liabilities	23,203.36	15,456.05	1,959.54	3,735.63	1,954.58	1,398.13	2,16,371.73	1,59,062.02	2,43,489.21	1,79,651.83
3 Capital Expenditure	9,112.74	7,821.51	425.11	934.36	1,016.54	2,918.93	110.53	382.46	10,664.92	12,057.26
4 Depreciation and Amortisation expenses	6,519.91	5,698.94	241.00	223.97	602.90	589.16	388.82	349.69	7,752.63	6,861.76

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

(₹ in Lacs)

	Domestic		Overseas		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1 Gross Sales (External)	1,67,077.22	1,13,183.03	1,25,456.09	70,461.78	2,92,533.31	1,83,644.81
2 Segment Assets	2,17,499.94	1,80,800.57	14,180.71	6,940.60	2,31,680.65	1,87,741.17

#### 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 Industrial chemical, Liquor and others which includes herbal products 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

Industrial Chemicals Segment comprises Glycols, Specialty Chemicals, Natural Gum and other related goods etc.

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

'Others' primarily includes Herbal Products and Rental.

48) Exceptional items represents gain on write back of provision against disputed amount (as stated in note 35 above amounting to ₹ 1,923.98 lacs) and other provisions/ creditors no longer required net of exchange loss on reinstatement of outstanding foreign exchange contracts. (Refer note 49(C)(d)).

## Notes to the Accounts

### 49) Additional Information:

#### A. a) Payment to Auditors (Exclusive of applicable service tax) (₹ in Lacs)

Particulars	2011-2012	2010-2011
i) As Auditors	13.00	13.00
ii In other capacity in respect of		
a) Out of Pocket Expenses	3.54	2.02
b) Certification	3.94	1.30
	20.48	16.32

#### b) Cost Auditors (Exclusive of applicable service tax) (₹ in Lacs)

Particulars	2011-2012	2010-2011
i) Audit Fees	0.75	0.70
ii) Out of Pocket Expenses	0.07	0.11
	0.82	0.81

#### B. (a) C.I.F. Value of Imports (₹ in Lacs)

Particulars	2011-2012	2010-2011
1. Capital Goods	—	541.11
2. Stores & Spares	7,347.25	4,837.58
3. Raw Materials	26,979.03	41,176.87
4. Traded Goods	40,102.79	3,831.80

#### (b) Earning in Foreign currency (₹ in Lacs)

Particulars	2011-2012	2010-2011
FOB Value of Exports – Goods	1,21,293.62	65,720.37

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

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

Nature of Instruments	2011-12 Amount (FC in million)	2011-12 Amount (₹ in Lacs)	2010-11 Amount (FC in million)	2010-11 Amount (₹ in Lacs)
<b>Open Forward Contracts</b>				
– USD	48.00	24,422.40	16.32	7,277.21
<b>Foreign currency options</b>				
– USD	-	-	6.23	2,776.35
<b>Packing Credit Net of Export debtors</b>				
- USD	48.20	24,526.79	66.51	29,663.46
<b>Open foreign exchange exposures:</b>				
<b>Loans</b>				
- USD	156.07	79,406.34	80.22	35,776.68
- EURO	0.3	184.18	0.2	143.85
- JPY	-	-	69.06	372.32
<b>Payable</b>				
- USD	15.75	8,013.73	1.50	675.21
- EURO	0.01	4.91	0.01	4.35
- JPY	1.00	6.22	1.31	7.00
- CHF	0.01	2.47	0.01	1.97

## Notes to the Accounts

- (b) Exchange fluctuation loss of ₹ 7,652.72 Lacs (Previous year gain of ₹ 1295.17 Lacs), is net of gain of ₹ 4,366.14 Lacs (Previous year loss of ₹ 1,256.34 Lacs).
- (c) The Company uses derivative instruments for hedging possible losses and exchange fluctuation loss is ₹ 1,373.53 Lacs net off gain of ₹ 1,361.20 Lacs (Previous year gain of ₹ 649.17 Lacs net of loss of ₹ 232.90 Lacs) which is inclusive of loss of ₹ 2,473.14 Lacs (Previous year loss of ₹ 202.90 Lacs) provision for mark to market loss on account of all outstanding financial transactions as on 31st March 2012.
- (d) 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 ₹ 2,473.14 Lacs included in (a) (Previous year ₹ 202.90 Lacs) on outstanding contracts to the profit & loss account, account of foreign exchange derivative instruments and the same shown as part of exceptional item.

### D. Expenditure in Foreign Currency

(₹ in Lacs)

Particulars	2011-2012	2010-2011
a) Travelling and other matters	142.03	123.03
b) Interest	1,026.49	560.90
c) Process Engineering & Technical Assistance	15.92	17.07
d) Advertisement/ Subscription/ Membership	46.22	110.13
e) Commission	614.47	136.48
f) Others	96.22	34.96

### E. Remittance in Foreign Currency on Dividend Account

Particulars	2011-2012	2010-2011
Amount of Dividend Remitted*	₹ 0.80 Lacs	₹ 1.61 Lacs
Year to which the Dividend relates	Year ended 31st March 2011	Year ended 31st March 2010
No. of Equity Shares held by Non-resident shareholders	53,000	1,07,082

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

- 50) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. Thus previous year figures have been reclassified/ recasted suitably. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements except for presentation and disclosures, wherever required.

As per our report of even date

#### For Lodha & Co.

Chartered Accountants  
Firm Registration no. 301051E

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

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

**M. K. Rao**  
Executive Director

**Rakesh Bhartia**  
Chief Executive Officer

Date : 14th May, 2012  
Place : Noida, UP

**Anand Singhal**  
Chief Financial Officer

**Lalit Kumar Sharma**  
Company Secretary

## 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	31.3.2012	31.03.2012	31.03.2012
3. Holding Company's Interest :			
(a) Number of Shares Fully Paid	1000000	50112100	100000
(b) Extent of holding	100%	98.89%	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	(0.66) ₹ in Lacs	(3614.89) ₹ in Lacs	0.39 USD in Lacs
(ii) For the previous financial years of the Subsidiary since It became the Holding Company's Subsidiary	(15.35) ₹ in Lacs	(6119.76) ₹ in Lacs	(1.72) USD 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	Not Applicable	Not Applicable	Not Applicable

# 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 2012 and the Consolidated Statement of Profit and Loss 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. 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 ₹ 590.84 lacs as at 31st March 2012 and the total revenue of ₹ 3547.05 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 (SSAIL) for the year ended 31st March 2012.
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. Financial statements of Joint venture company Kashipur Infrastructure and Freight Terminal Private Limited (KIFTPL) in which company has financial interest has not been considered for the reasons as stated in the note no. 1 (ii) of the consolidated financial statements and,

5. *Attention is invited to the following notes related with subsidiary SSAIL:*
  - (i) *Note no. 40 regarding pending confirmation / reconciliation of balances of debtors, creditors, Loans & Advances {including capital advances}, other liabilities and provision and internal control to be further strengthened for the reasons as stated in the said note and consequential impact whereof presently cannot be ascertained.*
  - (ii) *Note no. 37 regarding pending verification and updation of records of fixed assets as stated in the said note.*
6. Subject to our comment in para 5 above, and read with Note no. 1 (ii) 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 subsidiaries included in the Consolidated Financial Statement, we are of the opinion that the said Consolidated Financial Statements and 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 Subsidiaries as at 31st March 2012;
  - b) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its Subsidiaries 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 Subsidiaries for the year then ended.

**For Lodha & Co.,**  
Chartered Accountants  
Firm Registration No:301051E

**(N. K. Lodha)**  
Partner  
M. No.: - 85155

Date : 14th May, 2012  
Place : New Delhi

# Consolidated Balance Sheet as at 31st March, 2012

(₹ in Lacs)

	Note No.	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,788.25	2,788.25
Reserves and Surplus	3	41,393.59	35,640.53
		<b>44,181.84</b>	<b>38,428.78</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	71,596.48	60,773.62
Deferred tax liabilities (Net)	5	11,293.22	6,064.24
Other Long-term liabilities	6	571.44	271.37
Long-term provisions	7	263.65	225.31
		<b>83,724.79</b>	<b>67,334.54</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	120,361.75	88,204.92
Trade payables		24,729.50	13,450.11
Other current liabilities	9	35,664.55	31,889.67
Short-term provisions	7	2,784.88	882.92
		<b>183,540.68</b>	<b>134,427.62</b>
<b>TOTAL</b>		<b>311,447.31</b>	<b>240,190.94</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	10	115,579.89	114,042.46
Intangible assets	10	3,520.69	3,573.70
Capital work-in-progress		10,484.99	12,894.11
Non-current investments	11	188.61	188.11
Long-term loans and advances	12	16,792.82	8,998.54
Other non-current assets	13	1,539.58	507.85
		<b>148,106.58</b>	<b>140,204.77</b>
<b>Current Assets</b>			
Current Investments	11	1,589.71	76.14
Inventories	14	69,931.63	50,143.67
Trade receivables	15	29,890.24	16,192.05
Cash and cash equivalents	16	30,351.27	18,801.97
Short-term loans and advances	17	29,682.51	14,772.34
Other current assets	18	1,895.37	-
		<b>163,340.73</b>	<b>99,986.17</b>
<b>TOTAL</b>		<b>311,447.31</b>	<b>240,190.94</b>

Summary of significant accounting policies 1  
 The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Lodha & Co.**

Chartered Accountants

Firm Registration no. 301051E

**N.K. Lodha**

Partner

M.No. 85155

**U. S. Bhartia**

Chairman and Managing Director

**M. K. Rao**

Executive Director

**Rakesh Bhartia**

Chief Executive Officer

Date : 14th May, 2012

Place : Noida, UP

**Anand Singhal**  
 Chief Financial Officer

**Lalit Kumar Sharma**  
 Company Secretary

# Consolidated Statement of Profit & Loss for the year ended 31st March, 2012

(₹ in Lacs)

	Note No.	2011-12	2010-11
Revenue from operations	19	270,712.15	176,211.59
Other income	20	718.18	304.28
<b>Total Revenue</b>		<b>271,430.33</b>	<b>176,515.87</b>
<b>Expenses:</b>			
Cost of materials consumed	21	117,451.53	98,680.88
Purchase of Stock-in-Trade	22	48,474.80	13,011.91
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	23	3,089.75	(1,027.82)
Employee benefits expense	24	7,631.71	7,224.82
Finance costs	25	13,448.41	11,304.31
Depreciation and amortization expense	10	8,532.30	7,641.68
Other expenses	26	61,166.27	40,061.11
<b>Total Expenses</b>		<b>259,794.77</b>	<b>176,896.89</b>
<b>Profit before exceptional items and tax</b>		<b>11,635.56</b>	<b>(381.02)</b>
Exceptional Items (Net)		(334.05)	-
<b>Profit before tax</b>		<b>11,969.61</b>	<b>(381.02)</b>
Tax Expense:			
— Current Tax		3,135.40	752.06
— Deferred tax Charged / (Credit)		5,228.98	1,371.60
— Tax for earlier years		-	(258.07)
— Minimum Alternate Tax Credit entitlement		(3,135.40)	(752.06)
<b>Profit for the period (before adjustment for Minority Interest)</b>		<b>6,740.63</b>	<b>(1,494.55)</b>
Add: Share of loss transferred to Minority Interest		-	14.13
		<b>6,740.63</b>	<b>(1,480.42)</b>
<b>Earning per Equity share basic/ diluted</b>		<b>24.18</b>	<b>(5.31)</b>

Summary of significant accounting policies 1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Lodha & Co.**

*Chartered Accountants*

Firm Registration no. 301051E

**N.K. Lodha**

*Partner*

M.No. 85155

**U. S. Bhartia**

*Chairman and Managing Director*

**M. K. Rao**

*Executive Director*

**Rakesh Bhartia**

*Chief Executive Officer*

Date : 14th May, 2012

Place : Noida, UP

**Anand Singhal**

*Chief Financial Officer*

**Lalit Kumar Sharma**

*Company Secretary*

# Consolidated Cash Flow Statement for the year ended 31st March, 2012

(₹ in Lacs)

	2011-2012		2010-2011	
<b>A Cash Flow from Operating Activities</b>				
Net Profit Before Tax		11,969.61		(381.02)
Adjustments For:				
Depreciation	8,532.30		7,641.68	
(Profit)/Loss on Sale of Assets (Net)	38.66		38.29	
Amortisation of Foreign Currency Monetary Item Translation Difference	621.78		34.20	
Effect of Exchange Difference on Translation of Foreign Currency Cash & Cash Equivalent	0.34		3.96	
Unrealised Foreign Exchange Fluctuation Gain / Loss	4,231.67		(652.14)	
Pre-operative Expenses written off	344.22		-	
Reversal of Provision for Diminution in Value of Current Investment	(2.90)		(1.05)	
Bad Debts w/off & Provision for Doubtful Debts and Advances	34.40		399.53	
Unrealised Commodity Derivative Loss	7.70		-	
Provision No Longer Required Written Back	(3,733.01)		(69.05)	
Liabilities No Longer Required Written Back	-		(17.17)	
Interest / Finance Expense	15,149.05		11,911.59	
Interest/Dividend Income	(2,208.62)	23,015.59	(878.03)	18,411.81
<b>Operating Profit before Working Capital Changes</b>		34,985.20		18,030.79
Adjustments for:				
(Increase)/Decrease in Trade & Other Receivables	(20,757.37)		(10,962.27)	
(Increase)/Decrease in Inventories	(19,787.96)		(7,357.54)	
Increase / (Decrease) in Trade Payables	14,855.74	(25,689.59)	(3,794.42)	(22,114.23)
Cash Generated from Operations		9,295.61		(4,083.44)
Income Tax Paid (Net)		(1,767.01)		(136.42)
<b>Net Cash from Operating Activities</b>		7,528.60		(4,219.86)
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(11,482.44)		(8,046.20)	
Sale of Fixed Assets / CWIP	1,270.59		98.58	
Capital Advances Received Back	607.59		-	
Interest / Dividend received	1,395.11		399.25	
Purchase of Current Investment	(1,510.67)		-	
ICD Given	(10,295.00)		600.00	
ICD Received Back	54.00		-	
Investment in Shares of Joint Venture	(0.50)		-	
<b>Net Cash used in Investing Activities</b>		(19,961.32)		(6,948.37)

	2011-2012		2010-2011	
<b>C Cash Flow from Financing Activities</b>				
Proceeds from Govt Subsidy	5.00		200.00	
Proceeds from Borrowings	139,142.29		47,196.30	
Repayment of Borrowings	(98,871.85)		(8,381.22)	
Interest/Other Borrowing Cost	(15,787.12)		(13,409.37)	
Dividend Paid (Including Corporate Dividend Tax)	(490.57)		(491.69)	
<b>Net Cash Inflow from Financing Activities</b>		<b>23,997.75</b>		<b>25,114.02</b>
<b>D Effect of Changes in Currency Fluctuation Reserve</b>		<b>(15.39)</b>		<b>4.49</b>
<b>E Effect of Exchange Differences on Translation of Foreign Currency Cash &amp; Cash Equivalent</b>		<b>(0.34)</b>		<b>(3.96)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C+D+E]</b>		<b>11,549.30</b>		<b>13,946.32</b>
Cash and Cash equivalent being Cash and Bank Balances (Opening Balance)		<b>18,801.97</b>		<b>4,855.65</b>
Cash and Cash equivalent being Cash and Bank Balances (Closing Balance)		<b>30,351.27</b>		<b>18,801.97</b>

**Note :**

- (1) Previous Year's Figures have been regrouped wherever considered necessary (Refer Note no. 47)
- (2) Cash and Cash equivalent being Cash and Bank balances as per Note no. 16

As per our report of even date

**For Lodha & Co.**

Chartered Accountants  
Firm Registration no. 301051E

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

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

**M. K. Rao**  
Executive Director

**Rakesh Bhartia**  
Chief Executive Officer

Date : 14th May, 2012  
Place : Noida, UP

**Anand Singhal**  
Chief Financial Officer

**Lalit Kumar Sharma**  
Company Secretary

# Notes to Consolidated Financial Statements

## 1. SIGNIFICANT ACCOUNTING POLICIES

### PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements (CFS) comprises the financial statements of India Glycols Limited (IGL) and its following subsidiaries as on 31st March, 2012.

Name of the Company	Country of Incorporation	% of Shareholding & Voting Power
Shakumbari Sugar & Allied Industries Limited (SSAIL)	India	98.89%
IGL Chem International PTE. LTD.	Singapore	100%
IGL Finance Limited	India	100%

- (ii) Till date Kashipur Infrastructure and Freight Terminal Private Limited (KIFTPL), being Jointly Control Entity wherein the Company holds 50% stake, which is not significant, have not started any commercial activities and financial statements for the year ended 31st March 2012 are pending and accordingly the same have not been considered for the purpose of Consolidation. Investment is shown at book value.
- (iii) The Consolidated Financial Statements have been prepared using uniform accounting policies and in accordance with the generally accepted accounting policies (GAAP).
- (iv) The effects of intergroup balances and transactions are eliminated in consolidation.
- (v) 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. Goodwill arisen on consolidation is shown as Intangible Asset under Fixed Assets and Capital Reserve on consolidation is shown under Reserve & Surplus.
- (vi) The policy adopted by SSAIL for 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.
- (vii) 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. SHARE CAPITAL

(₹ in Lacs) except as otherwise stated

	As at 31.03.2012	As at 31.03.2011
<b>Authorised:</b>		
30,000,000 (Previous Year 30,000,000) Equity Shares of ₹ 10/- each	<b>3,000.00</b>	3,000.00
	<b>3,000.00</b>	3,000.00
<b>Issued, Subscribed and paid up :</b>		
27,882,500 (Previous Year 27,882,500)	<b>2,788.25</b>	2,788.25
Equity Shares of ₹ 10/- each fully paid up	<b>2,788.25</b>	2,788.25

### a) Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to Consolidated Financial Statements

### b) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	31.03.2012 No's	31.03.2011 No's
KASHIPUR HOLDINGS LIMITED	7,523,800	7,480,000
SAJANI DEVI BHARTIA	2,100,249	2,100,249

### c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

Particulars	31.03.2012 No's	31.03.2011 No's
Shares outstanding as at the beginning of the year	27,882,500	27,882,500
Additions during the year	-	-
Deletion during the year	-	-
Shares outstanding as at the end of the year	27,882,500	27,882,500

### 3. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 01-04-2011	Additions	Deductions	As at 31.03.2012
Capital Reserve	463.33	-	-	463.33
General Reserve	8,928.60	1,046.00	-	9,974.60
Statutory Reserve	0.30	-	-	0.30
Reserve for Contingencies	200.00	-	-	200.00
Foreign Currency Translation Reserve	30.99	(15.39)	-	15.60
Molasses Reserve Fund	-	0.80	-	0.80
Surplus in Statement of Profit & Loss [Refer footnote (a)]	26,017.31	6,740.63	2,018.98	30,738.96
	<b>35,640.53</b>	<b>7,772.04</b>	<b>2,018.98</b>	<b>41,393.59</b>
Previous year	(35,754.09)	(1,969.46)	(2,083.02)	(35,640.53)
		<b>31.03.2012</b>	<b>31.03.2011</b>	
<b>(a) Detail of Surplus in the Statement of Profit &amp; Loss</b>				
Opening balance	26,017.31		26,232.82	
Add : Net Profit after tax transferred from Statement of Profit and Loss	6,740.63		(1,480.42)	
Add : Transfer from Molasses Reserve Fund	-		2.38	
Add : Excess Corporate Dividend Tax provision written back	-		1.62	
Add : Recognition of Goodwill on Consolidation	-		1,847.00	
	<b>32,757.94</b>		<b>26,603.40</b>	
Less : Appropriations				
Proposed Dividend *	836.48		418.24	
Corporate Dividend Tax *	135.70		67.85	
Transfer to general reserve	1,046.00		100.00	
Transfer to Molasses Reserve Fund	0.80		-	
<b>Net Surplus in the Statement of Profit &amp; Loss</b>		<b>30,738.96</b>		26,017.31
		<b>30,738.96</b>		26,017.31

\* The Board of Directors, proposed dividend of ₹ 3/- (Previous year ₹ 1.5/-) per equity share. The proposal is subject to approval in the ensuing Annual General Meeting. The total dividend appropriation for the year ended March 31, 2012 amounted to ₹ 972.18 lacs (Previous year ₹ 486.09 lacs) including corporate dividend tax of ₹ 135.70 lacs (Previous year ₹ 67.85 lacs).

# Notes to Consolidated Financial Statements

## 4. LONG TERM BORROWINGS

(₹ in Lacs)

	Non-Current Portion		Current Maturities	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>SECURED LOANS</b>				
Rupee Term Loans				
from Banks (Foot Note 2)	<b>36,673.87</b>	52,364.37	<b>16,810.40</b>	15,570.57
from Sugar Development Fund	<b>2,610.00</b>	2,607.10	<b>262.60</b>	170.05
Other than Banks (Foot Note 2)	<b>401.77</b>	221.26	<b>58.32</b>	43.51
Foreign Currency Term Loans from Banks	<b>19,910.84</b>	2,533.66	<b>6,556.03</b>	4,064.18
Buyers Import Credit- Bank	-	424.23	<b>483.97</b>	-
	<b>59,596.48</b>	58,150.62	<b>24,171.32</b>	19,848.31
<b>UNSECURED LOANS</b>				
Fixed Deposits	-	9.00	<b>9.00</b>	170.68
Loan from related parties (Body Corporates)	<b>12,000.00</b>	2,614.00	-	-
	<b>12,000.00</b>	2,623.00	<b>9.00</b>	170.68
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 9)			24,180.32	20,018.99
	<b>71,596.48</b>	60,773.62	-	-

**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 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 / Buyers Credit.
- Rupee Term Loans includes loans from Banks of ₹ 33.20 Lacs (Previous Year ₹ 59.44 Lacs) and loans from others ₹ 110.09 Lacs (Previous Year ₹ 114.77 Lacs) secured by hypothecation of Motor Vehicles purchased there under which is repayable on different dates. Further, Rupee Term Loans from others includes ₹ 350.00 Lacs (Previous Year ₹ 150.00 Lacs) secured against bank guarantee.
- Out of above, term loan of ₹ 7,035.56 Lacs (Previous Year ₹ 9,708.15 Lacs) is secured by Corporate Guarantees of India Glycols Limited (The Holding Company).
- Loan from Sugar development fund is secured by Bank Guarantee, which is further secured by Corporate Guarantees of India Glycols Limited (The Holding Company).
- Term Loan from bank outstanding as at 31.03.2012 Nil (Previous Year ₹ 250.00 Lacs).
- Term Loan from bank of ₹ 300.00 Lacs (Previous Year ₹ 600.00 Lacs), is repayable in June 2012.
- Term Loan from bank of ₹ 554.25 Lacs (USD 10.89 Lacs) (Previous Year ₹ 1,000.00 Lacs), is repayable in July, 2012.
- Term Loan from bank of ₹ 1,625.00 Lacs (Previous Year ₹ 2,843.75 Lacs), is repayable in 4 equal quarterly installments.
- Term Loan from bank of ₹ 1,360.00 Lacs (Previous Year ₹ 2,440.00 Lacs), is repayable in 4 equal quarterly installments of ₹ 270.00 Lacs and last quarter installment of ₹ 280.00 Lacs.
- Term Loan from bank of ₹ 937.50 Lacs (Previous Year ₹ 1687.50 Lacs), is repayable in 5 equal quarterly installments.
- Term Loan from bank of ₹ 5,000.00 Lacs (Previous Year Nil), is repayable in 12 quarterly installments (2 installments for ₹ 208.50 Lacs each, 8 installments of ₹ 417.00 Lacs each and remaining 2 installments of ₹ 623.50 Lacs each).
- Term Loan from bank of ₹ 2,400.00 Lacs (Previous Year ₹ 3,337.50 Lacs), is repayable in 8 equal quarterly installments.
- Term Loan from bank of ₹ 2,939.28 Lacs (USD 57.77 Lacs), (Previous Year ₹ 3,625.00 Lacs), is repayable in 12 quarterly installments (11 installments of ₹ 255.59 Lacs each and remaining 1 installment of ₹ 127.79 Lacs).
- Term Loan from bank of ₹ 3,200.00 Lacs (Previous Year ₹ 4,400.00 Lacs), is repayable in 8 quarterly installments (4 installment for ₹ 350 Lacs each and remaining 4 installments for ₹ 450 Lacs each).
- Term Loan from bank of ₹ 1,605.29 Lacs (USD 31.55 Lacs) (Previous Year ₹ 3,750.00 Lacs), is repayable in 2 equal quarterly installments of ₹ 802.65 Lacs each.
- Term Loan from bank of ₹ 3,550.00 Lacs (Previous Year ₹ 6,362.50 Lacs), is repayable in 4 equal quarterly installments.
- Term Loan from bank of ₹ 5,010.64 Lacs (Previous Year ₹ 5,000.00 Lacs) is repayable in 12 equal quarterly installments.
- Term Loan from bank of ₹ 2,003.30 Lacs (Previous Year ₹ 4,000.00 Lacs), is repayable in 4 equal quarterly installments of ₹ 500 Lacs each.
- Term Loan from bank of ₹ 2,500.00 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments after moratorium period of 1 year from disbursement.
- Term Loan from bank of ₹ 5,678.06 Lacs (USD 111.60 Lacs) (Previous Year ₹ 4,122.48 Lacs, USD 92.43 Lacs), is repayable in 16 equal quarterly installments of ₹ 354.88 Lacs each.
- Term Loan from bank of ₹ 11,139.67 Lacs (USD 218.94 Lacs) (Previous Year ₹ 10,000 Lacs), is repayable in 45 monthly installments (3 equal installments of ₹ 34.35 Lacs, 12 equal installments of ₹ 40.07 Lacs, 24 equal installments of ₹ 286.22 Lacs, 5 equal installments of ₹ 629.68 Lacs and remaining ₹ 538.10 Lacs is payable on 31-12-2015).
- Term Loan from bank of ₹ 4,500.00 Lacs (Previous Year ₹ 3,375.00 Lacs), is repayable in 16 equal quarterly installments of ₹ 281.25 Lacs each.
- Term Loan from bank of ₹ 3,273.81 Lacs (Previous Year ₹ 1,500.00 Lacs), is repayable in 91 equal monthly installments of ₹ 35.75 Lacs each and remaining 1 installment of ₹ 20.56 Lacs.
- Term Loan from bank of ₹ 5,000.00 Lacs (Previous Year Nil), is repayable in 8 quarterly installments of ₹ 625.00 Lacs each with moratorium period of 12 months.
- Term Loan from bank of ₹ 2500.00 Lacs (Previous Year Nil), is repayable in 8 quarterly installments of ₹ 312.50 Lacs each. First installments will fall due in quarter ending 18 month from the date of first disbursement.
- Term Loan from bank of ₹ 2,436.50 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments commencing after a moratorium of 2 years from the date of first disbursement.
- Term Loan from bank of ₹ 2,625.00 Lacs (Previous Year Nil), is repayable in 12 equal quarterly installments commencing after a moratorium of 2 years from the date of first disbursement.

## Notes to Consolidated Financial Statements

- 28 Term Loan from DBT Bihorama ₹ 350.00 Lacs (Previous Year ₹ 150.00 Lacs) is repayable in 10 equal half yearly installment after June 2012.
- 29 Term Loan from bank of ₹ 515.16 Lacs (USD 10.125 Lacs) (Previous Year ₹ 1,053.67 Lacs, USD 23.63 Lacs), is repayable in 3 equal quarterly installments.
- 30 Term Loan from bank of ₹ 2,228.92 Lacs (USD 43.81 Lacs) (Previous Year ₹ 3,331.20 Lacs, USD 74.69 Lacs), is repayable in 7 quarterly equal installments of ₹ 318.42 Lacs.
- 31 Buyers Credit of ₹ 483.97 Lacs is secured against non fund based facility sanctioned to the Company and due for payment in March 2013.
- 32 Loan from related parties of ₹ 12,000 lacs is payable on demand after a period of 3 years from the respective date of loans (₹ 2,604 Lacs is repayable in 2013-14 and ₹ 9,396 Lacs is repayable in 2014-15).
- 33 Term loan from bank of Nil (Previous Year ₹ 2,212.98 Lacs, USD 48.19 Lacs).
- 34 Term loan of ₹ 3,202.20 Lacs (Previous Year ₹ 4,091.67 Lacs) is repayable in 18 equal quarterly installments of ₹ 177.90 Lacs each. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh and second pari passu charge created on the current assets of the Company (present & future) on pari-passu basis.
- 35 Term loan of ₹ 3,541.61 Lacs (Previous Year ₹ 4,375.00 Lacs) is repayable in 17 equal quarterly installments of ₹ 208.33 Lacs each. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh.
- 36 Term loan of ₹ 194.22 Lacs (Previous Year ₹ 457.94 Lacs) is repayable in 3 quarterly installments of ₹ 65.93 Lacs, ₹ 65.93 Lacs & ₹ 62.36 Lacs. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh.
- 37 Term loan of ₹ 59.28 Lacs (Previous Year ₹ 99.71 Lacs) is repayable in 5 equal quarterly installments of ₹ 10.11 Lacs each and 6th quarterly installment of ₹ 8.74 Lacs. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh.
- 38 Term loan of ₹ 31.11 Lacs (Previous Year ₹ 172.26 Lacs) is repayable in 1 installments of ₹ 31.18 Lacs. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh.
- 39 Term loan of ₹ 7.14 Lacs (Previous Year ₹ 14.46 Lacs) is repayable in 3 equal quarterly installments of ₹ 1.83 Lacs each and 4th quarterly installment of ₹ 1.65 Lacs. The loan is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in state of Uttar Pradesh.
- 40 Term loan of Nil (Previous Year 370.73 Lacs) is secured by a first pari passu charge created on the fixed assets both present and future of Company's plant situated at Saharanpur in the state of Uttar Pradesh.
- 41 Term Loan from Sugar Development Fund of ₹ 155.00 Lacs (Previous Year ₹ 232.50 Lacs) is repayable in 2 yearly installments of ₹ 77.50 Lacs each.
- 42 Term Loan from Sugar Development Fund of ₹ 647.86 Lacs (Previous Year ₹ 740.41 Lacs) is repayable in 7 half yearly installments of ₹ 92.55 Lacs each.
- 43 Term Loan from Sugar Development Fund of ₹ 1,804.24 Lacs (Previous Year ₹ 1,804.24 Lacs) is repayable in 5 equal yearly installments of ₹ 360.85 Lacs each started from year 2017.
- 44 Term Loan from Sugar Development Fund of ₹ 265.50 Lacs (Previous Year Nil) is repayable in 4 equal yearly installments of ₹ 66.38 Lacs each started from year 2016.

### 5. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Pursuant to the Accounting Standard on "Accounting for taxes on Income " (AS-22) deferred tax liability/assets are as :		
<b>Deferred Tax Assets :-</b>		
Amount covered U/S 43B	241.82	224.15
Provision for doubtful debts	28.70	50.93
Unabsorbed Depreciation	621.94	2,696.78
Business Loss	-	1,672.68
Others	1,358.04	1,527.97
<b>Gross Deferred tax Assets</b>	<b>2,250.50</b>	<b>6,172.51</b>
<b>Deferred Tax Liabilities :-</b>		
Accelerated depreciation	12,636.66	12,236.75
Others	907.06	-
<b>Gross Deferred tax Liability</b>	<b>13,543.72</b>	<b>12,236.75</b>
<b>Net Deferred Tax Liability</b>	<b>11,293.22</b>	<b>6,064.24</b>

In case of subsidiary companies, 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(net) have been recognised.

### 6. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Interest accrued but not due on borrowings	80.78	30.01
Security deposits	490.66	241.36
	<b>571.44</b>	<b>271.37</b>

# Notes to Consolidated Financial Statements

## 7. PROVISIONS

(₹ in Lacs)

	Long - Term		Short - Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Provision for employee benefits:</b>				
Provision for Gratuity	-	-	283.35	242.61
Provision for Leave Encashment	263.65	225.31	129.47	123.85
	<b>263.65</b>	<b>225.31</b>	<b>412.82</b>	<b>366.46</b>
<b>Others:</b>				
Proposed equity dividend	-	-	836.48	418.24
Provision for tax on proposed equity dividend	-	-	135.70	67.85
Provision for Income Tax {Net of advance tax ₹ 2987.21 Lacs (Previous Year ₹ 1221.39 lacs)}	-	-	1,396.07	26.49
Provision for Fringe Benefit Tax {Net of advance tax ₹ 38.65 Lacs} (Previous Year ₹ 165.27 Lacs)}	-	-	0.26	0.26
Provision for Wealth Tax	-	-	3.55	3.62
	-	-	<b>2,372.06</b>	<b>516.46</b>
	<b>263.65</b>	<b>225.31</b>	<b>2,784.88</b>	<b>882.92</b>

## 8. SHORT TERM BORROWINGS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
<b>SECURED LOANS</b>		
Loans repayable on demand from Banks:		
Buyers Import Credit	53,784.48	36,548.03
Working Capital Loans (Including working capital demand loan Nil, Previous Year ₹ 0.99 Lacs)	66,575.39	51,656.89
	<b>120,359.87</b>	<b>88,204.92</b>
<b>UNSECURED LOANS</b>		
Short Term Loans from Banks	1.88	-
	<b>1.88</b>	<b>-</b>
	<b>120,361.75</b>	<b>88,204.92</b>

- 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. Buyers Credit facility is secured against non-fund based facility sanctioned to the Company. Further Packing credit facility of ₹ 15,115.27 Lacs (included in working capital loans) are also secured by pledge of deposit.
- Out of above, working capital facility of ₹ 6,927.66 lacs (Previous year ₹ 7,688.81 lacs) is also secured by the corporate guarantees of India Glycols Limited (The holding Company)

# Notes to Consolidated Financial Statements

## 9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Current maturities of long term borrowings (Note No 4)	24,180.32	20,018.99
Interest accrued but not due on borrowings	467.42	402.55
Security Deposit	40.91	41.10
Duties, taxes and other statutory dues	1,906.45	1,215.09
Capital Payables	2,147.32	4,193.62
Advance from Customers	2,529.28	1,480.87
Retention money	385.25	410.52
Expenses payable (Including MTM on derivative contracts)	3,027.52	3,320.14
Others payables	866.61	649.95
<b>Investor education &amp; protection fund shall be credited by the following amounts when due:</b>		
(i) Unclaimed Dividends	97.12	101.60
(ii) Unclaimed matured deposits	12.71	46.90
(iii) Unclaimed interest on above (ii)	3.64	8.34
	<b>35,664.55</b>	<b>31,889.67</b>

## 10. CONSOLIDATED FIXED ASSETS SCHEDULE

(₹ in Lacs)

Description	Gross Carrying Amount				Depreciation/ Amortization				Net Carrying Amount	
	As at 01.04.2011	Additions*	Sales/ Other Adjust- ments	As at 31.03.2012	As at 01.04.2011	For the year	Sales/ Other Adjust- ments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible assets</b>										
Freehold Land	2,060.76	18.03	-	2,078.79	-	-	-	-	2,078.79	2,060.76
Leasehold Land	1,410.97	-	-	1,410.97	118.54	16.64	-	135.18	1,275.79	1,292.43
Buildings	17,849.77	755.62	-	18,605.39	1,753.17	373.17	-	2,126.34	16,479.05	16,096.60
Plant and Machinery	141,144.14	8,858.80	59.12	149,943.82	49,897.19	7,622.01	51.25	57,467.95	92,475.87	91,246.95
Office Equipment	2,197.65	53.63	35.16	2,216.12	1,060.27	162.12	20.34	1,202.05	1,014.07	1,137.38
Furniture and Fixtures	1,794.89	254.30	23.36	2,025.83	434.91	122.49	11.73	545.67	1,480.16	1,359.98
Vehicles #	1,262.27	126.07	174.98	1,213.36	413.91	113.34	90.05	437.20	776.16	848.36
<b>Total (A)</b>	<b>167,720.45</b>	<b>10,066.45</b>	<b>292.62</b>	<b>177,494.28</b>	<b>53,677.99</b>	<b>8,409.77</b>	<b>173.37</b>	<b>61,914.39</b>	<b>115,579.89</b>	<b>114,042.46</b>
<b>Intangible assets</b>										
Computer software	968.58	69.52	-	1,038.10	434.18	122.53	-	556.71	481.39	534.40
Goodwill @	3,039.30	-	-	3,039.30	-	-	-	-	3,039.30	3,039.30
<b>Total (B)</b>	<b>4,007.88</b>	<b>69.52</b>	<b>-</b>	<b>4,077.40</b>	<b>434.18</b>	<b>122.53</b>	<b>-</b>	<b>556.71</b>	<b>3,520.69</b>	<b>3,573.70</b>
<b>Grand Total (A) + (B)</b>	<b>171,728.33</b>	<b>10,135.97</b>	<b>292.62</b>	<b>181,571.68</b>	<b>54,112.17</b>	<b>8,532.30</b>	<b>173.37</b>	<b>62,471.10</b>	<b>119,100.58</b>	<b>117,616.16</b>
Previous year	138,808.61	33,188.84	269.12	171,728.33	46,602.90	7,641.68	132.41	54,112.17		

\* (i) Includes foreign exchange fluctuation difference arising under AS-11 (The effect of changes in foreign exchange rates) vide notification no. G.S.R 225 (E) dated 31st March, 2009 issued by Ministry of corporate affairs of Government of India.

(ii) Includes capitalisation of:

(a) Finance cost Building Nil (Previous Year ₹ 786.14 Lacs), Plant & Machinery ₹ 1,380.43 Lacs (Previous Year ₹ 2140.85 Lacs).

(b) Exchange difference Plant and machinery ₹ 911.48 Lacs (Previous Year ₹ 241.36 Lacs).

# Gross block includes ₹ 311.30 Lacs (Previous Year ₹ 267.12 Lacs) secured by hypothecation against loan.

@ Represent Goodwill (net) arising on Consolidation.

**Note:** Opening Gross Block & Accumulated depreciation of Foreign Subsidiary, IGL Chem PTE LIMITED, Singapore, as on 31st March, 2012 is reinstated as per AS-11 and amount of ₹ 0.20 Lacs (Net of depreciation of ₹ 0.27 lacs) is adjusted in Foreign Currency Translation Reserve.

# Notes to Consolidated Financial Accounts

## 11. INVESTMENTS

(₹ in Lacs), except as otherwise stated

	Nominal Value	As at 31.03.2012		As at 31.03.2011	
<b>Non-Current Investments</b>					
<b>Long Term, Non-Trade Investment-At Cost less provision</b>					
<b>Investment in Equity Instruments</b>					
Unquoted, Fully paid up - Joint Venture					
5,000 (Previous Year Nil) Equity Shares of Kashipur Infrastructure and Freight Terminal Private Limited					
			0.50		-
			0.50		-
<b>Quoted, fully paid up - Others</b>					
211,360 (Previous Year 211,360) Equity Shares of IDBI Bank Ltd	₹ 10		105.00		105.00
34,000 (Previous Year 34,000) Equity Shares of Axis Bank Ltd.	₹ 10		7.14		7.14
2,500 (Previous Year 2,500) Equity Shares of ICICI Bank Ltd.	₹ 10		1.97		1.97
			114.11		114.11
<b>Investment in Preference Share (Unquoted, fully paid up)</b>					
4,68,000 (Previous year 4,68,000) 15% Redemable Non-cumulative Preference Shares of Hindustan Wires Ltd	₹ 100	468.00		468.00	
Less: Provision for diminution		397.32	70.68	397.32	70.68
22,000 15% Redemable Non-cumulative Preference Shares of Hindustan Wires Ltd	₹ 100	22.00		22.00	
Less: Provision for diminution		18.68	3.32	18.68	3.32
			74.00		74.00
<b>Total Non - Current investments</b>			188.61		188.11
Aggregated book value of unquoted investment					
			74.50		74.00
Aggregated book value of quoted investment					
			114.11		114.11
Market value of quoted investments					
			633.26		807.11
Aggregate provision made for Diminution in value of Investments					
			416.00		416.00
<b>Current Investments - at the lower of cost and fair value</b>					
Others- Unquoted, fully paid up (Non- Trade Investment)					
<b>Investments in Mutual funds</b>					
668,518 (Previous year 668,518) UTI Bonds Fund-Dividend Plan	₹ 10		79.04		76.14
100,000 (Previous year Nil) SBI Gold Fund- Growth	₹ 10		10.00		-
29,863 (Previous year Nil) SBI Magnum Insta Cash-Daily Dividend	₹ 1,000		500.22		-
99,721 (Previous year Nil) SBI PLF - SI - Daily Dividend	₹ 1,000		1,000.45		-
			1,589.71		76.14
Aggregated book value of unquoted investment					
			1,589.71		76.14
Aggregate provision made for Diminution in value of Investments					
			3.17		6.07

**Note:** The Company has earmarked 668518 UTI Bonds Funds amounting to ₹ 79.04 Lacs (Previous Year 668518 UTI Bonds Funds amounting to ₹ 76.14 Lacs) in compliance with the provisions of Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

## Notes to Consolidated Financial Statements

### 12. LONG TERM LOANS & ADVANCES (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Capital Advances	5,121.01	4,010.19
Security Deposits @	1,896.38	1,430.43
Balance with Excise and Authorities	2,869.03	2,355.73
Inter Corporate Deposits	6,625.00	875.00
Other Loans & advances (Includes ₹ 2.11 Lacs (Previous Year ₹ 2.78 Lacs) due from a director)	281.40	327.19
* includes prepaid expenses and loans to employees	16,792.82	8,998.54

@ Includes ₹ 480 Lacs (Previous Year ₹ 480 Lacs) security deposit to Private companies in which director/directors of company is director and are also related parties.

### 13. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Bank balance on deposit account* (Refer Note no. 16)	108.28	507.85
Others		
Foreign Currency Monetary Item Translation Difference	1,346.72	-
Upfront fee, processing charges, etc amortised over tenure of loans	80.74	-
Accrued Interest	3.84	-
	1,539.58	507.85

\* Pledged with bank/Government Authorities as margin money/security against the borrowings and guarantees maturing after 12 months

### 14. INVENTORIES (At lower of cost and net realisable value) (As taken, valued and certified by the management)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Raw Materials*	38,161.60	17,883.94
Work-in-Process	2,301.93	9,481.50
Finished Goods **	15,786.71	11,124.35
Stores and Spares	13,611.58	11,582.17
Residue Product	6.09	7.75
Scrap	5.15	4.22
Loose Tools	58.57	59.74
	69,931.63	50,143.67

\*Includes in transit ₹ 10,830.56 Lacs (Previous Year ₹ 7,190.99 Lacs)

\*\*Includes in transit ₹ 463.87 Lacs (Previous Year ₹ 324.21 Lacs)

## Notes to Consolidated Financial Statements

### 15. TRADE RECEIVABLES (Unsecured considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
(a) Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	610.50	781.61
- doubtful	64.22	129.07
(b) Other (Considered Good)	29,279.74	15,410.44
	<b>29,954.46</b>	16,321.12
Less: Provision for Doubtful debts	64.22	129.07
	<b>29,890.24</b>	16,192.05

### 16. CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
<b>(a) Cash and Cash equivalents</b>		
(i) Cash in Hand	31.27	35.73
(ii) Balance with Banks		
- On Current Accounts	4,844.61	3,386.56
- In Fixed Deposit Accounts maturing within 12 months*	25,078.27	15,178.08
- On Dividend Accounts	97.12	101.60
(iii) Cheques in hand	300.00	100.00
<b>(b) Other bank balances</b>		
- In Fixed Deposit Accounts maturing after 12 months*	108.28	507.85
	<b>30,459.55</b>	19,309.82
Less: Amount disclosed under Other Non Current Assets (Note No 13)	108.28	507.85
	<b>30,351.27</b>	18,801.97

\* Pledged with bank/Government Authorities as margin money/security against guarantees, packing credit facility and other borrowings.

## Notes to Consolidated Financial Statements

### 17. SHORT TERM LOANS & ADVANCES (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2012		As at 31.03.2011	
Inter Corporate Deposits		4,491.00		-
Interest receivable		1,403.51		590.00
Export Incentive receivable		6,140.49		2491.13
Balance with Excise and Authorities		3,922.06		2745.03
Deposits with Government Departments & Others		286.34		299.51
Security Deposits / Earnest Money Deposits		50.99		50.98
MAT Credit Entitlements		4,789.68		1654.28
Advance Income Tax/ Tax deducted at source		26.12		24.93
Prepaid expenses		708.84		478.70
Other Advances:				
Advances recoverable in cash or in kind or for value to be received	7,863.48		6437.78	
Doubtful advances / loans	71.12		62.71	
Less : Provision for doubtful advances / loans	(71.12)	7,863.48	(62.71)	6,437.78
		29,682.51		14,772.34

\*Includes business advance of Nil (Previous year ₹ 4.91 Lacs) to firm in which director is partner

### 18. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
Foreign Currency Monetary Item Translation Difference	1,448.97	-
Upfront fee, processing charges,etc amortised over tenure of loans	446.40	-
	1,895.37	-

The Company has during the year amortised the ancillary cost incurred in connection with the borrowing over the term of the loan.

# Notes to Consolidated Financial Statements

## 19. REVENUE FROM OPERATIONS

(₹ in Lacs)

	2011-2012	2010-2011
<b>Sales of Products</b>		
Glycols	59,211.34	42,141.55
E.O. Derivatives	89,154.77	86,254.19
Guar Gum Powder and derivatives	39,564.32	6,487.80
Ethyl Alcohol (Potable)	50,168.49	34,147.42
Industrial Gases	3,144.19	2,940.92
Sugar	8,133.20	8,056.68
Others	4,856.37	2,230.84
Sale of traded goods		
Chemical Products	37,646.25	3,300.46
Agri Products	9,835.73	9,695.29
Export Incentive receivable	3,711.62	1,308.58
Less: Excise Duty	38,409.44	23,661.00
	<b>267,016.84</b>	<b>172,902.73</b>
<b>Sales of Service</b>		
Rent	617.41	322.67
Others	283.99	79.82
	<b>901.40</b>	<b>402.49</b>
<b>Other Operating Revenue</b>		
Provision no longer required written back	140.35	67.03
Sundry balances/ liabilities no longer required written back	215.56	19.19
Provision for doubtful debts/Advances written back	2.37	1.50
Exchange fluctuation gain (Net of Loss of ₹ 1256.34 Lacs)	-	1,313.02
Miscellaneous Income	2,435.63	1,505.63
	<b>2,793.91</b>	<b>2,906.37</b>
<b>Total Revenue from operations</b>	<b>270,712.15</b>	<b>176,211.59</b>

## Notes to Consolidated Financial Statements

### 20. OTHER INCOME

(₹ in Lacs)		
	2011-2012	2010-2011
Interest Income	486.23	258.11
Dividend on Long term Investment	16.74	12.64
Dividend on current investment (TDS ₹ Nil, Previous year ₹ Nil)	5.01	-
Reversal of Diminution in value of current Investments	2.90	1.05
Commodity Derivative Income	3.76	-
Profit on sale of Fixed Assets	17.16	9.98
Miscellaneous Income	186.38	22.50
	<b>718.18</b>	<b>304.28</b>

### 21. COST OF MATERIALS CONSUMED

(₹ in Lacs)		
	2011-2012	2010-2011
<b>Raw Materials consumed</b>		
i) Molasses	27,401.65	14,774.99
ii) Chain Starters	11,464.27	9,620.54
iii) Special Denatured Spirit	27,151.67	45,707.27
iv) Guar split	22,768.61	4,207.56
v) Cane Consumption	8,454.48	7,219.43
vi) Production Chemicals & Others	10,632.46	9,297.14
vii) Packing Material	9,578.39	7,853.95
<b>TOTAL</b>	<b>117,451.53</b>	<b>98,680.88</b>

### 22. PURCHASE OF STOCK IN TRADE

(₹ in Lacs)		
	2011-2012	2010-2011
Chemical and Oil Products	38,823.78	3,210.09
Agro products	9,651.02	9,801.82
	<b>48,474.80</b>	<b>13,011.91</b>

## Notes to Consolidated Financial Statements

### 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

	2011-2012	2010-2011
<b>CLOSING STOCK</b>		
<b>A) Finished Goods</b>		
- Glycols	2,685.15	403.95
- E.O. Derivatives	4,426.07	2,566.65
- Ethyl Alcohol (Potable)	522.75	553.85
- Guar Gum Powder and derivatives	515.55	81.01
- Guar Churi	0.13	0.01
- Industrial Gases	20.48	25.60
- Sugar	6,590.80	6,402.37
- Molasses & Bagasses	645.94	602.63
- Anhydrous Alcohol and Rectified spirit	17.45	111.25
- Bio Compost and Press mud	21.45	20.95
- Herbal Products	340.94	356.08
<b>Total Finished Goods</b>	<b>15,786.71</b>	<b>11,124.35</b>
<b>Work-in-Process</b>	<b>2,301.93</b>	<b>9,481.50</b>
<b>Residue Product</b>	<b>6.09</b>	<b>7.75</b>
	<b>18,094.73</b>	<b>20,613.60</b>
<b>LESS : OPENING STOCK</b>		
<b>Finished Goods</b>		
- Glycols	403.95	1,111.22
- E.O. Derivatives	2,566.65	3,167.13
- Ethyl Alcohol (Potable)	553.85	963.35
- Guar Gum Powder and derivatives	81.01	198.87
- Guar Churi	0.01	0.07
- Industrial Gases	25.60	8.28
- Sugar	6,402.37	7,170.32
- Molasses & Bagasses	602.63	1,111.11
- Anhydrous Alcohol and Rectified spirit	111.25	132.97
- Bio Compost and Press mud	20.95	13.70
- Herbal Products	356.08	-
<b>Total Finished Goods</b>	<b>11,124.35</b>	<b>13,877.02</b>
<b>Work-in-Process</b>	<b>9,481.50</b>	<b>5,402.07</b>
<b>Residue Product</b>	<b>7.75</b>	<b>7.66</b>
	<b>20,613.60</b>	<b>19,286.75</b>
<b>Less: Stocks at the commencement of commercial production</b>		
- Finished Goods	-	147.84
- Stock-in-Process	-	328.95
<b>Less: Differential Excise Duty provided on Stocks</b>	<b>570.88</b>	<b>(177.76)</b>
	<b>3,089.75</b>	<b>(1,027.82)</b>

## Notes to Consolidated Financial Statements

### 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	2011-2012	2010-2011
Salaries, Wages, Allowances, etc.	6,492.46	6,221.84
Contribution to Provident and other Funds	490.45	509.71
Employees' Welfare and other Benefits	648.80	493.27
<b>TOTAL</b>	<b>7,631.71</b>	<b>7,224.82</b>

### 25. FINANCE COSTS

(₹ in Lacs)

	2011-2012	2010-2011
Interest on Fixed Loans	8,629.42	7,482.90
Other Interest	4,625.13	2,762.48
Other Borrowing Cost		
Financial Charges	1,894.50	1,666.21
	<b>15,149.05</b>	<b>11,911.59</b>
Less: Interest on Fixed deposits with bank	1,700.64	607.28
	<b>13,448.41</b>	<b>11,304.31</b>

### 26. OTHER EXPENSES

(₹ in Lacs)

	2011-2012	2010-2011
Stores and spares Consumed	5,113.41	3,469.45
Power and Fuel	32,185.89	23,835.42
Repairs and Maintenance		
- Buildings	452.26	325.87
- Plant and Machinery	1,787.23	1,212.72
- Others	285.51	213.96
Rent	125.00	84.75
Rates and Taxes	1,179.20	1,124.10
Travelling and Conveyance	845.54	1,118.30
Insurance	366.09	182.20
(Net of recovery from customers ₹ 2.30 Lacs, Previous year ₹ 2.98 Lacs)		
Directors' sitting Fee	11.50	10.50
Commission to Non Executive Director	10.50	-
Printing & Stationery, Postage, Telephone, security, legal and professional and other Miscellaneous Expense	2,156.90	2,101.01
Donation	12.63	44.61
Commission to Selling agents	962.69	539.89
Freight forwarding and others (Net of recovery from customers / provision written back ₹ 937.84 lacs, Previous year ₹ 1692.01 lacs)	6,954.58	4,957.75
	-	-

## Notes to Consolidated Financial Statements

### 26. OTHER EXPENSES (Continued)

(₹ in Lacs)

	As at 31.03.2012		As at 31.03.2011	
Exchange Fluctuation loss (Net of gain ₹ 4,366.14 lacs)		7,655.66		-
Commodity Derivative Loss		-		353.46
Bad debts written off	93.21		437.44	
Less : Provision for doubtful debts written back	71.97	21.24	83.46	353.98
Provision for doubtful debts and advances (Net)		15.53		47.05
Loss on Sale / Discard of Fixed Assets		55.82		48.27
Amortisation of Foreign Currency Monetary Item Transaction Difference		621.78		34.20
Pre-operative Expenses written off		344.22		-
Wealth Tax		3.09		3.62
		61,166.27		40,061.11

27) Accounting Policies and other notes to the accounts of the financial statements of the Company and its subsidiaries are set out in there respective financial statements.

### 28) (A) Contingent Liabilities not provided for (As certified by the Management):

#### (i) In respect of :-

(₹ in Lacs)

Particulars	As on 31.03.2012	As on 31.03.2011
Central Excise/ State Excise	4,633.55	5646.95
Customs	261.93	350.12
Service Tax	182.28	213.80
Sales Tax	3,322.73	4937.69
Other matters	2,003.36	79.38

(ii) Claims against the Company not acknowledged as debts ₹ 97.25 Lacs (Previous Year: ₹ 409.91 Lacs)

(iii) Bills discounted with Banks ₹ 7,925.98 Lacs (Previous Year: ₹ 3,365.09 Lacs).

(iv) Guarantees issued by Bank on behalf of Company ₹ 5,700.71 Lacs (Previous year ₹ 5,235.97 Lacs)

(v) Recovery Charges claimed by S.D.M. Behat towards payment of cane dues ₹ 66.82 Lacs (Previous year ₹ 66.82 Lacs) including the interest on cane dues ₹ 46.89 Lacs (Previous year ₹ 46.89 Lacs).

(vi) Pending final disposal by the Appellate Tribunal (CESTAT), Central Excise, the Company has not reversed in the books of account CENVAT credit taken, in respect of certain inputs and capital goods and godown rent for ₹ 15.21 Lacs (Previous year ₹ 7.92 Lacs) initially disallowed by authorities and even reversed in the Excise records. The said amount ₹ 15.21 Lacs (Previous year ₹ 7.92 Lacs) is included in CENVAT receivables.

(B) Custom duty saved on import of raw material under Advance License pending fulfillment of export obligation is amounting to ₹ 1,617.19 lacs (Previous year ₹ 1,413.79 Lacs).

The management is of the view that considering the past export performance and future prospects there is certainty that pending export obligation under advance licenses, will be fulfilled before expiry of the respective advance licenses. Accordingly and on "Going Concern Concept" basis there is no need to make any provision for custom duty saved.

29) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 5,121.01 Lacs, previous year ₹ 4,010.19 Lacs) are ₹ 12,820.10 Lacs (Previous year ₹ 10,588.16 Lacs).

30) 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.

## Notes to Consolidated Financial Statements

- 31) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of license 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 18th October, 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 and Advances) with State Government of Uttarakhand.
- 32) In the earlier years, the State Government of Uttarakhand had levied Export Pass Fee on ENA/RS export outside India. The matter is finally disposed of by Hon'ble High Court of Uttarakhand vide its Order dated 9th January, 2012 and has declared the levy of said fee as unsustainable and irrecoverable. Amount of ₹ 17.01 Lacs paid in earlier years along with ₹ 51.04 Lacs paid in current year are shown as recoverable from State Govt. of Uttarakhand in the books of account.
- 33) The Company has challenged the legality and the validity of the financial derivative transaction dated 15th January 2008 entered into with Standard Chartered Bank, New Delhi (SCB), which is the subject matter of civil suit (Original suit) pending before the Hon'ble High Court of Delhi (High Court) at New Delhi. Provision made in earlier year has been written back in the books of accounts in view of the favourable opinion of the legal consultant and order of DRT and DRAT to not to entertain application of the SCB, pending final decision of the High Court same has been shown under contingent liability.
- 34) In accordance with Companies (Accounting Standards) Amendment Rules 2009 as amended by Companies (Accounting Standards) (Second Amendment) Rules 2011, the Company continued its policy, as exercised in financial year 2008-09, 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" to be amortise over the period of loan. Accordingly: (a) Exchange differences (gain)/ loss relating to long-term monetary items, in so far related to acquisition of depreciable capital assets, arising during the year amounting to ₹ 809.65 Lacs (Previous year ₹ 220.02 Lacs) (net of depreciation ₹ 101.83 Lacs, previous year ₹ 21.34 Lacs.) adjusted to the cost of fixed assets, and (b) relating to other long-term monetary items arising during the year amounting to ₹ 2795.69 Lacs (Previous year ₹ 1.13 Lacs) (Net of amortization ₹ 621.78 Lacs, previous year ₹ 1.13 Lacs) are adjusted to "Foreign Currency Monetary Item Translation Difference".
- 35) Exceptional items represents gain on write back of provision against disputed amount (as stated in note 33 above amounting to ₹ 1,923.98 lacs) and other provisions/ creditors no longer required net of cane price revision amount in respect of subsidiary company (SSAIL) and exchange loss on reinstatement of outstanding foreign exchange contracts (Refer note 46(d)).
- 36) (i) Catalyst is charged to the Profit & Loss Account as consumable (Stores & Spares) based on technically assessed useful life (1 to 3 Years).  
(ii) Specialized Computer Software is amortised over its useful life of 6 years on SLM basis.
- 37) SSAIL is in the process of updating the fixed assets records and physical verification of certain Fixed Assets is in progress. In view of the adequate 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.
- 38) Net worth of a subsidiary company (SSAIL) as per audited accounts for the year ended 31st March, 2012 has been fully eroded. Consolidated financial statements have been prepared considering the current financial position of the subsidiary companies.
- 39) In accordance with the accounting standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, in view of the management and in respect of a subsidiary company (SSAIL), no impairment loss on its Fixed Assets/Cash Generating Units (CGU) is required to be made considered necessary at this stage, as its expected recoverable value is more than its carrying value.
- 40) In respect of a subsidiary company (SSAIL), balances of certain Debtors, Creditors, other liabilities, loans and advances (including capital advance) and provisions are in process of confirmation and/or reconciliation. Management is confident that on final recoverability/ confirmation of these, there will not be any material adjustment.
- 41) Foreign exchange gain amounting to ₹ 32.07 Lacs (previous year ₹ 1,121.50 Lacs), net of Loss of ₹ 5,077.49 Lacs (previous year ₹ 2,663.77 Lacs) has been included in the respective heads of accounts in the Profit Loss Account. This has no impact on Profit / Loss for the year.

## Notes to Consolidated Financial Statements

### 42) Related Parties Disclosure (As identified by the management):

#### (i) Relationships:

##### A. Key Management Personnel & their Relatives

- U. S. Bhartia (Chairman and Managing Director)
- M. K. Rao (Executive Director)
- Pragya Bhartia

##### B. 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
- Supreet Vyapaar (P) Ltd.
- Mayur Barter (P) Ltd.
- Facit Commosales (P) Ltd.
- J. Boseck & Co. (P) Ltd.

##### C. Joint Venture Enterprise

- Kashipur Infrastructure and Freight Terminal Private Limited

#### (ii) Detail of Transactions with related parties:

(₹ in Lacs)

S.No.	Particulars	2011-2012	2010-2011
<b>A.</b>	<b>Ajay Commercial Co. (P) Ltd.</b>		
	- ICD Received	-	325.50
	- Interest Expense	26.11	15.84
	- Rent Paid	2.34	2.34
	- Security Deposit Given	-	150.00
	Outstanding at year end		
	- Balance Payable		
	i) ICD	325.50	325.50
	- Security Deposit receivable	240.00	240.00
<b>B.</b>	<b>J. B. Commercial Co. (P) Ltd.</b>		
	- ICD Received	-	271.50
	- ICD Paid Back	5.00	9.00
	- Interest Expense	21.6	13.11
	- Rent Paid	2.34	2.34
	- Security Deposit Given	-	150.00
	Outstanding at year end		
	- Balance Payable		
	i) ICD	257.50	262.50
	ii) ICD Interest	0.01	-
	- Security Deposit receivable	240.00	240.00
<b>C.</b>	<b>Kashipur Holdings Limited</b>		
	- ICD Received	6,676.00	1,000.00
	- ICD Paid Back	10.00	5.00
	- Interest Expense	351.67	36.86
	- Advance given	5.00	-
	Outstanding at year end		
	- Balance Payable		
	i) ICD	7,661.00	995.00
	ii) Others	-	0.36
	- Balance Receivable	5.00	-
<b>D.</b>	<b>Polylink Polymers (India) Ltd.</b>		
	- Sale of Material	-	57.78
	- Rent & Maintenance charges	97.99	7.80

## Notes to Consolidated Financial Statements

S.No.	Particulars	2011-2012	2010-2011
	- ICD Given	54.00	-
	- ICD Received Back	54.00	-
	- Interest Income	1.46	-
	Outstanding at year end		
	- Balance Payable	30.13	1.52
	- Balance Receivable	59.10	57.78
<b>E.</b>	<b>Hindustan Wires Limited</b>		
	- Purchases of Material	-	4.42
	- Sale of Material	275.25	273.54
	- Rent & other expenses	5.00	3.23
	Outstanding at year end		
	- Balance Receivable	18.32	15.79
	- Deposit Receivable	0.29	0.29
	- Balance Payable	0.09	0.80
	- Investment in Preference Shares	490.00	490.00
<b>F.</b>	<b>Supreet Vyapaar (P) Ltd.</b>		
	- ICD Received	500.00	1,008.00
	- ICD Paid Back	20.00	360.00
	- Interest Expense	86.77	51.17
	Outstanding at year end		
	- Balance Payable		
	i) ICD	1,128.00	648.00
<b>G.</b>	<b>Mayur Barter (P) Ltd.</b>		
	- ICD Received	2,000.00	378.00
	- Interest Expense	132.41	3.01
	Outstanding at year end		
	- Balance Payable		
	i) ICD	2,378.00	378.00
<b>H.</b>	<b>Facit Commosales (P) Ltd.</b>		
	- ICD Received	250.00	-
	- Interest Expense	16.27	-
	Outstanding at year end		
	- Balance Payable		
	i) ICD	250.00	-
<b>I.</b>	<b>J. Boseck &amp; Co. (P) Ltd.</b>		
	- ICD Paid Back	5.00	-
	- Interest Expense	0.04	0.26
	Outstanding at year end		
	- Balance Payable		
	i) ICD	-	5.00
	ii) Other	0.03	-
<b>J.</b>	<b>Kashipur Infrastructure and Freight Terminal Private Limited</b>		
	- Investment made	0.50	-
	- Reimbursement received against expenses incurred on their behalf.	0.01	-
<b>K.</b>	<b>U. S. Bhartia</b>		
	- Managerial Remuneration	536.34	788.13
<b>L.</b>	<b>M. K. Rao</b>		
	- Managerial Remuneration	47.39	38.59
<b>M.</b>	<b>Pragya Bhartia</b>		
	- Salary	19.13	5.12

## Notes to Consolidated Financial Statements

43) The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included below:

Name of the Subsidiary	Shakumbari Sugar & Allied Industries Limited	IGL Chem International PTE. LTD.	IGL Finance Limited
	(₹ in Lacs)	(USD in Lacs)	(₹ in Lacs)
Capital	6,067.71	0.79	100.00
Reserves (net of debit balance of Profit and Loss Account)	(9,506.14)	(1.33)	(14.21)
Total Assets	25,082.37	9.89	85.91
Total Liabilities	25,082.37	9.89	85.91
Investments	-	-	74.00
Turnover (net)	15,890.59	72.23	-
Profit / (loss) before tax	(3,655.65)	0.39	0.66
Provision for Taxation	-	-	-
Profit / (loss) after Taxation	(3,655.65)	0.39	0.66
Proposed Dividend	-	-	-

#### 44) Segment Information:

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

(₹ in Lacs)

	Business Segments				Others		Unallocable		Total	
	Chemicals		Liquor		31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	31.03.2012	31.03.2011	31.03.2012	31.03.2011						
<b>A REVENUE</b>										
1 Gross Sales (External)	233,583.44	142,922.20	50,589.72	34,358.98	22,154.52	19,685.04	-	-	306,327.68	196,966.22
2 Other Income	1,684.31	789.51	862.94	557.70	376.19	284.34	588.65	1,579.10	3,512.09	3,210.65
3 Total Revenue	235,267.75	143,711.71	51,452.66	34,916.68	22,530.71	19,969.38	588.65	1,579.10	309,839.77	200,176.87
<b>B RESULTS</b>										
1 Segment Result (PBIT)	37,232.09	11,947.93	3,872.59	3,478.20	(2,701.37)	(3,139.40)	(12,985.29)	(1,363.44)	25,418.02	10,923.29
2 Interest Expense (Net)									13,448.41	11,304.31
3 Profit Before Tax									11,969.61	(381.02)
4 a Provision for Current Tax (net of MAT credit)									-	-
4 b Deferred Tax									5,228.98	1,371.60
4 c Taxation provision of earlier year									-	(258.07)
5 Profit after Tax									6,740.63	(1,494.55)
<b>C Other Information:</b>										
1 Segment Assets	200,575.81	161,613.75	14,217.74	12,999.43	36,093.39	33,130.89	60,560.37	32,446.87	311,447.31	240,190.94
2 Segment Liabilities	23,516.32	15,703.78	2,054.59	3,827.97	9,070.35	3,224.18	232,624.21	179,006.23	267,265.47	201,762.16
3 Capital Expenditure	7,272.00	7,733.12	425.11	10.11	1,028.17	2,978.55	112.39	395.59	8,837.67	11,117.37
4 Depreciation and Amortisation expenses	6,661.42	5,829.99	260.82	243.79	1,179.68	1,175.99	430.38	391.92	8,532.30	7,641.69

## Notes to Consolidated Financial Statements

### B. Information about Geographical Segments (Secondary Segments): (₹ in Lacs)

	Domestic		Overseas		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1 Gross Sales (External)	180,217.28	126,175.34	126,110.39	70,790.88	306,327.67	196,966.22
2 Segment Assets	236,798.41	200,644.77	14,088.53	7,099.30	250,886.94	207,744.07

#### 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 Industrial chemical, Liquor and others which includes herbal products 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

Industrial Chemicals Segment comprises Glycols, Specialty Chemicals, Natural Gum and other related goods etc.

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

'Others' primarily includes Herbal Products, Rental and Sugar.

### 45) Earnings per share (EPS):

Particulars	2011-2012	2010-2011
Net profit for the year attributable to equity shareholders (₹ in Lacs)	6740.63	(1480.42)
Weighted average number of equity shares outstanding	27882500	27882500
Basic and diluted earnings per share (face value of ₹ 10 each) (₹)	24.18	(5.31)

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

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

Nature of Instruments	2011-12 Amount (FC in million)	2011-12 Amount (₹ in Lacs)	2010-11 Amount (FC in million)	2010-11 Amount (₹ in Lacs)
Open Forward Contracts				
– USD	48.00	24,422.40	16.32	7,277.21
Foreign currency options				
– USD	-	-	6.23	2,776.35
Packing Credit Net of Export debtors				
– USD	48.20	24,526.79	66.51	29,663.46
<b>Open foreign exchange exposures:</b>				
Loans				
– USD	156.07	79406.34	80.22	35776.68
– EURO	0.3	184.18	0.2	143.85
– JPY	-	-	69.06	372.32
Payable				
– USD	15.75	8013.73	1.50	675.21
– EURO	0.01	4.91	0.01	4.35
– JPY	1.00	6.22	1.31	7.00
– CHF	0.01	2.47	0.01	1.91

## Notes to Consolidated Financial Statements

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- (b) Exchange fluctuation loss of ₹ 7,655.66 Lacs (Previous year gain of ₹ 1,313.02 Lacs), is net of gain of ₹ 4,366.14 Lacs (Previous year loss of ₹ 1,256.34 Lacs).
- (c) The Company uses derivative instruments for hedging possible losses and exchange fluctuation loss is ₹ 1,373.53 Lacs net off gain of ₹ 1,361.20 Lacs (Previous year gain of ₹ 649.17 Lacs net of loss of ₹ 232.90 Lacs) which is inclusive of loss of ₹ 2,473.14 Lacs (Previous year loss of ₹ 202.90 Lacs) provision for mark to market loss on account of all outstanding financial transactions as on 31st March 2012.
- (d) 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 ₹ 2,473.14 Lacs included in (a) (Previous year ₹ 202.90 Lacs) on outstanding contracts to the profit & loss account, account of foreign exchange derivative instruments and the same shown as part of exceptional item.
- 47)** During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. Thus previous year figures have been reclassified/ recasted suitably. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements except for presentation and disclosures, wherever required.
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As per our report of even date

**For Lodha & Co.**  
*Chartered Accountants*  
Firm Registration no. 301051E

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

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

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

**Rakesh Bhartia**  
*Chief Executive Officer*

Date : 14th May, 2012  
Place : Noida, UP

**Anand Singhal**  
*Chief Financial Officer*

**Lalit Kumar Sharma**  
*Company Secretary*



**INDIA GLYCOLS LIMITED**

Registered Office : A-1, Industrial Area, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar, Uttarakhand

**TWENTY EIGHTH 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-244713, Distt. Udham Singh Nagar, Uttarakhand

**TWENTY EIGHTH 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 15th day of September, 2012 at 12.30 p.m. and at any adjournment thereof.

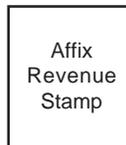
Signed this\_\_\_\_\_day of\_\_\_\_\_2012

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



This Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

# BOOK-POST

*If undelivered, please return to:*



**INDIA GLYCOLS LIMITED**

Plot No. 2-B, Sector 126, Noida  
Distt. Gautam Budh Nagar-201 304  
Uttar Pradesh