Corporate Information

Board of Directors

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

Audit Committee

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

Investors' Grievance Committee

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

Company Secretary

Lalit Kumar Sharma

Auditors

Lodha & Co., *Chartered Accountants*

Bankers

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

Registered Office

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

Corporate Office

3A, Shakespeare Sarani,
Kolkata - 700 071.

Head Office

C-124, Okhla Industrial Area, Phase-I,
New Delhi - 110 020.

Registrars & Transfer Agents

MCS Ltd.
Sri Venkatesh Bhawan
W-40 Okhla Industrial Area Phase-II
New Delhi - 110 020,

Notice

NOTICE is hereby given that the Twenty fourth Annual General Meeting of the members of India Glycols Limited will be held on Thursday the 14th August, 2008 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, 2008 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 Smt. Jayshree Bhartia, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri Jagmohan N Kejriwal, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Pradip Kumar Khaitan, 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 Shri N Ramachandran be and is hereby appointed as Director, whose period of office shall be liable to determination for retirement of Directors by rotation."

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

   "RESOLVED THAT Shri M.K. Rao be and is hereby appointed as Director, whose period of office shall be liable to determination for retirement of Directors by rotation."

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

   "RESOLVED THAT subject to provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approval as may be necessary, the consent of the members be and is hereby accorded to the appointment of Shri M.K. Rao as Executive Director of the Company for a period not exceeding 5 years w.e.f. 1st May, 2008 on the remuneration, perquisites, benefits and amenities as mentioned below:

Remuneration:

a) Salary

Monthly salary	-	Rs.1,45,456/- (Rupees One lac forty five thousand four hundred fifty six only).
Special Allowance	-	Rs.1,03,463/- p.m. (Rupees One lac three thousand four hundred sixty three only)

b) Perquisites:

In addition to the salary, the executive Director shall be entitled to the following perquisites which shall be evaluated as per Income Tax Rules, wherever applicable, in the absence of any such rule, perquisite shall be evaluated at actual cost:

i) unfurnished residential accommodation;

ii) furnishing of residence upto an amount not exceeding Rs.2.00 lacs p.a.;

iii) electricity, water as per Company policy;

iv) medical reimbursement equivalent to one month salary for self and family;

v) leave travel concession once in a year for an amount not exceeding Rs 24,000/- for self and family to any place in India by Air/Rail/Road;

vi) Mediclaim Insurance premium not exceeding Rs.20,000/- p.a.;

vii) contribution to Superannuation Fund as per rules of the Company;

viii) contribution to Provident Fund as per rules of the Company;

ix) gratuity not exceeding one-half month salary for each completed year of service;

x) company's car with driver for official and personal use;

xi) maintenance expenses for second car for personal purpose for an amount not exceeding Rs.2.00 lacs p.a.;

xii) telephone facility at residence and Mobile phone for business purposes;

xiii) leave encashment as per Company's rules.

Provided further that the aggregate of remuneration by way of salary, perquisites and allowances etc payable to Shri M.K. Rao shall not exceed 2.5% of the Net Profits of the Company in a financial year computed in the manner laid down under Section 309 (5) of the Companies Act, 1956 and within the overall limit prescribed under Section 198 and 309 read with Schedule XIII of the Act."

"FURTHER RESOLVED THAT notwithstanding to the above in the event of any loss or inadequacy of profit in any financial year of the Company during the tenure of Shri M.K. Rao as Executive Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in section II and Part II of Schedule XIII of the Companies Act, 1956."

"FURTHER RESOLVED THAT Board may revise the salary structure of Executive Director from time to time during his tenor as Executive Director, the remuneration payable to him shall be in accordance with the overall limit prescribed under Section 198 and 309 read with Schedule XIII of the Act."

"FURTHER RESOLVED THAT the Agreement of Appointment executed with Shri M.K. Rao for reappointment as Executive Director be and is hereby ratified."

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

"RESOLVED THAT pursuant to the provisions of Sections 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof), the Memorandum and Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include an ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company or its subsidiaries, including any Directors of the Company, whether whole time or otherwise, options exercisable into equity shares being not more than 13,94,000 (Thirteen Lacs Ninety Four Thousand) equity shares of Rs.10/- (Ten) each of the Company not exceeding 5% of the subscribed and paid up equity share capital after issue of shares under a Scheme titled "Employee Stock Option Plan 2008" (hereinafter referred to as the "ESOP 2008"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the ESOP Compensation Committee in accordance with the provisions of the law and guidelines issued by the relevant Authority, each option granted being exercisable for one (1) equity share of the Company."

"RESOLVED FURTHER THAT the ESOP Compensation Committee be and is hereby authorised to issue and allot equity shares upon exercise of such options from time to time in accordance with the ESOP 2008 and such equity shares shall rank pari-passu in all respects with the existing equity shares of the Company."

"RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP 2008 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- (Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the ESOP Compensation Committee be and is hereby authorized to determine the form and terms of the issue, the issue price and all other terms and matters connected therewith, make modifications, changes, variations, alterations or revisions in the ESOP 2008 including to withdraw, suspend or revive the ESOP 2008 from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue and to do all such acts, deeds, matters and things as it may deem necessary or desirable for such purpose in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and any other Regulations in force for the time being."

By order of the Board

Place : New Delhi — Lalit Kumar Sharma

Date : 23rd May, 2008 — *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 1st August, 2008 to 14th August, 2008 (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, Sri Venkatesh Bhavan, W-40, Okhla Industrial Area Phase-II, New Delhi 110 020, before the book closure, shall be included in the members register as on the date of the Annual General Meeting.

3. If the dividend on equity shares, as recommended by the Directors, is declared at the meeting, the payment of such dividend will be made to those members of the Company whose name appear on the Register of Members of the Company as on the date of the Annual General Meeting. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

4. In order to provide protection against fraudulent encashment of Dividend warrant(s), shareholders holding shares in physical form are requested to intimate the Company under the signature of the sole/first joint holder, the following information be printed on the dividend warrant(s).

   i) Name of the sole/first joint holder and Folio Number.

   ii) Particulars of Bank Account viz., Name of Bank, Branch address with pin code, Bank Account Number with Account type whether saving or current account.

5. Members holding shares in Electronic form may kindly note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrant(s), and that the Company will not entertain any direct request from such member for deletion of/change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank account in which they wish to receive dividend, directly to their depository participants.

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

   Agra, 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 C-124, Okhla Industrial Area, Phase-1, New Delhi-110020 or at Registrar and share transfer agent M/s. MCS Limited, Sri Venkatesh Bhavan, W-40, Okhla Industrial Area Phase-II 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, 2001, which remain unclaimed/unpaid for a period of 7 years from the date such dividend first become due for payment, will be transferred on 8th November, 2008 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, 2001 or any subsequent financial years. Such shareholders are requested to make their claim to the Company in respect of their unclaimed/unpaid dividend before being transferred to Investors Education and Protection Fund as aforesaid. Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of said unclaimed and unpaid dividend, if transferred to the Investors Education and Protection Fund on due dates.

8. MEMBERS ARE REQUESTED TO:

A) Immediately notify any change of address to their depository participants (DPs) in respect of their holding in Electronic Form and to the Company in respect of their holding in physical form.

B) Send their queries, if any, atleast 15 days in advance of the meeting at the Company's Head Office at C-124, Okhla Industrial Area, Phase - I, New Delhi 110020 so that the information can be made available at the meeting.

C) Fill the attendance slip for attending the meeting and those who hold the shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

D) Send their shares for dematerialisation to the Company's Registrars and Share Transfer Agents, if so far, are not held in dematerialised form, as the Company comes under compulsory demat as per directive issued by the SEBI.

9. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 with respect to items of Special Business is appended hereto, and forms part of this Notice.

10. Smt. Jayshree Bhartia, Shri Jagmohan N Kejriwal and Shri Pardip Kumar Khaitan, Directors due to retire by rotation and are eligible for reappointment at this Annual General Meeting. Brief resumes of the said Directors are as follows:

Name	Shri Pradip Kumar Khaitan	Shri Jagmohan N Kejriwal	Smt. Jayshree Bhartia
Age	67 Years	68 Years	51 years
Qualifications	L.L.B	M.A(Eco).	B.A.
Expertise in Specific functional Area	Mr. P.K. Khaitan is an outstanding Lawyer, Senior Partner of the leading legal firm, Khaitan and Co, besides on the Board of several other reputed companies.	Industrialist	Company Director
Date of appointment on the Board of the Company	29.11.1996	28.09.2002	29.05.99
Name(s) of the other companies in which Directorships held (as per Sections 275 and 278 of the of the Companies Act, 1956)	Public 1. Emaar MGF Land Limited 2. CESC Limited 3. OCL India Limited 4. Dalmia Cement (Bharat) Limited. 5. Electrosteel Castings Limited. 6. Gillanders Arbuthnot & Co. Limited 7. Graphite India Limited 8. Hindustan Motors Limited 9. South Asian Petrochem Limited. 10. Pilani Investment and Indus Corpn Ltd. 11. Woodlands Medical Centre Limited 12. Lanco Industries Limited. 13. Suzlon Energy Limited 14. VISA Steel Limited		1. Kashipur Holdings Ltd. 2. IGL Finance Ltd.
Name(s) of Companies in which Committee Membership(s) / Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stock Exchanges)	1. Emaar MGF Land Ltd. – *Chairman* - Audit Committee and Member-Investors Grievance Committee 2. Hindustan Motors Ltd. – *Member*- Investors Grievances Committee 3. Pilani Inv. & Ind.Corp. Ltd- *Member* - Audit Committee 4. Suzlon Energy Ltd.- *Member*- Audit Committee and Investors Grievances Committee 5. VISA Steel Ltd.- *Member* Selection Committee	1. India Glycols Ltd *Member*, Audit Committee. 2. India Glycols Ltd. *Member*, Shareholders Grievance Committee	

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

Item No. 7

The Board of Directors at its meeting held on 30th April, 2008 had appointed Shri N. Ramachandran as an Additional Director of the Company, who will hold the office till the Annual General Meeting of the Company.

Shri N. Ramachandran, is a Commerce Graduate of Bombay University and fellow member of the Institute of Chartered Accountants of India and having over 26 years of professional experience in the field of Corporate Finance, Domestic and International Taxation, Accounting and Business Laws in diverse industries and in dealing with complex business situations. Shri N. Ramachandran was the partner of Chandabhoy & Jassoobhoy, a leading accounting firm for several years and its Managing Parter for 4 years before joining iGATE Global Solutions, the Indian subsidiary of iGATE Corporation. Presently, Shri N. Ramachandran is the Global Chief Financial Officer of iGATE Corporation a Fremount, California based NASDAQ listed provider of information technology and operations outsourcing company. Shri N. Ramachandran is also a member of the Board of Directors and Chief Financial Officer iGATE Global Solutions.

Shri N. Ramachandran is a key member of the team formulating risk management strategies for the company besides directing the Corporate Finance & Accounting, Corporate Strategy & Planning, Mergers & Acquisitions, Decision Support, IT Networks & Information Systems, Quality Assurance and Investor Relations functions among others.

Shri N. Ramachandran has acted as an expert on panels set up by regulators in India on accounting and reporting standards and as investigator on behalf of the Reserve Bank of India. Shri N. Ramachandran has also served on the commission on taxation of International Chamber of Commerce. He has authored articles and regularly contributed to international publication in areas relating to doing business in India and foreign inbound and domestic outbound investments, taxation and transfer pricing.

The Board of Directors at its meeting held on 23rd May, 2008 had recommended the appointment of Shri N. Ramachandran as Director of the Company, whose period of office shall be liable to determination for retirement of Directors by rotation.

In terms of Clause 49 of the Listing Agreement on Corporate Governance, Shri N. Ramachandran qualify as Independent Director.

Except Shri N. Ramachandran himself, none other Director is concerned or interested in the proposed resolution.

The Board of Directors has recommended the proposed resolution set out at item No. 7 of this Notice for your approval by way of an Ordinary Resolution.

Item No. 8 & 9

The Board of Directors at its meeting held on 30th April, 2008 had appointed Shri M.K. Rao as an Additional Director of the Company, who will hold the office till the Annual General Meeting of the Company. The Board also appointed Shri M.K. Rao as Executive Director of the Company, subject to the approval of the Shareholders, for a period not exceeding 5 years w.e.f. 1st May, 2008 on the remuneration, perquisites, benefits and amenities as mentioned in the resolution set out at item No 9 of this Notice.

Shri M.K. Rao is involved in the day to day management of the Manufacturing Plant at Kashipur and various on-going projects with regard to conception, planning and execution thereof and has been guiding the activities all through. Shri M.K. Rao is B.Tech. (Chemical Engineering) from Andhra University College of Engineering and M.Tech. (Chemical Plant Design) from IIT, Madras. Shri M.K. Rao is having an overall experience of 26 years of Plant operations, maintenance and projects execution. Shri M.K. Rao had joined the Company in the year 1988 as Dy Manager (Technical Services) and rose to the level of Sr. Vice President and Plant Head in the year 2005. Shri M.K. Rao has lead the team of processing engineers in developing engineering packages for various debottlenecking/plant expansions, process improvement schemes and cost effective energy conservation schemes.

His inclusion as Executive Director in the Board of Directors of the Company would bring technical expertise to the Board and would be helpful in its decision making. Keeping in view Shri M.K. Rao's contribution to the growth of the Company for last 19 years, it may be proposed to appoint Shri M.K. Rao as Executive Director in the Board of Director of the Company.

The Board of Directors at its meeting held on 23rd May, 2008 had recommended the appointment of Shri M.K. Rao as Director of the Company, whose period of office shall be liable to determination for retirement of Directors by rotation.

In terms of Clause 49 of the Listing Agreement on Corporate Governance, Shri M.K. Rao qualify as Non-Independent Director.

Except Shri M.K. Rao himself, none other Director is concerned or interested in the proposed resolution.

The Board of Directors has recommended the proposed resolutions set out at the item No. 8 & 9, for your approval by way of an Ordinary Resolution.

This explanatory statement alongwith the relevant resolution may be treated as an abstract of the variation of the terms of contract of appointment of Managing Directors to be disclosed to the members pursuant to Section 302 of the Companies Act, 1956.

Item No. 10

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

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

The salient features of the ESOP 2008 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 2008. Any Employee who is a Promoter or belongs to the Promoter Group or who is a Director who, either by himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent (10%) of the outstanding equity Shares of the Company, shall not be eligible for Grant of Options under this IGL ESOP;

(c) The Compensation Committee shall decide the vesting period for the Options granted to each employee, so however that the minimum period over which the Options will vest will be one year. The Compensation Committee may also provide for vesting of the Options over 4 to 6 year period as they may deem fit;

(d) The maximum period within which the options shall be vested will be determined by the Compensation Committee subject to the maximum period over which the vesting takes place should not exceed 5 years;

(e) The exercise price shall be determined by the Compensation Committee and shall be fixed as a percentage of the market value of shares on the date of Grant. The Compensation Committee shall not fix the exercise price below 90% of the market price of shares on the date of grant of an option. The exercise price of the shares under this ESOP shall not be less than the face value of the shares as on the date of grant of an option;

(f) An employee can exercise his options on the vesting period of the option being completed. The employee shall make a written application for the exercise of such Options through an Exercise Application to the Compensation Committee;

(g) The Compensation Committee will determine the appraisal process for determining the eligibility of employees to the ESOP Scheme 2008 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 2008;

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 2008;

viii. to construe and interpret the terms of the ESOP 2008 and options granted pursuant to the ESOP 2008; 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 2008 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 2008.

The Board of Directors has recommended the proposed resolutions set out at the item No. 10 for your approval by way of a Special Resolution.

By order of the Board

Place : New Delhi
Date : 23rd May, 2008

Lalit Kumar Sharma
Company Secretary

Directors' Report

To the members

Your Directors are pleased to present the twenty fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2008.

Financial results *(Rs. in lacs)*

	Year ended 31.03.2008	Year ended 31.03.2007
Sales and other income	153867.94	108122.23
Profit before depreciation and tax	30367.34	10511.46
Depreciation and exceptional item	6611.18	5286.22
Profit before tax	23756.16	5225.24
Provision for tax	5903.51	1119.93
Net profit	17852.65	4105.31
Debenture redemption reserve written back	125.00	125.00
Profit brought forward	23040.98	21789.31
Profit available for appropriation	41018.63	26019.62
Which the Directors have appropriated as follows:		
– Transfer to general reserve	4500.00	2000.00
– Proposed dividend	1115.30	836.48
– Corporate dividend tax	189.55	142.16
Balance carried forward	35213.78	23040.98

Dividend

Your Directors are pleased to recommend a dividend of Rs. 4 (Rupees Four only) per equity share. The outgo on dividend will be Rs. 1304.85 lacs, including tax on dividend.

Performance

Sales and other income for the year have been Rs. 153867.94 lacs, compared to Rs 108122.23 lacs last year, registering a growth of 42%. Profit before depreciation and tax for the year has been Rs. 30367.34 lacs as compared to Rs 10511.46 lacs last year, showing a growth of 189% and net profit after tax for the year has been Rs. 17852.65 lacs. Growth in profit was possible as a result of increased production and productivity volume, higher sales realisation, better cost management and operational efficiencies.

During the year, your Company produced 122394 MT of MEG compared to 88350 MT last year. Ethoxylates and performance chemicals production have been 32215 MT, compared to 28952 MT last year. Glycols ethers and acetate production has been 40793 MT, compared to 25517 MT last year.

The Company has produced 186363 KBL of alcohol at its distilleries at Kashipur and Gorakhpur, which has supplemented ethanol required for production of MEG and has reduced the dependence on purchase of alcohol. The Company has also produced 27529 KBL of potable alcohol.

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

Marketing

Sale of MEG has been 121844 MT compared to 96120 MT last year, registered a growth of 27% over the last year. The sale of ethoxylates and performance chemicals has been 31981 MT compared to 30343 MT last year, registered a growth of 5% over the last year. Sale of glycols ethers and acetate have been 41859 MT compared to 24637 MT last year, registering a growth of 70% over the last year.

Exports

During the year under review, your Company has achieved total export turnover of Rs. 20465.24 lacs as compared to Rs.12566.07 lacs last year, registering growth of 63% over last year. Your Company expects reasonable growth in the overall export sales in the current year. It has been granted `One Star Export House' status by the Government of India, Office of the Jt. Director General of Foreign Trade. With its improved performance, the Company expects further improvement in this status.

Guar gum

During the year, your Company achieved total sales of Rs. 534 lacs of the guar gum products out of which the export turnover was Rs. 525 lacs, compared to total sales of Rs. 1291 lacs out of which the export turnover was Rs. 1288 lacs last year. The Company is diversifying into the field of guar gum derivatives used for the oil field industry and textile industry.

Ethyl alcohol (potable) and extra-natural alcohol

During the year, there has been substantial growth in the ethyl alcohol (potable) segment. Your Company registered total sales of Rs. 24617 lacs compared to Rs. 15308 lacs last year. Efforts are being made to further increase the sales of ethyl alcohol (potable). The segment contributes around 16% in the total revenues of the Company. It has the most modern and the largest captive distillery in Asia.

Ennature bio-pharma division (100% export-oriented unit)

The Company has set up a 100% export-oriented unit (100% EOU) by the name of Ennature Bio-pharma Division. The Company has taken 47 acres land on lease from the Uttarakhand government, where it will grow a wide variety of medicinal plants, etc. It is also setting up a supercritical fluid extraction facility (SCFE) at Dehradun which will be compliant with cGMP. The SCFE at Dehradun will start pilot operation from July 2008 and commercial production from August 2008. This unit will be used for extraction of dietary food supplements, natural colours, health care fruits and vegetables, herbal extracts, fruit flavours and fragrances and spice flavours and extracts. The future thrust is on supplying more refined natural active pharmaceutical ingredients (API) and intermediates to pharmaceutical and natural health product industries. All these are highly value-added products. Since this will be a 100% EOU, this diversification will also provide tax benefit.

Industrial gases

The Company produced 77246457 NM3 of oxygen and 23226354 NM3 of nitrogen during the year. Both the oxygen and nitrogen were successfully marketed and also used for own requirement.

The industrial gases division also produced 1723494 NM3 of argon, which was also marketed at remunerative price.

RAB (concentrated sugarcane juice)

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

Expansion / modernisation / diversification plans

The Company will further de-bottleneck its MEG capacity by 20%. It will shut down its chemical plant for debottlenecking and change of catalyst.

The industrial gases division is diversifying to produce food grade liquid carbon di-oxide (CO2) both at the Kashipur and Gorakhpur plants having capacities of 80 MT/day each, to meet the growing domestic market. The facilities are expected to be commissioned at the Kashipur plant by the end of May 2008 and at the Gorakhpur plant by the end of June 2008.

Your Company is diversifying into the field of guar gum derivatives used for the oil field industry and textile industry. It is modifying its existing plant to produce value-added derivatives for the oil field industry, speciality derivatives for the food and paper industry and the textile Industry.

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

The Company is also setting up a 12-MW turbo generator and slop boiler at the Gorakhpur Plant for generation of power through heat energy of distillery effluent incineration in the boiler after concentration. The Company proposes to sell about 7 to 8 MW power generated to the grid.

Acquisition of Shakumbari Sugar and Allied Industries Limited

During the year under review, the Company acquired controlling stake in the Shakumbari Sugar & Allied Industries Limited (SSAIL), which operates a sugar manufacturing plant in the state of Uttar Pradesh with a crushing capacity of 3200 tones per day (TCD) along with a modern distillery of 40 kl per day (KLPD), producing high-quality rectified spirit, ethanol and country liquor and an internal bagasse-fired co-generation plant of 3 MW catering to the captive power needs of the sugar and distillery units.

In the three phases of expansion plan, the capacity of sugar manufacturing plant will be enhanced from 3200 TCD to 10000 TCD whereas the distillery's capacity would be expanded to 240 KLPD from the present 40 KLPD for making ethanol from molasses/sugarcane juice. The co-generation plant capacity will be enhanced from 3 MW to 25.5 MW power generation, out of which approximately 10 MW power generation will be used to cater the captive power need of expanded sugar and distillery units, the surplus power of approximately 15.5 MW will be sold to grid/private power plants throughout the year.

Finance

During the year under review, the Company has raised foreign currency loans of US$ 5.83 million and rupee loans of Rs. 47 crore to partly finance the project cost of the ongoing capital expenditure and for construction of the corporate office. The borrowing cost of funds has increased to over 8.5% as compared to 7.5% last year.

The Company has been regular in meeting its obligations towards payment of principal/interest to financial institutions/banks/debenture holders/fixed deposit holders.

Listing of securities

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

Subsidiary companies

Your Company has also established a subsidiary in Singapore to augment its activities in the South East region and help the marketing of products from the supercritical fluid extraction facility at Dehradun to large buyers in the US and Europe.

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts, along with the report of the Board of Directors and the Auditors' Report thereon, of the subsidiary company viz. IGL Finance Limited, IGLCHEM International Pte. Ltd. and Shakumbari Sugar and Allied Industries Ltd., for the year ended 31st March, 2008, are annexed.

Fixed deposit

The amount of fixed deposit held as on 31st March, 2008 was Rs. 2090.80 lacs. There are no overdue deposits except for unclaimed deposits amounting to Rs. 38.33 lacs.

Directors

Your Directors at their meeting held on 30th April 2008, expressed their condolence on the sad demise of Shri

M.L. Bhartia, the Chairman of the Board of Directors. The late M.L. Bhartia was the founder promoter Director of the Company and the guiding force behind the successful setting up of the state-of-the-art chemical manufacturing plant at Kashipur in the rich belt of sugarcane-growing areas of erstwhile Uttar Pradesh. The Board recalled the late M.L. Bhartia's outstanding leadership in guiding the Board to steer the Company to its current status as one of the leading chemical manufacturing companies of India. The Board appreciated his strong commitment, deep dedication and active participation in leading the Company till his last breath. The Board also recalled his visionary leadership, unstinted efforts and foresightness in the implementation of the various expansion and diversification plans of the Company. It expressed its condolence in silence to commemorate the late Chairman. The Board placed on record its deep appreciation of unstinted efforts of Late M.L. Bhartia in steering the Company to its present position and in providing visionary leadership and directions.

Smt. Jayshree Bhartia, Shri Jagmohan N. Kejriwal and Shri Pradip Kumar Khaitan, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment. Your Directors recommend the reappointment of the retiring Directors for your approval.

The Board of Directors has appointed Shri N. Ramachandran and Shri M.K. Rao as Additional Directors of the Company, who will hold the office till the Annual General Meeting of the Company. The Board has recommended the appointment of Shri N. Ramachandran and Shri M.K. Rao as Directors of the Company, whose period of office will be determined by the retirement of Directors by rotation.

Further, Shri M.K. Rao has also been appointed as the Executive Director of the Company w.e.f. 1st May, 2008 for a period not exceeding five years, in accordance with the provisions of the Companies Act, 1956. The appointment of the Executive Director is subject to confirmation at the ensuing Annual General Meeting, which is included as special business item in the Notice for convening the Annual General Meeting.

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 judgements and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008, and of the profit and loss of the Company for that period;

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

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

Management discussion and analysis

A separate report is appended herewith.

Corporate Governance

The Board of Directors supports the broad principles of Corporate Governance. The report on Corporate Governance as stipulated in Clause 49, as amended, of the Listing Agreement with the stock exchanges for the year ended 31st March, 2008, and Auditor's Certificate on Corporate Governance are appended herewith.

Auditors

The Auditors, M/s. Lodha & Co., retire at the ensuing Annual General Meeting and offer themselves for reappointment. They have confirmed that they are eligible for reappointment under Section 224(1B) of the Companies Act, 1956.

Environment, energy conservation, technology absorption, etc.

Your Company has taken various measures for energy conservation at its chemical plant, such as synchronisation of UPCL with captive power grid, resulting in the reduction of high-cost RFO consumption in DG sets. Additionally, a new bagasse-fired boiler has been commissioned in the RAB unit for steam generation from bagasse in place of coal, and TG 12-MW steam turbine has been commissioned for reducing RFO consumption in DG sets.

Energy conservation measures have also been taken at the distillery plant, such as use of alcohol scrubbers in distillery fermentation and distillation section for increased alcohol recovery and reduction in steam requirement,

The Company is also implementing measures for reducing the consumption of energy such as installation of extraction / back pressure steam turbine with capacity of 8.64 MW; MEG return condensate for Rab boiler de-aerator - resulting in increased heat recovery from MEG DM water pre-heater; LP steam saving in T-320 by utilisation of steam generated from MEG column condenser; OSBL alcohol pre-heating by using heat of recycled water; reducing the RFO consumption in MEG heater by maximising the bio- gas in heater; use of MP steam instead of HP steam in all the three new evaporator trim reboilers of MEG - resulting in increased power generation from extraction/backpressure turbine; and pre-heating of 12-MW turbine condensate with dehydration steam condensate (exchanger is to be replaced with new exchanger), resulting in more energy saving.

Your Company has also taken environmental conservation measures by setting up a bio-composting facility to produce natural manure as a substitution to chemical fertilisers. The Company is also working actively to reduce effluent generation at the source by achieving zero discharge through adopting ferti-irrigation, bio-composting, reverse osmosis (RO), concentration followed by incineration to conserve the fossil fuel and other effective and competitive techniques.

The Company has installed distillery effluent evaporators at Gorakhpur and the concentrated effluent is burnt in specially designed boilers; the calorific value of the concentrated effluent generates super-heated steam which is utilised in the turbo generator with capacity of 12.5 MW for power generation. The Company proposes selling of the surplus 8-MW power generated to the grid. In the same way, your Company has installed distillery evaporator at the Kashipur plant along with boiler and the super-heated steam produced will generate power in a 9-MW back-pressure turbo generator. The power will be utilised for plant operation as essential power, which is being generated by DG set and the back pressure steam will be utilised for plant operation.

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the required information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto and form 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 the Companies (Particular of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at head office of the Company.

Social responsibility

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

The range of our activities begins in and around Kashipur (Uttarakhand) by organising regular medical camps (three days a week) so that villagers get medical assistance free of cost. The Company actively participates in organising blood donation camps, plantation of trees for better environment, facilitating in the constructing roads, bridges, drains and installing street lamps and hand pumps for drinking water, benefiting nearby areas. The Company also extends support to the victims of flood during monsoon, distributes blankets to the poor during winter, promotes sports and socio-cultural activities in the state of Uttarakhand, supports the local administration in fighting and managing fire accidents and other disasters taking place in proximity to the factory and other noble works in the area surrounding the factory.

Your Company is supporting a community school at Dwarka, New Delhi, through a charitable institution called Nirmal Bhartia Society for education promotion, by making grants. The school is now operational and equipped with modern facilities and robust infrastructure. The school possesses a qualified and experienced faculty, which enable children to make a great future. The Company has also sponsored a faculty position in the Herbal Research & Development Institute, centre of aromatic plants at Dehradun to promote herbal development in the state of Uttarakhand.

Your Company is extending educational and on-job training to the students of many professional institutions such as The Institute of Company Secretaries of India, The Institute of Chartered Accountant of India and the professionals of many other management and engineering institutions, helping them to make a new beginning to their future professional career.

At the end, your Directors constantly strive to serve the society by implementing other policies which benefit people at large.

Acknowledgment

Your Directors place on record their deep appreciation of the support extended by the Central Government, states of Uttarakhand and Uttar Pradesh, financial institutions and banks and look forward to their continued support.

For and on behalf of the Board

Place: New Delhi
Dated: 23.05.2008

U.S. Bhartia
Chairman and Managing Director

Annexure to the Directors' Report

Particulars as required under the 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 2008.

Conservation of energy

(a) Energy conservation measures taken

1. Alcohol scrubbers provided in distillery fermentation and distillation section for increased alcohol recovery and reduction in steam requirement.
2. Synchronisation of UPCL with captive power grid resulting in reducing high-cost RFO consumption in DG sets.
3. New bagasse-fired boiler in RAB unit commissioned. (Steam generation from bagasse in place of coal).
4. TG 12-MW steam turbine commissioned, resulting in reducing RFO consumption in DG sets.
5. Installation of economiser and air pre-heater in the existing slop boiler for maximum utilisation of energy from flue gas.
6. Recycling of spent wash in fermentation house from analyzer 5th tray to reduce the effluent quantity.

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

Following schemes are being implemented:

1. Proposal for extraction / back pressure steam turbine with capacity of 8.64 MW.
2. MEG return condensate for Rab boiler deaerator resulting in increased heat recovery from MEG DM water preheater.
3. LP steam saving in T-320 by utilisation of steam generated from MEG column condenser.
4. OSBL alcohol preheating by utilisation of heat of recycled water.
5. Reducing the RFO consumption in MEG heater by maximising the bio gas in heater.
6. Use of MP steam instead of HP steam in all three new evaporators trim reboilers of MEG, resulting in increased power generation from extraction/backpressure turbine.
7. Preheating of 12-MW turbine condensate with dehydration steam condensate

   (Exchanger is to be replaced with new exchanger) resulting in more energy saving.
8. Installation of 2nd slop fired boiler in which concentrated slop is to be used for steam generation and reduce the rice husk consumption.
9. Installation of 12-MW STG set to sell the surplus power to UPCL.
10. Installation of reboiler in ENA plant analyser column to reduce the effluent.
11. Installation of VFD in spent wash recycle pumps to save power.

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

Energy conservation measures	Benefits
I. Saving of coal by	
Max. Biogas utilisation in boilers	Upto 122.0 MT/day
Preheating of boiler feed water	Upto 91.0 MT/day
Operation of evaporator reflux preheater	Upto 5.5 MT/day
Installation of boiler feed water preheater in MEG Process Heaters	Upto 4.0 MT/day
II. Saving of Power by	
Operation of TG set at optimum load (Kashipur)	86184.98 MWH of power generated during the year (Last year 63000.68 MWH)
Operation of TG set at optimum load (Gorakhpur)	21987 MWH of power generated during the year
III. Saving of fuel by	
Utilisation of waste gas/ bio-gas in the process heater	Upto 15.0 mt/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, 2008	Year ending March, 2007
A. Power and fuel consumption			
i) Electricity			
a) Purchased unit	1000 KWH	139892.50	95207.20
Total amount	Rs. Lacs	4068.71	2407.68
Rate per unit	Rs. /KWH	2.91	2.53
b) Own generation through DG set	1000 KWH	29581.22	76168.69
Units per Kg/Litre of diesel oil/HPS	KWH/Kg	4.60	4.48
Cost/ unit	Rs. /KWH	4.36	4.21
ii) Coal			
Quantity	MT	305624	223465
Total cost	Rs. Lacs	7672.87	5845.05
Average rate	Rs/MT	2510.56	2615.65
iii) Fuel oil (LDO/RFO)			
Quantity	MT	4394.83	4038.14
Total cost	Rs. Lacs	921.88	753.19
Average rate	Rs/MT	20976.61	18651.90
iv) Others/internal generation			
a) From back pressure turbine			
Quantity	1000 KWH	37025.02	44092.06
Total cost	Rs. Lacs	Nil	Nil
Average rate	Rs. /KWH	Nil	Nil
b) From extraction, back pressure and condensing turbine			
Quantity	1000 KWH	49159.94	Nil
Total cost	Rs. Lacs	1062.52	Nil
Average rate	Rs. /KWH	2.16	Nil
Total (a +b)	1000KWH	86184.98	44092.06
Distillery plant			
i) Electricity			
(a) Purchased unit	1000 KWH	2378.60	2435.43
Total amount	Rs. Lacs	150.75	172.75
Rate per unit	Rs. /KWH	6.35	7.09
(b) Own generation through	1000KWH	136.01	–
DG sets unit per Kg/Litre	Rs. Lacs	2.77	–
Of diesel oil/HPS	Rs/KWH	12.39	–
Cost/unit			
ii) Others/internal generation (From back pressure turbine)			
Quantity	1000 KWH	21987.384	18908.63
Total cost	Rs. Lacs	Nil	Nil
Average rate	Rs./KWH	Nil	Nil
B. Consumption per unit of production			
Chemical plant			
Electricity	MWH/MT	1.202	1.450
Fuel oil (LDO/RFO)	MT/MT	0.021	0.027
Coal	MT/MT	1.467	1.479
Distillery plant			
Electricity	MWH/KBL	0.333	0.389

TECHNOLOGY ABSORPTION

Form – B

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

A. Research and Development

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

- Development of durable speciality finishes for textile.
- Development of APEO-free surfactants for textile processing industries.
- Development soil water retention aid for agriculture.
- Development of surfactant and speciality chemicals for crude oil exploration, drilling and refineries.
- Development of speciality surfactants for various applications in emulsion polymerization and paints.
- Development of emulsifiers for newly introduced combo pesticides for export.
- Development of powdered wetting and dispersing agents for powder formulation of pesticides.
- Development of auxiliary chemicals for paper and pulp industries.
- Development of adjuvant (import substitute) for eco-friendly water-based pesticide formulations.
- Development of cost-effective surfactants, using economical (indigenous) hydrophobes.
- Use of condensate from evaporator to fermentation.
- Development of slop fired slop boiler for maximum utilisation of slop and working hours.

2. Benefits derived as a result of above R&D

- Providing the speciality surfactants for Indian industries, substituting some of the imported surfactants.
- Cost-effective formulations meeting international quality standards for customers of textile, agro chemicals, personal care products and pharmaceutical industries.
- Reduction of effluent generation per KL of alcohol production.
- Reduction of raw water consumption per KL of alcohol production.
- Reduction of rice husk consumption per MT of steam generation.

3. Future plan of action

- Alkoxylation of new hydrophobes (import substitutes).
- Development of cost-effective emulsifier for crop protection chemicals.
- Development of eco-friendly surfactants to replace alkylphenol ethoxylates.
- Anionic, Nonionic and amphoteric surfactants for personal care industry.
- Innovative products for metal working industries.
- Development of green demulsifier for crude oil emulsion.
- Establishing an application development laboratory equipped with all sophisticated instruments for various industries.
- Recycling of spent lees in fermentation/cooling tower

4. Expenditure on R&D

(Rs. in lac)

		2007-08	2006-07
Capital	=	26.81	76.00
Recurring	=	127.90	104.76
Total	=	154.71	180.76
Total expenditure as a percentage of turn over	=	0.10%	0.17%

B. 1. Technology absorption and innovation

- Developed cost-effective nonionic surfactants for detergent industries.
- Developed environmental-friendly process for manufacturing anionic surfactants.
- Synergetic effects of mixed surfactants.
- Innovation in non-amine, non-silicate based anti-freeze for automotive industries.
- To develop the strain which may sustain at higher percentage of alcohol in medium (>12%) and to increase the fermentation efficiency up to 95%.

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

Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not been taking place reasons thereof and future plan
MEG debottlenecking	2003	Yes	Completed in February 2005
MEG debottlenecking	2007	Under progress	Will be completed during 2008-09
Carbon dioxide supercritical extraction	2007	Under progress	Will be completed during 2008-09

Foreign exchange earning and outgo

(i) Activities relating to exports, initiatives taken to exports, development of new export for products and services and export plans.	:	Total export during the year 2007-08 - Rs. 20465.24 lac
(ii) Total foreign exchange used	:	Net earning of Rs. 17304.98 lacs (Previous year net earning of Rs. 7519.22 lacs)

For and on behalf of the Board

Place: New Delhi
Date: 23rd May, 2008

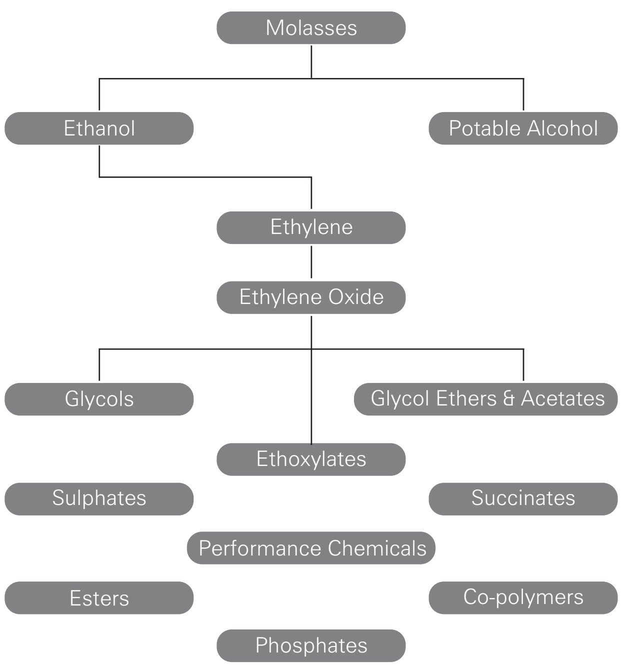
U.S. Bhartia
Chairman & Managing Director

Management discussion and analysis

India Glycols Limited is one of the leading manufacturers of glycols, ethoxylates and performance chemicals, glycol ethers and acetates, ethyl alcohol (potable), guar gum powder and derivatives as well as industrial gases. Our belief in providing the desired products with the help of the best technology is reflected in our state-of-the-art integrated manufacturing facilities.

The manufacturing building blocks are represented:

Manufacturing Building Blocks



Fully integrated facilities for better control and value addition at every step

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

A. Chemical segments comprises :

- Glycols (MEG, DEG and heavy glycol)
- Ethoxylates and performance chemicals
- Glycol ether and acetates

B. Ethyl alcohol (Potable) and extra-natural alcohol

C. Others include high sulphur alcohol, hydro chloric acid, guar gum, industrial gases, etc.

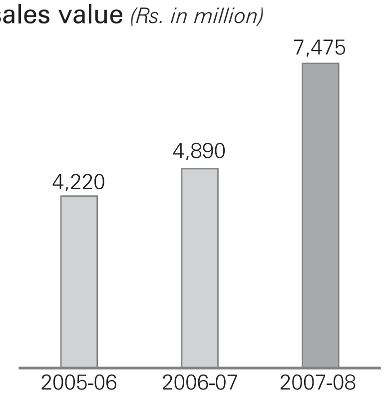
The segment-wise business share is indicated as follows:

Segment	Sales Value 2007-08 (Rs. in million) (domestic + exports)	% share
A. Chemicals		
Glycols (MEG, DEG & Heavy Glycol)	7,475	49
Ethoxylates and performance chemicals	2,543	17
Glycol ether and acetates	2,551	17
B. Ethyl alcohol (potable)	2,462	16
C. Others	210	1
Total	**15,241**	**100**

Glycols

Sales of Glycols(MEG, DEG and heavy glycol) increased from 100,550 MT to 130,788 MT and witnessed a growth of 53% in sales value from Rs. 4890 million in FY 2006-07 to Rs. 7475 million in FY 2007-08, mainly due to higher realisation on account of an increase in international prices.

Glycols sales value *(Rs. in million)*



Opportunities and challenges

In order to provide a thrust to polyester and make it competitive against the natural fibre i.e. cotton, the Government has further lowered excise duty on both the major raw material for polyester i.e. MEG and PTA from 7.5% to 5%. There has been substantial increase in polyester-manufacturing capacities in India due to major expansion undertaken at Reliance, Indo Rama, JBF and Garden Mills. Consequently, the polyester industry is expected to grow at 15% during the financial year 2007-08. The overall demand of MEG in India is 1,100,000 MTPA, as compared to supply of 900,000 MTPA and the balance shortfall is being met by imports.

In terms of challenges, there is a capacity creation in Saudi Arabia and Iran, which might result in short-term excess availability of MEG in the world market during the year 2009-10. However, higher petroleum prices will result in curtailing production of MEG from plants in Europe/ USA which are dependent on naptha/ ethylene purchases. Abundance of PTA and MEG at competitive prices will create price competitiveness for polyester with cotton, resulting in its higher growth in the subsequent years.

We are debottlenecking our plant to further increase production of EO/ MEG by 20%.

Ethoxylates and performance chemicals

The sales of the ethoxylates and performance chemicals business were Rs. 2543 million during FY 2007-08, recording 12% growth over the previous year, and accounted for 17% of the Company's total net revenues.

The ethoxylate and performance chemicals produced by the Company are used by diverse industries like textile, agrochemicals, detergents, pharmaceuticals and personal care, oil field and automotive industry, etc. The Company sells mainly to the domestic market.

The Company aims to increase its business by developing new products and applications, especially in areas of textile chemicals, oil field chemicals, paper chemicals and usage of nonionics in detergent industry.

Glycol ether and acetates

In the glycol ether and acetates business, the domestic sales have grown by 30% to Rs. 719 million in FY 2007-08.

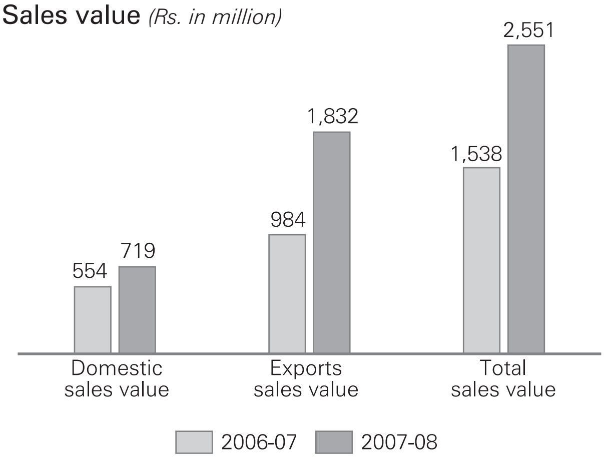
The major portion of sales has been to the brake fluid and paint and coating industry, where our quality is ranked superior to other domestic manufacturers.

There has been a thrust in the exports of glycol ethers and acetates and sales have increased from Rs.984 million to Rs.1832 millions in the financial year 2007-08. The Company's glycol ethers and acetates have been appreciated internationally and our capacity utilisation has increased. We expect to utilise the full capacity in view of the robust demand and response for our products, mainly in the international market. Thus, exports would account for the major share of this business.

Our performance in glycol ether and acetates segment is given in figures:

	2006-07	2007-08	% growth
Domestic sales value (Rs. in million)	554	719	30%
Exports sales value (Rs. in million)	984	1,832	86%
Total sales value (Rs. in million)	1,538	2,551	66%

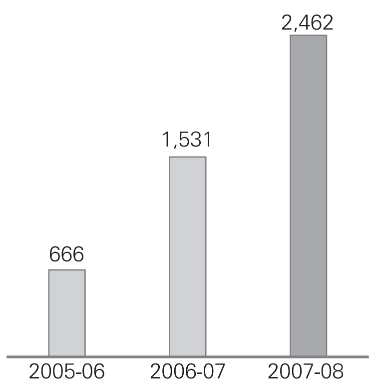
Sales value *(Rs. in million)*



Ethyl alcohol (potable) and extra-natural alcohol

In the ethyl alcohol (potable) and extra-natural alcohol segment, the Company registered total sales of Rs. 2462 million, compared to Rs.1531 million last year and Rs. 666 million the year before. Efforts are being made to further increase the sales in the segment.

Sales value *(Rs. in million)*

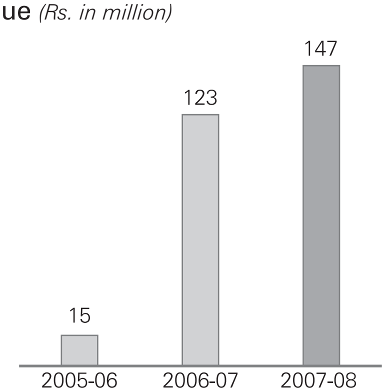


Industrial gases

The Company produced 77246457 NM3 of oxygen and 23226354 NM3 of nitrogen during the year. Both oxygen and nitrogen were successfully marketed and also used for own requirements of the MEG plant. The industrial gases division also produced 1723494 NM3 of argon, which was marketed at a remunerative price.

Under the industrial gases division, the Company registered total sales of Rs. 147 million, compared to Rs. 123 million last year and Rs. 15 million the year before.

Sales value *(Rs. in million)*



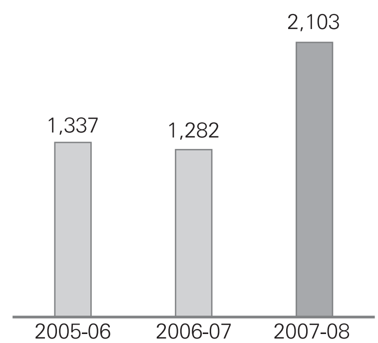
Exports

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

Exports achieved a growth of 64% in turnover from Rs. 1282 million in 2006-07 to Rs. 2103 million in 2007-08. The main product for export is glycol ethers and acetates, capacities of which can be utilised fully in the coming year and would result in higher export values.

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

Exports sales value *(Rs. in million)*



The major export markets are South East Asia, Middle East/ Africa and China, as we have logistic advantage in these regions. We export to more than 30 countries worldwide and the thrust for exports would be to other regions in Europe, the US and Latin America. The future thrust would include exports of ethoxylates & performance chemicals.

Financial review

During the year under review, the Company has registered sales and other income of Rs. 153868 lacs, compared to Rs. 108122 lacs last year and Rs. 81951 lacs the year before. The net profit before tax has been Rs. 23756 lacs as compared to Rs. 5225 lacs last year and Rs. 6223 lacs the year before. Profits increased as a result of higher realisation of MEG and better operational efficiencies. As a result, the Company's earning per share (EPS) has significantly improved to Rs. 64.03, compared to Rs. 14.72 last year.

During the year under review, the Company has raised foreign currency loans of US$ 5.83 million and rupee loans of Rs. 47 crore to partly finance the project cost of the ongoing capital expenditure and for construction of the corporate office.

The borrowing cost of funds has increased to over 8.5% as compared to 7.5% last year. The gross fixed assets have increased to Rs.102200.29 lacs from Rs.42739.69 lacs in 2003-04.

The Company has been regular in meeting its obligations towards payment of principal/interest to financial institutions /banks /debenture holders/fixed deposit holders.

Safety, health and environment

Safety

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

A central Safety Committee has been constituted to continuously review and upgrade the safe working practices. An 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 the work place, appropriate protective equipment and gears are provided to the employees and usage of the same is strictly monitored to ensure high level of safety. Safety training programmes are regularly conducted for training the employees in the proper use of safety equipment and following safe work practices.

Various incentive schemes are in operation for motivating the employees to ensure working in a safe environment. The Company has its own fire station, fully equipped with fire tender, modern communication facilities and elaborate fire hydrant system and other equipment which are manned and supervised by trained experts. Live fire training drills are organised to provide hands-on training to the employees.

Health

The Company accords very high priority to provide a healthy and safe working environment. It has a medical centre at the factory site with basic amenities, a qualified and experienced doctor with trained and experienced para-medical personnel available round-the-clock to meet any contingency. The Company also has 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 health problems. The Company has made arrangements for the treatment of employees and their dependents under the mediclaim insurance policy, which allows employees to avail treatment from any of the listed hospitals, without having to make any immediate cash payment. The Company also arranges for medical camps at nearby villages and organises regular programmes for polio eradication and other immunisation programmes in the nearby villages as part of community-welfare activities.

Environment

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

To make the system more eco-friendly, the Company has set up a ferti-irrigation project, which is showing good results. The response from farmers has been very encouraging. The Company has also set up a bio-composting facility to produce natural manure with encouraging results of using this in substitution to chemical fertilisers. The Company has developed a green belt around its factory for improvement of the environment by growing approximately 65,000 trees of different species, some of which are fruit bearing in addition to providing green cover. All possible efforts are being made to preserve the environment and enhance the same as far as possible.

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

Management system

The Company is having Integrated Management System (IMS) comprising quality management system and has been accredited an ISO 9001:2000 certified company by M/s DNV, a renowned certification agency. The Integrated Management System (IMS) also comprises environmental management system (ISO 14001:2004), occupational health & safety management system (OHSAS 18001:1999) and food safety management system (ISO 22000:2005), in addition to the existing ISO 9001:2000 system.

Research & Development centre (R&D)

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

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

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

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

1. Textile chemicals

Development of water soluble defoamer, specialty products for polyester processing, hydrophilic cationic and nonionic softener and polyglucoside-based pretreatment chemicals.

2. Agri business

Development of water retention aid for soil, emulsifier for suspension concentrate, emulsifier for 'emulsion in water (ew)' formulation, import substitute of adjuvant and biodegradable surfactants for water dispersible granules (wdg).

3. Oil & gas industry

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

4. Fertilizer and cement industry

Development of anticaking agent for dap fertiliser, import substitute of ceramic tile printing, nonionic oil / water soluble defoamer.

5. Emulsion polymerization & paint industry

Development of polymerisable surfactants, biodegradable emulsifier for emulsion polymerisation and surfactant for universal colourant.

6. Paper industry

Thrust on the development of import substitute, de-inking chemicals for waste paper, import substitute defoamer, cooking aid and refining aid

7. Automobile industry

Expanding range in lubricant additives, bio-diesel and engine coolant with hybrid technology.

8. Detergent industry

Development of non-ionic surfactant in detergent powder and liquid formulation and anionic surfactant in liquid detergent for household and industrial application.

The R&D centre is working mainly on economic and environment-friendly products. It not only develops products as per customer needs , but also ensures the smooth operation of products at the customers' operating facility.

Risks and concerns

Risk factors and minimisation procedure

1. Risk against fire, flood and accidents, including accident due to human failure.

Risk against fire, flood and accidents are common risks attached to the working of any plant. The management has taken reasonable steps to counter the risk. The Company has insurance policies which covers the Company's assets against all these risks. The policy also covers repair/replacement in case of any major breakdown. In addition, the policy also covers loss of profit due to interruption for any of these causes.

As a preventive measure, the Company has installed elaborate fire hydrant system to take care of any possible fire accident. It also has its own fire tender located at the Kashipur factory site. The Company has 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. The Company also conducts periodical special audits to review the adequacy of fire protection measures to avoid any such accidents. As a result of these preventive measures, the Company has never had any serious fire accident.

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

2. Availability of raw material at competitive prices

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

The Company has also set up an additional distillery at Gorakhpur in Eastern U.P. so that it can procure molasses available in that area, to improve availability of feedstock, by expanding its procurement over a larger area.

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

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

The Company has broadened its product and customer base by diversifying into ethylene oxide-based derivative products. It has also set up its own R&D and Application Development Centre where products are developed to provide economic and cost-effective solutions for meeting specific customer requirements .

The Company has also diversified into other areas of business like potable alcohol, nutra-ceutical herbal extraction, industrial gases and guar gum to minimise risk from a single business.

4. Environment risk

The Company's operations are governed by very strict effluent disposal requirements. it has taken adequate steps to meet the statutory requirements, which are constantly improved. The Company has installed effluent-treatment systems, whereby effluent is converted into fuel and used in substitution of coal, while complying with the environmental norms. It also achieves cost savings.

5. Foreign currency fluctuations

In the normal course of business operations, the Company has 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 the 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 dollar and inward and outward flows serve to counter-balance the impact of fluctuations. To further protect the Company from the risk, preventive actions are taken to hedge long-term foreign currency loan transactions with advice from various currency experts from banks,.

6. Compliance of various statutory and legal requirements

The Company is subject to the compliance of various statutory and legal requirements under different laws in force. It adheres to the statutory requirements and regularly reviews the compliance to overcome such risk. The Company has also appointed internal auditors for reviewing the compliance and advising on better compliance reporting.

Internal control systems and their adequacy

The 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, it continuously upgrades these systems in line with the best practices and standards.

Human resource/industrial relations

The Company continues to focus on training its employees, both on-the-job and through training programmes to face challenges in the business/industry. During the year, industrial relations have been cordial. The total numbers of employees on the Company's role have been around 1300.

Cautionary statement

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

Report on Corporate Governance

Company's philosophy on Corporate Governance

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

Board of Directors

a) Composition of the Board

As on 31st March, 2008 the Board of Directors comprised seven Directors, out of which six are Non-Executive Directors and one is the Managing Director. Out of the seven Directors, the Company has four Independent Directors.

b) Number of Board meetings

During the year ended 31.3.2008, six Board meetings were held. These were held on 12th May , 23rd June, 28th July, 20th October, 15th December, 2007 and 28th January, 2008.

c) Directors' attendance record and directorships in other public limited Companies

Name of the Directors	Position	Board meetings held during the year	Board meetings attended during the year	Whether attended the last AGM	Directorships in other public limited companies*
Late M.L. Bhartia**	CMD	6	4	No	2
Shri U.S. Bhartia	Managing Director	6	6	Yes	5
Smt. Jayshree Bhartia	Promoter Director	6	3	No	2
Shri Pradip Kumar Khaitan	Non-Independent Director	6	4	No	14
Shri Autar Krishna	Independent Director	6	5	No	8
Shri K.N. Memani	Independent Director	6	4	No	9
Shri Jagmohan N. Kejriwal	Independent Director	6	5	No	Nil
Shri R.C. Misra	Independent Director	6	6	Yes	Nil

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

* Excludes directorships in private limited companies

**Ceased to be a Director w.e.f. 10th March, 2008

d) Disclosures

(i) The details of related party transaction with the Company as required by Accounting Standard (AS-18) on related party transactions have been given in Note no. 14 of the notes to accounts. Besides this, the Company has no materially significant transaction with the related parties viz. promoters, Directors or the management, their subsidiaries or relatives, 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 the last three years.

(iii) Following Non-Executive Directors are holding equity shares of the Company as per following details.

Name of Directors	No of shares
Smt. Jayshree Bhartia	375310
Shri Jagmohan N. Kejriwal	1500
Shri R.C. Misra	500
Shri Autar Krishna	1000
Shri K.N. Memani	8000

e) Remuneration of Directors, sitting fees, etc. for the year 2007-08

(i) Shri. M.L. Bhartia, Chairman and Managing Director (ceased to be a Director w.e.f. 10th March, 2008) and Shri. U.S. Bhartia, Managing Director, were paid salary, perquisites and commission of Rs. 1081.40 lacs and Rs.1083.53 lacs respectively. Besides this, the Managing Directors were entitled to the Company's contribution to provident fund and gratuity fund. Shri. U.S. Bhartia, Managing Director, is also entitled to the Company's contribution to the superannuation fund.

(ii) Commission and sitting fees paid to Non-Executive Directors for the year ended 31st March, 2008.

Name of Directors	Commission (Rs.)	Sitting fee (Rs.)
Smt. Jayshree Bhartia	1,50,000	60,000
Shri Autar Krishna	1,50,000	2,20,000
Shri Pradip Kumar Khaitan	1,50,000	80,000
Shri Jagmohan N Kejriwal	1,50,000	2,10,000
Shri R.C. Misra	1,50,000	2,40,000
Shri K.N. Memani	1,50,000	80,000

(iii) Payments of Rs.6,24,000 (Six Lakh Twenty Four Thousand only) were made to Khaitan & Co., during the year 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 the Company's website. All Board members and senior management personnel have affirmed compliance with the code for the year 2007-08 and declaration by MD/CEO to this effect is enclosed with this report.

Committees of the Board

a) Audit Committee

(i) Terms of reference

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Audit Committee reviews report of the internal audit department, 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 the major accounting policies followed by the Company.

(ii) Composition

As on 31st March, 2008, 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 Directors	Status	No. of meetings attended
Shri R.C. Misra	Chairman	4
Shri Jagmohan N Kejriwal	Member	4
Shri Autar Krishna	Member	4

b) Shareholders'/ 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 Balance Sheet, non-receipt of declared dividends and any other matter relating to shareholders'/investors' grievance.

ii) Composition

As on 31st March, 2008, the committee comprises three Non-Executive Directors, namely, Shri R.C. Misra, Chairman of the committee, Shri Autar Krishna, Shri Jagmohan N Kejriwal and Managing Director Shri U.S. Bhartia.

iii) Attendance record of the Investors Grievance Committee

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

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

iv) Investors' complaints received and resolved during the year

During the year under review, the Company had received 100 investors' complaints up to 31st March, 2008. It redressed 100 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 the shareholding pattern of the Company and significant changes, if any.

ii) Composition

As on 31st March, 2008, the Committee comprises three Directors, namely, Shri U.S. Bhartia, Smt. Jayshree Bhartia and Shri Jagmohan N Kejriwal. Shri M.L. Bhartia ceased to be the member of the Committee on 10th March, 2008

iii) Attendance record of the Share Transfer Committee

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

Name of the Directors	Status	No. of meetings attended
Shri M.L. Bhartia*	Chairman	9
Shri U.S. Bhartia	Member	16
Smt Jayshree Bhartia	Member	16
Shri Jagmohan N. Kejriwal	Member	4

*Ceased to be the member of the committee on 10th March, 2008

(d) Committee for Borrowing

i) Term of reference

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

ii) Composition

As on 31st March, 2008, the Committee comprises two

Non-Executive Independent Directors namely Shri R.C. Misra and Shri Autar Krishna and Managing Director Shri U.S. Bhartia. Shri M.L. Bhartia ceased to be the member of the committee on 10th March, 2008

iii) Attendance record of the Borrowing Committee

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

Name of the Directors	Status	No. of meetings attended
Shri M.L. Bhartia*	Chairman	Nil
Shri U.S. Bhartia	Member	1
Shri R.C. Misra	Member	1
Shri Autar Krishna	Member	1

*Ceased to be the member of the Committee on 10th March, 2008

(e) Remuneration Committee

The non-mandatory requirement of setting up of a Remuneration Committee for remuneration of Executive Directors has not been adopted, considering the nature and size of the Company.

Management

Management discussion and analysis

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

Disclosure on risk management

The Company has further strengthened the risk management system in the Company. The Board of Directors periodically reviews the risk assessment and minimising 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 website of the Company.

b) Investor grievances

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

c) Share transfers

All share transfers are handled by the Company's Registrar and Share Transfer Agent M/s. MCS Limited, Sri Venkatesh Bhawan, W-40 Okhla Industrial Area Phase-II New Delhi 110 020, a category – I registrar registered with SEBI.

d) General Body Meetings

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

Financial year	Date	Time	Venue
2006-07	25.08.2007	12.30P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S. Nagar, Uttarakhand
2005-06	12.08.2006	12.30P.M.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S. Nagar, Uttarakhand
2004-05	10.09.2005	12.30 P.M	A-1, Industrial Area, Bazpur Road, Kashipur, Distt U.S. Nagar, Uttarakhand

Special Resolution regarding the alteration of Articles of Association of the Company was passed at the AGM held on 10.09.2005. No Special Resolution was passed at the AGM (s) held on 12.08.2006 and 25.08.2007

e) Postal ballot

For the year ended 31st March, 2008, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot.

Additional shareholders' information

a) Annual General Meeting

Date	:	14th August, 2008
Venue	:	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. U.S. Nagar, Uttarakhand – 244713
Time	:	12.30 P.M.

b) Financial calendar

Financial year: 1st April to 31st March

For the financial year 2008-09, the tentative dates for approval of unaudited financial results will be by July 31, 2008; for the first quarter, by 31st October, 2008; for half-yearly, by January 31, 2009 for third quarter for unaudited results and by April/June 30, 2009 for approval of unaudited fourth quarter/audited results (2008-09).

c) Book closure

The Registrar of Members and Share Transfer Books of the Company will remain closed from 1st August, 2008 to 14th August, 2008 (both days inclusive).

d) Dividend payment date

19th August, 2008

e) Listing in stock exchanges and stock codes

The name of the stock exchanges at which the equity shares are listed as on 31.03.2008 and the respective stock codes are as under:

Name of the stock exchanges	Stock Code No.
The Stock Exchange, Mumbai	500201
The National Stock Exchange Ltd.	Indiaglyco

Listing fee to the Stock Exchange, Mumbai and the National Stock Exchange Limited for the financial year ended 31.03.2008 has been paid.

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

NSDL - INE 560A01015

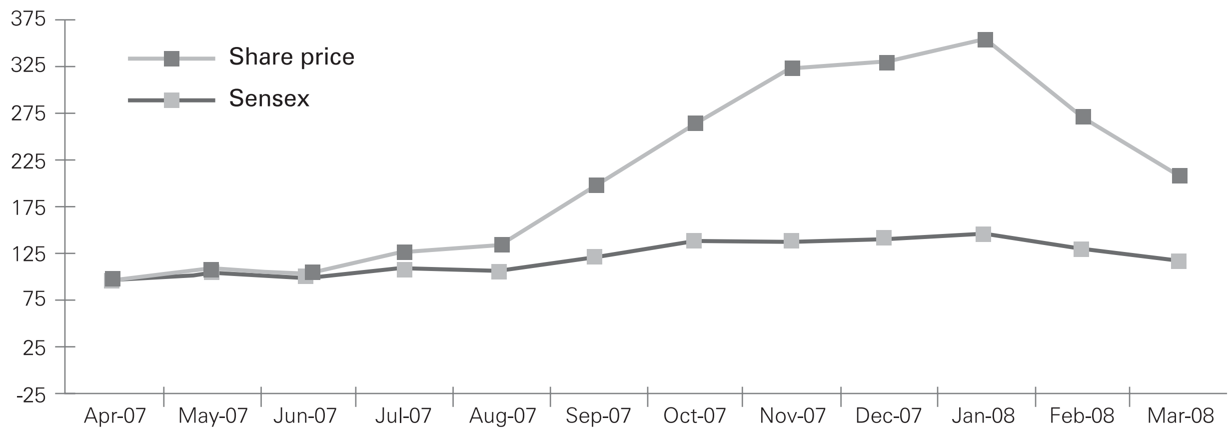
CDSL - INE 560A01015

f) Stock Data

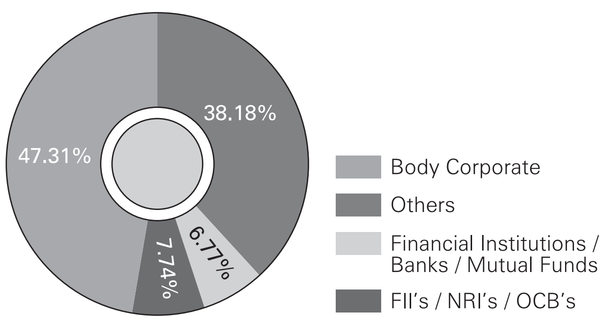
High/Low of market price of the Company's equity shares traded on the Stock Exchange, Mumbai during the financial year ended 31st March, 2008 are as follows:

Month	High	Low	Month	High	Low
April,2007	144.00	102.00	October, 2007	379.00	235.15
May,2007	153.00	136.20	November, 2007	464.80	341.00
June,2007	149.90	132.35	December, 2007	472.90	402.00
July,2007	181.50	137.00	January,2008	510.00	314.85
August,2007	189.90	148.05	February, 2008	390.00	270.00
Sept., 2007	284.00	174.00	March, 2008	300.00	220.00

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



(h) Distribution of shareholding as on 31st March, 2008



i) Shares held in physical and dematerialised form

As on 31st March, 2008, 48.85% of shares were held in dematerialised form and 51.15% in physical form.

j) Outstanding GDRs/ADRs/ warrants/ convertible instruments and their impact on equity

Nil

k) Plant locations

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

2) E-1, Sector-15, Gorakhpur Industrial Development Area, Gorakhpur, Uttar Pradesh.

3) Plot No. 3 & 4 Pharma City, Selaqui, Dehradun, Uttarakhand

l) Address for correspondence

India Glycols Limited, C-124, Okhla Industrial Area, Phase – I, New Delhi – 110020,
Tel.: 011-26815772, Fax: 011-26810390, 26819410
Website: www.indiaglycols.com
E-Mail – complianceofficer@indiaglycols.net

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

The ECS facility for payment of dividend is presently available at 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 can obtain ECS application form from the head office at C-124, Okhla Industrial Area, Phase-1, New Delhi-110020, or from the registrar and share transfer agent at W-40, Okhla Industrial Area Phase-II, 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 to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

To the Members of India Glycols Limited

Declaration

I, U.S. Bhartia, Chairman and Managing Director and Chief Executive Officer of India Glycols Limited, do hereby declare that the Company had received affirmation from all the members of the Board and senior management personnel stating compliance of the code of conduct for the year 2007-08, pursuant to the requirement of the Clause 49 of the Listing Agreement as amended.

For India Glycols Limited

U.S. Bhartia
Chairman and Managing Director
(Chief Executive Officer)

Place: New Delhi
Date: 23rd May, 2008

Auditor's Certificate on Corporate Governance

To the Members of India Glycols Limited

We have examined the compliance of the conditions of Corporate Governance by India Glycols Limited for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Lodha & Co.
Chartered Accountants

N. K. Lodha
Partner
Membership. No. 85155

Place: New Delhi
Date: 23rd May, 2008

Financial section

Auditor's Report

To
The Members of
INDIA GLYCOLS LIMITED

We have audited the attached Balance Sheet of INDIA GLYCOLS LIMITED as at 31st March 2008, the Profit and loss Account and also Cash Flow Statement of the Company 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

   i) in the case of Balance sheet, of the state of affairs of the company as at 31st March, 2008;

   ii) in the case of Profit and loss account, 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

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

Place: New Delhi
Date: 23rd May 2008

Annexure to the Auditor's Report

(Referred to in paragraph (1) of our Report of even date on INDIA GLYCOLS LIMITED for the year ended 31st March 2008)

i. a) The Company has maintained records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets except in respect of certain fixed assets, which are in process of updation.

b) As per information & explanation given to us, certain fixed assets have been physically verified by the management according to the regular programme of physical verification once in every three years, in phased manner, which in our opinion is reasonable having regard to the size of the company and the nature of its Fixed assets. The discrepancies noticed on such physical verification were not material.

c) As per the records and information and explanation given to us, fixed assets disposed off during the year were not substantial.

ii. a) The inventories of the company (except stock lying with the third parties and in transit) have been physically verified by the management at reasonable intervals.

b) In our opinion and according to information & explanation given to us, the procedures of physical verification of inventries followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

c) In our opinion and according to information & explanation given to us, the company has maintaining proper records of inventries. The discrepancies noticed on such physical verification of inventries as compared to book records were not material.

iii. During the year, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (b) to (d) and (f) & (g) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, having regards to the explanation that some of the items purchased are of specialised nature, taking into consideration the quality, usage and such other factors, comparative sources/ quotations are not available. The Company has internal control system commensurate with the size of the company and nature of its business for the purchase of inventories & fixed assets and for the sale of goods and services (read with note nos. 11,18 and 22H of schedule L). Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section and having regard to our comment in para (iv) above, the transactions made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.

vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA of the Act and other relevant provisions of the Act and the rules framed there under with regard to deposit accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.

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

viii. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by The Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.

ix. a) According to the records of the company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2008.

b) According to the information and explanations given to us, and the records of the Company, as at the year end, the following are the particulars of disputed dues on account of Income Tax, Service Tax, Custom Duty, Wealth Tax, Sales Tax, Excise Duty and Cess matters that have not been deposited, by the Company as at 31st March, 2008:

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which amount relates	Forum where dispute is pending
Customs Act	Custom duty	11.42	1992-93	High Court - Uttaranchal
Central Excise Act, 1944	Excise Duty	58.54	1995-95 1996-97	CESTAT, High Court
Service Tax	Service Tax	80.06	2001-03, 2005, 2004-07, 2006	Additional Commissioner of Central Excise, etc.

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

x. The Company does not have accumulated losses at the end of financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.

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

xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4 (xiii) of the Order are not applicable.

xiv. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv. According to the information and explanations given to us, the Company has given corporate guarantees to banks against agricultural loans given to certain sugarcane suppliers amounting to Rs. 2500.00 lacs and for Rs. 5500.00 lacs against loan taken by Shakumbari Sugar & Allied Industries Limited (a Subsidiary Company), as stated in note no.1 (iv) of Schedule 'L'. The terms and conditions on which the Company has given guarantees against loans taken by others from banks are not prima facie prejudicial to the interests of the Company. As explained to us, the Company has not given any guarantee for loans taken by others from financial institutions.

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 investment.

xviii. According to the information and explanations 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 has created security or charge in respect of debentures repaid during the year.

xx. The Company has not raised any money through a public issue during the year.

xxi. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For **Lodha & Co.**
Chartered Accountants

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

Place: New Delhi
Date: 23rd May 2008

Balance sheet as at 31 March, 2008

(Rs. in lacs)

	Schedule	As at 31.03.2008		As at 31.03.2007	
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	2788.25		2788.21	
b) Reserves and Surplus	B	45480.18	48268.43	28912.38	31700.59
2. Loan Funds	C				
Secured Loans		49837.18		51927.23	
Unsecured Loans		5438.49	55275.67	3164.15	55091.38
3. Deferred tax liability (net)			8529.13		6189.25
Total			**112073.23**		**92981.22**
APPLICATION OF FUNDS					
1. Fixed Assets	D				
Gross Block		102200.29		90679.68	
Less: Depreciation		32531.99		25965.24	
Net Block		69668.30		64714.44	
Capital work-in-progress (Including pre-operative expenses)		14695.66	84363.96	12781.14	77495.58
2. Investments	E		1293.57		263.66
3. Current Assets, Loans and Advances	F				
Inventories		21408.11		22402.33	
Sundry Debtors		8623.80		7723.47	
Cash and Bank Balances		1472.53		1335.59	
Loans & Advances		15486.68		10668.17	
		46991.12		42129.56	
Less: Current Liabilities and Provisions	G				
Current liabilities		14429.86		24484.28	
Provisions		6145.56		2423.30	
		20575.42		26907.58	
Net Current Assets			26415.70		15221.98
Total			**112073.23**		**92981.22**
Notes to the Accounts	L				

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President(Finance)

Lalit Kumar Sharma
Company Secretary

Pradip Kumar Khaitan
Jayshree Bhartia
R. C. Misra
Autar Krishna
Jagmohan N. Kejriwal
Directors

Profit and Loss Account for the year ended 31 March, 2008

(Rs. in lacs)

	Schedule	Current year 31.03.2008	Previous year 31.03.2007
INCOME			
Sales	H	152411.92	104937.17
Less: Excise Duty recovered on Sales		22020.25	16623.89
Net Sales		130391.67	88313.28
Other Income	H	1456.02	3185.06
Increase/ (Decrease) in Stocks	I	(1,000.98)	(1,480.69)
		130846.71	**90017.65**
EXPENDITURE			
Manufacturing & Other Expenses	J	95899.66	75777.35
Finance Charges (net)	K	4579.71	3728.84
		100479.37	79506.19
Profit before Depreciation, Exceptional Item and Tax		30367.34	10511.46
Depreciation		6611.18	4827.11
Profit Before Exceptional item & Tax		23756.16	5684.35
Less: Exceptional item		0.00	459.11
Profit Before Tax		23756.16	5225.24
Provision for taxation			
– Current tax		3349.37	574.36
– Deferred tax Charged / (Credit)		2339.88	1013.80
– Taxation for earlier years		70.24	0.00
– Fringe Benefit Tax		144.02	106.13
– Minimum Alternate Tax Credit entitlement		0.00	(574.36)
Net profit for the year		17852.65	4105.31
Debenture redemption reserve written back		125.00	125.00
		17977.65	4230.31
Balance brought forward		23040.98	21789.31
Balance available for Appropriation		41018.63	26019.62
Transfer to General Reserve		4500.00	2000.00
Proposed Dividend		1115.30	836.48
Corporate Dividend Tax		189.55	142.16
Balance carried forward		**35213.78**	**23040.98**
Earning per share basic/ diluted		64.03	14.72
Notes to the Accounts	L		

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

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President(Finance)

Lalit Kumar Sharma
Company Secretary

Pradip Kumar Khaitan
Jayshree Bhartia
R. C. Misra
Autar Krishna
Jagmohan N. Kejriwal
Directors

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Schedule A SHARE CAPITAL		
A. Authorised		
30000000 Equity Shares of Rs. 10 each	3000.00	3000.00
B. Issued, Subscribed and Paid up		
27882500 Equity Shares of Rs.10 each fully paid up	2788.25	2788.25
Less: Allotment Money in arrears	0.00	0.04
	2788.25	**2788.21**

	As at 31.03.2007	Additions	Deductions	As at 31.03.2008
Schedule B RESERVES AND SURPLUS				
Capital Reserve (*)	43.25	20.00	0.00	63.25
Debenture redemption reserve	125.00	0.00	125.00	0.00
General Reserve	5503.15	4500.00	0.00	10003.15
Reserve for Contingencies	200.00	0.00	0.00	200.00
Surplus in Profit & Loss Account	23040.98	17977.65	5804.85	35213.78
	28912.38	**22497.65**	**5929.85**	**45480.18**
	(25,939.12)	(6,230.31)	(3,257.05)	(28,912.38)

(*) Represents project capital subsidy.Current year addition received for herbal division

	As at 31.03.2008	As at 31.03.2007
Schedule C LOAN FUNDS		
Secured Loans		
Debentures		
Non Convertible Redeemable Secured Debentures of Rs. 100 each fully paid up		
1000000 12% Debentures (Note 3a)	0.00	334.00
500000 9% Debentures (Note 3b)	0.00	166.00
	0.00	**500.00**
Rupee Term Loans		
Banks (Note 4)	8229.95	10809.44
Others (Note 4)	482.00	2462.12
Foreign Currency Term Loans		
Banks	24246.62	22679.14
Working Capital Loans From Banks	16878.61	15476.53
(Including working capital demand loan Rs.2021.10 lacs previous year Rs.4801.39 lacs)		
	49837.18	**51927.23**
Unsecured Loans		
Fixed Deposits	2091.69	1463.53
Packing Credit from Banks	1195.50	542.91
Buyer's Import Credit - Bank	1353.64	0.00
Foreign Currency Term Loan - Bank	797.66	1157.71
	5438.49	**3164.15**

Notes:

1. The Term Loans/ Debentures ranking pari passu, inter-se, are secured / to be secured by mortgage of all immovable properties of the Company both present and future and hypothecation of all movable properties of the Company (save

Schedules forming part of the Balance Sheet

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.

2. Working Capital Loans from Banks are secured / to be secured by way of hypothecation of book debts and stocks including in-transit and second charge on all immovable properties of the Company.

3a. 12% Debentures were redeemable in three equal annual instalments of Rs. 333.33 Lacs each commencing from 27.07.2005. (Fully redeemed during 2007-08).

3b. 9% Debentures were redeemable in three equal annual instalments of Rs.166.67 Lacs each commencing from 27.07.2005 (Fully redeemed during 2007-08).

4. Rupee Term Loans include loans from Banks of Rs.29.95 Lacs (Previous year Rs. 59.44 Lacs)and from others of Rs.19.50 Lacs (Previous year Rs. 24.62 Lacs) secured by hypothecation of Motor Vehicles purchased there under.

Schedule D FIXED ASSETS

(Rs. in lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description	As at 01.04.2007	Addition/ Adjustment	Deduction/ Adjustment	As at 31.03.2008	Upto 31.03.2007	For the year	Deduction/ Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	658.68	10.82	0.00	669.50	0.00	0.00	0.00	0.00	669.50	658.68
Leasehold Land	1125.26	0.00	0.00	1125.26	58.34	13.46	0.00	71.80	1053.46	1066.92
Buildings	3262.93	474.60	0.00	3737.53	600.31	82.03	0.00	682.34	3055.19	2662.62
Plant & Machinery	83590.25	10562.21	0.00	94152.46	24321.17	6289.70	0.00	30610.87	63541.59	59269.08
Furniture & Fixtures	1165.15	211.35	12.12	1364.38	620.64	114.66	6.84	728.46	635.92	544.51
Vehicles (*)	627.81	360.46	86.71	901.56	199.57	72.09	38.81	232.85	668.71	428.24
Intangible Assets										
-Specialised Computer software	249.60	0.00	0.00	249.60	165.21	40.46	0.00	205.67	43.93	84.39
Total	**90679.68**	**11619.44**	**98.83**	**102200.29**	**25965.24**	**6612.40**	**45.65**	**32531.99**	**69668.30**	**64714.44**
Previous Year	77891.19	15236.74	2448.25	90679.68	22964.85	4827.11	1826.72	25965.24		
Capital Work-in-progress including advances									14695.66	12781.14
									84363.96	77495.58

Capital-Work-in-progress {including advances and preoperative expenses (refer note no. 13 of Sch-L)}

Depreciation Rs.1.22 Lacs (Previous year Nil) on Dehradun assets transfer to Pre operative expenses

(*) Gross block includes Rs. 144.78 lacs (Previous year Rs. 307.44 lacs) secured by hypothecation against loan.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

		Nominal Value	As at 31.03.2008	As at 31.03.2007
Schedule E INVESTMENTS				
Long Term Investments (at cost, net of provision for diminution)				
Unquoted, fully paid up (Subsidiary Companies)				
Non-trade				
5000000	Equity shares of IGL Finance Ltd.	Rs.10.00	75.00	75.00
Trade				
31724200	Equity shares of Shakumbari Sugar & Allied Industries Ltd.	Rs.10.00	1002.50	0.00
100000	Equity shares of IGL CHEM International. PTE Ltd.,Singapore	SGD 1.00	27.41	0.00
			1104.91	**75.00**
Quoted, fully paid up (Others)				
211360	Equity Shares of IDBI Bank Ltd	Rs.10.00	105.00	105.00
34000	Equity Shares of Axis Bank Ltd.	Rs.10.00	7.14	7.14
2500	Equity Shares of ICICI Bank Ltd.	Rs.10.00	1.97	1.97
			114.11	**114.11**
CURRENT INVESTMENT (at lower of cost or market value)				
Quoted, fully paid up				
75900 UTI US64 Bonds		Rs.100.00	74.55	74.55
			74.55	74.55
			1293.57	263.66
Aggregated value of quoted investment			188.66	188.66
Market value of quoted investments			**526.42**	**514.91**

Note: The Company has earmarked 75900 UTI US 64 bonds of Rs. 100/- each amounting to Rs. 75.90 Lacs (face value) in compliance with the provisions of Rule 3A of the companies (Acceptance of Deposits) Rules,1975

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31.03.2008		As at 31.03.2007	
Schedule F CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS:				
Inventories (As taken, valued and certified by the management)				
Stores, and spares parts (Including in transit Rs. 743.97 lacs, previous year Rs. 352.81 lacs)	7538.29		5723.45	
Raw Materials (Including in transit Rs 0.83 Lacs, previous year Rs. 715.17 lacs)	9110.37		10811.86	
Finished Goods (Including in transit Rs. 362.10 lacs, previous year 649.58 lacs)	2461.34		3028.36	
Stock-in-process	1919.31		2671.43	
Residue Product	352.36		148.25	
Scrap	16.53		10.60	
Loose Tools	9.91		8.38	
	21408.11		**22402.33**	
Sundry Debtors (Unsecured, Considered Good unless stated otherwise)				
Over six months	409.86		230.91	
Others	8213.94		7492.56	
	8623.80		7723.47	
Over six months doubtful	146.86		77.68	
	8770.66		7801.15	
Less: Provision	146.86		77.68	
	8623.80		**7723.47**	
Cash and Bank Balances				
Cash-on-hand	40.29		53.54	
Cheques on hand	553.53		0.00	
Balance with Scheduled Banks				
– On Current Accounts	432.18		1180.98	
– In Fixed Deposit Accounts	339.24		0.00	
– On Dividend Accounts	107.29		101.07	
	1472.53		**1335.59**	
B. LOANS AND ADVANCES (Unsecured, Considered Good unless stated otherwise)				
Inter Corporate Deposit		75.00		75.00
Advances recoverable in cash or in kind or for value to be received	3954.26		3468.45	
Doubtful advances / loans	12.23		12.23	
	3966.49		3480.68	
Less : Provision for doubtful advances / loans	12.23	3954.26	12.23	3468.45
Export Incentive receivable		462.86		396.70
Balance with Excise authorities		2903.61		3651.00
Deposits with Government Departments & Others#		657.46		442.44
MAT credit receivable		1078.46		1119.54
Advance Income Tax/ Tax deducted at source		6355.03		1515.04
		15486.68		**10668.17**

includes Fixed Deposit with bank pledged with Government Authorities of Rs. 6.18 lacs (Previous year Rs. 5.58 lacs)

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Schedule G CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Acceptances	0.00	660.82
Sundry Creditors - Micro , Small and Medium Enterprises @	–	–
- Others	9838.98	20559.64
Other Liabilities	2924.98	1999.53
Advance from customers	1078.47	665.59
Interest accrued but not due on loans	433.25	463.22
Investor education & protection fund shall be credited by the following amounts when due:		
i) Unclaimed Dividends	107.29	101.07
ii) Unclaimed matured deposits	37.44	26.69
iii) Unclaimed interest on above (ii)	9.45	7.72
	14429.86	**24484.28**
B. PROVISIONS		
Income Tax	4468.91	1119.54
Fringe Benefit Tax (Net)	38.33	13.14
Wealth Tax	2.77	1.64
Proposed Dividend	1115.30	836.48
Corporate Dividend Tax	189.55	142.16
Retirement benefits	330.70	310.34
	6145.56	**2423.30**
	20575.42	**26907.58**

@ Refer note no.11 of Sch-L

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	Current year	Previous year
Schedule H SALES AND OTHER INCOME		
SALES (Including Excise Duty)		
Ethylene Glycol	68470.75	45674.01
Di-ethylene Glycol	5807.30	2937.93
Heavy Glycol	473.77	283.63
E.O. Derivatives	50940.42	38143.08
Guar Gum Powder and derivatives	533.65	1291.48
Ethyl Alcohol (Potable)	18660.91	15307.81
Industrial Gases	1473.42	1233.59
Others	95.25	65.64
Sale of traded goods	5956.45	0.00
	152411.92	**104937.17**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

Schedule H SALES AND OTHER INCOME *(Contd.)*

	Current year	Previous year
OTHER INCOME		
Dividend on long term investment	4.95	4.58
Interest on current investment (TDS Rs. Nil, Previous year Rs. Nil)	5.12	5.12
Rent (Tax Deducted at source Rs 9.31 Lacs ; Previous year Rs 5.03 Lacs)	41.10	26.44
Miscellaneous Income	846.41	699.90
Provision no longer required written back	11.14	16.62
Reversal of Diminution in value of Long term Investments	0.00	25.00
Exchange fluctuation gain (net of Loss Rs. 3257.59 lacs, Previous year Rs. 578.65)	171.33	1733.61
Commodity Derivative Income	0.00	26.35
Sundry balances written back	239.22	0.00
Export Incentive receivable	136.75	64.92
Profit on sale of Fixed Assets (Net) (Previous year Net of Loss Rs.4.61 lacs)	0.00	582.52
	1456.02	**3185.06**
	153867.94	**108122.23**

Schedule I INCREASE/(DECREASE) IN STOCKS

	Current year	Previous year
CLOSING STOCK		
Finished Goods		
– Ethylene Glycol	302.19	106.49
– Di-ethylene Glycol	9.67	180.86
– Heavy Glycol	26.37	21.17
– E.O. Derivatives	1626.61	2201.09
– Ethyl Alcohol (Potable)	396.96	373.89
– Guar Gum Powder and derivatives	82.46	124.95
– Guar Churi	0.03	0.09
– Industrial Gases	17.05	19.82
Total Finished Goods	2461.34	3028.36
Stock-in-Process	1919.31	2671.43
Residue Product	352.36	148.25
	4733.01	**5848.04**
LESS: OPENING STOCK		
Finished Goods		
– Ethylene Glycol	106.49	3266.14
– Di-ethylene Glycol	180.86	110.19
– Heavy Glycol	21.17	56.38
– E.O. Derivatives	2201.09	2414.49
– Ethyl Alcohol (Potable)	373.89	77.58
– Guar Gum Powder and derivatives	124.95	148.00
– Guar Churi	0.09	1.88
– Industrial Gases	19.82	16.87
Total Finished Goods	3028.36	6091.53
Stock-in-Process	2671.43	1602.65
Residue Product	148.25	59.61
	5848.04	7753.79
Less: Differential Excise duty provided on Stocks	(114.05)	(425.06)
Increase/ (Decrease)	**(1,000.98)**	**(1,480.69)**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	Current year		Previous year	
Schedule J MANUFACTURING AND OTHER EXPENSES				
Raw Materials consumed		49973.26		45268.05
Stores and spare parts consumed		7604.03		5720.72
Power and Fuel		16192.03		13659.61
Cost of Traded Goods		5625.71		–
Salaries, Wages, Allowances, etc.		5094.22		2863.97
Contribution to Provident and other funds		427.47		342.52
Staff Welfare Expenses		298.58		189.55
Repairs and Maintenance				
– Buildings	160.75		124.68	
– Plant & Machinery	1109.68		620.81	
– Others	405.21	1675.64	226.05	971.54
Rent		107.97		56.06
Rates and Taxes		1572.37		1164.00
Travelling and Conveyance		1141.30		875.90
Insurance		245.06		373.54
(Net of recovery from customers Rs.83.91 Lacs, Previous year Rs. 72.25 Lacs)				
Directors' Fee		8.90		5.95
Miscellaneous Expenses		938.03		788.73
Donation		404.95		171.67
Commission to Selling agents		198.29		88.11
Freight forwarding and others (Net of recovered from customers Rs.934.96 lacs, Previous year Rs.1095.91 lacs)		4255.71		2989.44
Bad debts written off	17.91		20.58	
Less : Provision for doubtful debts written back	18.14	(0.23)	20.09	0.49
Provision for doubtful debts and advances		87.32		0.76
Loss on Sale / Discard of Fixed Assets (Net of profit Rs. 5.77 Lacs, previous year Nil)		13.11		0.00
Commodity Derivative Loss		4.59		0.00
Provision for diminution in value of Current Investments		0.00		2.63
Prior period expenses (Net) (Net of income Rs. 1.99 lacs Previous year Rs. 110.38 lacs)		28.58		242.47
Wealth Tax		2.77		1.64
		95899.66		**75777.35**

Schedule K FINANCE CHARGES				
Interest on Fixed Loans/ Debentures		2407.70		2327.57
Other Interest		1875.97		1210.17
Financial Charges		454.08		337.41
		4737.75		3875.15
Less: Interest Received (*) (Tax Deducted at source Rs.18.61 Lacs, Previous year Rs. 8.25 Lacs)		158.04		146.31
		4579.71		**3728.84**

[(*) Include on deposit Rs. 73.61 lacs, Previous year Rs. 22.89 Lacs and Interest on Income Tax refund Rs 2.59 Lacs previous year Rs.Nil. and other Rs. 81.84 lacs, Previous year Rs.123.42 lacs]

Schedule forming part of the Accounts

Schedule L NOTES TO THE ACCOUNTS

I. ACCOUNTING POLICIES

A. Fixed Assets And Depreciation

a) i) All tangible fixed assets are stated at their historical cost less accumulated depreciation. Depreciation on fixed assets, except on leasehold land, EO Derivative unit and Catalysts, is provided on straight line method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets of EO Derivative unit is provided on written down value method (WDV) at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956. Depreciation on catalyst is provided on straight line method (SLM) over the technically assessed useful life. 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 and 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. Any exchange difference arising on account of such conversion is charged to the revenue account.

b) Transactions covered by derivative contract are adjusted with variations, if any, are recognised on reinstatement and settlement where as gains are recognised only on settlement. The provision on derivative contract is expensed out over the terms of contract.

F. Management of Raw Material (Guar Gum) prices

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

G. Employees Benefits

a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

Schedule forming part of the Accounts

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

b) Defined Benefit Plan:

Retirement benefits in the form of Gratuity, Long Term compensated leaves and Provident Fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

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

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

H. Government Grants

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

I. Borrowing Cost

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

J. Provision For Current Tax And Deferred Tax

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

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

K. Impairment

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

L. Use Of Estimates And Assumptions

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

M. Provisions, Contingent Liabilities And Contingent Assets

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

II. NOTES

1) Contingent Liabilities not provided for :

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

Particulars	As at 31.03.2008	As at 31.03.2007
Income Tax Matter	138.57	138.57
Central Excise	66.56	9.60
Customs	53.02	53.02
Service Tax & Others	263.44	229.61

Schedule forming part of the Accounts

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

ii) Bills discounted with Banks Rs. 192.60 Lacs (Previous Year: Rs. 1196.42 Lacs).

iii) Customs duty saved of Rs. NIL (Previous Year Rs. 1351.69 Lacs) for import of capital good made against EPCG licence against which export obligations are pending.

iv) a) Corporate Guarantee to bank for loan availed by Shakumbari Sugar & Allied Industries Limited (a subsidiary company) of amounting to Rs. 5500.00 Lacs. (Previous Year Rs. NIL).

b) Corporate Guarantee to banks for agriculture loan given to certain sugarcane suppliers amounting to Rs. 2500.00 Lacs. (Previous Year Rs. 3000.00 Lacs).

2) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 4013.17 Lacs Previous Year Rs. 2588.49 Lacs) are Rs. 14332.58 Lacs (Previous Year : Rs. 7708.69 Lacs).

3) Since it is not possible to determine with reasonable certainty/accuracy insurance claims and interest from customers, the same are continued to be accounted on settlement basis.

4) Advances recoverable in cash or kind include loans and advances in the nature of Loan recoverable from the employees where there is:

- No interest or interest is below Section 372A of the Companies Act Rs. 220.15 Lacs. (Previous Year Rs. 121.10 Lacs) Maximum Balance outstanding during the year Rs. 316.14 Lacs (Previous Year Rs. 228.70 Lacs).
- Repayment schedule is beyond seven years or no repayment schedule Rs. 98.91 Lacs (Previous Year Rs. 81.06 Lacs). Maximum Balance outstanding during the year Rs. 120.70 Lacs (Previous Year Rs. 129.32 Lacs).

5) Employees Benefits:

a) Defined Contribution Plan:

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

(Rs. in lacs)

Employer's Contribution to Provident Fund	210.75 (166.19)
Employer's Contribution to Superannuation Fund	121.33 (87.64)
Employer's Contribution to Pension Scheme	NIL (Nil)

b) Defined Benefit Plan:

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

Schedule forming part of the Accounts

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

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

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Present Value of Obligation at the beginning of the period	586.95 (493.28)	148.84 (94.70)
Current Service Cost	67.91 (69.65)	31.17 (28.41)
Interest Cost	48.13 (39.46)	12.20 (7.10)
Actuarial (gain)/ loss on obligations	(1.06) (7.96)	(1.42) (24.57)
Benefit Paid	(11.12) (–23.40)	(9.79) (–5.94)
Present Value of Obligation as at the end of the period	690.81 (586.95)	181.00 (148.84)

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

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets at the beginning of the period	458.89 (368.10)	– (–)
Expected Return on Plan Assets	39.01 (31.29)	– (–)
Contributions	134.51 (74.69)	– (–)
Actuarial gain/ (loss) on obligations	(21.05) (8.21)	– (–)
Benefit Paid	(11.12) (-23.40)	– (–)
Fair value of plan assets at the end of the period	600.23 (458.89)	– (–)

Schedule forming part of the Accounts

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

III. Reconciliation of fair value of assets and obligation

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets as at 31st March 2008	600.23 (458.89)	– –
Present Value of Obligation as at 31st March 2008	690.81 (586.95)	181.00 (148.84)
Funded Status [surplus/(Deficit)]	(90.58) (–128.06)	(181.00) (–148.84)
Net Assets/(Liability) Recognized in Balance Sheet	(90.58) (–128.06)	(181.00) (–148.84)

IV. Expenses recognized during the period

(Rs. in lacs)

	Gratuity	Leave Encashment (Unfunded)
Current Service Cost	67.91 (69.65)	31.17 (28.41)
Interest Cost	48.13 (39.46)	12.20 (7.10)
Expected Return on Plan Assets	(39.01) (–31.29)	–
Actuarial (gain)/ loss	19.99 (–0.25)	(1.42) (24.57)
Net Expenses Recognized	97.03 (77.57)	41.95 (60.08)

IV. Investment Detail

All Investments are made with Trust.

IV. Actuarial / Demographic assumptions:-

(Rs. in lacs)

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

Schedule forming part of the Accounts

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

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

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

6) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of licence fee on transfer of alcohol from the distillery to the chemical plant. The levy was challenged by the company in the Hon'ble Supreme court. On 18-10-2006 the matter was finally decided by The Hon'ble Supreme Court in favour of the Company. Accordingly, company has filed an application for refund of amount paid of Rs. 507.05 lacs (shown as recoverable under the head Loans & Advances) with State Government of Uttarakhand.

7) State Government of Uttarakhand had levy of Export Pass Fee on ENA/RS export outside India. On the application of the Company the Hon'ble High Court of Uttarakhand vide its Order dated 13.11.2007 has granted stay on charging of Export Pass Fees till further order. Pending final order no provision has been made for the year and an amount of Rs. 44.53 lacs paid is shown as recoverable from State Govt. of Uttarakhand in the books of account.

8) The Company has accounted for cane purchases for the year 2007-08 at Rs 110 per quintal, the rate fixed by Hon'ble Allahabad High court (Lucknow Bench), as an interim Measure, for paying the cost of sugar cane growers. Necessary adjustments will be made in accordance with subsequent order of Hon'ble court in the matter.

9) Prior period Income includes Rs. NIL (Previous Year Rs.77.00 Lacs) claims recoverable from Government.

10) In view of Company (Accounting Standard) Rules, issued by the Ministry of Corporate Affairs for treatment of (Exchange Fluctuation) gain/loss on account of exchange fluctuation on loan/ liability for capital assets has been charged to profit & Loss account which was hitherto charged to cost of the assets. Had this policy not been followed Profit before Tax would have been lower by Rs.90.72 lacs.

11) The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid / payable under this Act have not been given.

12) i) Depreciation on catalyst is provided based on technically assessed useful life of 1 to 3 years on straight line method (SLM).

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

Schedule forming part of the Accounts

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

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

(Rs. in lacs)

	2007-08	2006-07
Amount brought forward from previous year	609.41	178.46
Raw Material Consumed	1.37	–
Salary, wages & allowances	79.51	187.02
Contribution to Provident fund & other funds	10.35	18.38
Staff welfare expenses	3.37	15.88
Legal & Professional charges	6.51	4.65
Rent	0.50	1.88
Equipments hiring charges	–	4.80
Travelling and Conveyance	16.43	111.50
Interest on Fixed Loans	439.52	535.75
Other financial charges	4.33	182.57
Insurance premium	–	8.63
Engineering & Supervision	–	230.51
Process Engineering & Technical assistance	2.59	11.02
Power & Fuel	2.68	70.97
Rates & Taxes	1.50	4.03
Depreciation	1.22	–
Miscellaneous Expenses	74.87	51.20
	1254.16	1617.25
Less:		
Miscellaneous Income	3.50	76.83
Exchange fluctuation	–	19.53
	1250.66	1520.89
Less : Capitalised during the year	548.84	911.48
Balance carried forward	701.82	609.41

14) **Related Parties Disclosure:**

(As identified by the management)

i) **Relationships:**

A. Subsidiary Companies
- IGL Finance Limited
- Shakumbari Sugar and Allied Industries Limited
- IGLCHEM International Pte Ltd.

B. Key Management Personnel
- M. L. Bhartia (till 09-03-2008)
- U. S. Bhartia

C. Enterprises over which Key Management Personnel have significant influences:
- Ajay Commercial Co. (P) Ltd.
- J. B. Commercial Co. (P) Ltd.
- Kashipur Holdings Limited
- Polylink Polymers (India) Ltd.

Schedule forming part of the Accounts

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

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

(Rs. in lacs)

	Subsidiary Companies	Key management Personnel	Enterprises referred in (i) C above
Purchases of Material	643.10 (–)	– (–)	– (–)
Rent Paid	– (–)	– (–)	38.34 (3.12)
ICD Given	2800.00 (–)	– (–)	– (–)
ICD Received Back	2800.00 (–)	– (–)	– (–)
Deposits repaid	– (–)	69.65 (–)	– (–)
Deposits Accepted	– (–)	– (–)	– (–)
Interest Income	48.40 (–)	– (–)	– (–)
Interest Expense	– (–)	34.38 (39.25)	– (–)
Remuneration	– (–)	2164.94 (546.56)	– (–)
Outstanding Balances as at year end Loans & Advance	37.43 (–)	– (–)	180.00 (180.00)
Deposits payable (Including interest)	– (–)	440.28 (487.45)	– (–)
Corporate Guarantee#			

Figures in Bracket represent previous year figures.

(*) Excluding Commission to Non Executive Directors

Refer the note no 1(iv) (a)

15) Earnings per share (EPS):

(Rs. in lacs)

	2007-08	2006-07
Net profit for the year attributable to equity shareholders (Rs. in Lac)	17852.65	4105.31
Weighted average number of equity shares outstanding	27882500	27882500
Basic and diluted earnings per share (face value of Rs. 10 each) (Rs.)	64.03	14.72

Schedule forming part of the Accounts

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

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

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities:		
Accelerated depreciation	8817.28	6278.66
Reversal in diminution in value of Long Term Investments	–	8.50
Deferred Tax Assets:		
Amount covered U/S 43 (B)	61.78	50.84
Provision for doubtful debts	49.92	26.40
Others	176.45	20.67
	288.15	97.91
Deferred Tax Liabilities (Net)	8529.13	6189.25

17) Revenue expenditure on Research & Development of Rs. 127.90 Lacs (Previous year: Rs. 104.76 Lacs) incurred during the year has been charged to profit and loss account.

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

19) a) Addition / (adjustment) to fixed assets / capital work in progress during the year includes Rs. Nil Lacs adjustment (net of Rs. Nil Lacs (Loss))(Previous Year: Rs. 51.90 Lacs addition, net of Rs. 15.95 Lacs adjustment), on account of foreign exchange fluctuation.

b) Foreign Exchange Fluctuation amounting to Rs.11.93 Lacs (gain) (net of loss Rs. 2.44 Lacs), [Previous Year Rs. 15.91 Lacs (gain) (net of loss Rs. 0.85 Lacs] has been included in Stores & Spares and Raw Material Consumption in profit & loss account.

20) Segment Information:

A. Information about Business Segments (Primary Segments):

(Rs. in lacs)

		Business Segments		Others	Unallocable	Total
		Chemicals	Liquor			
A	REVENUE					
1	Gross Sales (External)	127260.92 (88336.97)	24617.35 (15307.82)	533.65 (1292.38)	– (–)	152411.92 (104937.17)
2	Other Income	1011.93 (1229.03)	221.43 (63.09)	0.16 (98.20)	222.50 (1794.74)	1456.02 (3185.06)
3	Total Revenue	128272.85 (89566.00)	24838.78 (15370.91)	533.81 (1390.58)	222.50 (1794.74)	153867.94 (108122.33)
B	RESULTS					
1	Segment Result (PBIT)	30766.83 (8249.24)	1590.77 (1404.35)	–332.12 (–96.07)	–3689.61 (–603.44)	28335.87 (8954.08)
2	Interest Expense (Net)					4579.71 (3728.84)
3	Profit Before Tax					23756.16 (5225.24)

Schedule forming part of the Accounts

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

(Rs. in lacs)

		Business Segments		Others	Unallocable	Total
		Chemicals	Liquor			
4a	Provision for Current Tax					3349.37 (574.36)
4b	Deferred Tax					2339.88 (1013.80)
4c	Taxation provision of earlier year					70.24 (0.00)
4d	Fringe Benefit Tax					144.02 (106.13)
4e	Minimum Alternate Tax Credit entitlement					– (–574.36)
5	Profit after Tax					17852.65 (4105.31)
C	Other Information:					
1	Segment Assets	112059.78 (109745.71)	7773.72 (4507.88)	2779.42 (1910.80)	10035.73 (3724.41)	132648.65 (119888.80)
2	Segment Liabilities	12156.97 (22656.62)	1123.48 (940.85)	102.77 (184.91)	70997.00 (64405.83)	84380.22 (88188.21)
3	Capital Expenditure	9318.14 (20677.83)	2752.12 (198.81)	1178.00 (0.70)	285.70 (169.11)	13533.96 (21046.45)
4	Depreciation and Amortisation expenses	6314.45 (4598.73)	97.76 (43.81)	75.65 (75.63)	123.32 (108.94)	6611.18 (4827.11)

Information about Geographical Segments (Secondary Segments):

		Domestic	Overseas	Total
1	Gross Sales (External)	131385.12 (92121.56)	21026.80 (12815.61)	152411.92 (104937.17)
2	Segment Assets	120187.39 (115132.55)	2425.53 (1031.84)	122612.92 (116164.39)

Notes:

Primary Segment reporting (by business segment)

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

Secondary Segment reporting (by geographical segment-customer location)

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

Schedule forming part of the Accounts

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

Notes:

Reportable segments

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

Segment Composition

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

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

'Others' primarily include Guar Gum, Software development.

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

22) Additional Information:

A. a) Payment to Auditors
{(*) Exclusive of applicable service tax}

(Rs. in lacs)

		2007-08	2006-07
i)	As Auditors (*)	7.00	5.00
ii)	In other capacity in respect of		
a)	For Tax Audit	1.00	0.75
b)	Out of Pocket Expenses	0.78	0.59
c)	Certification	2.42	0.11
		11.20	**6.45**
b)	**Cost Auditors (*)**	**2007-08**	**2006-07**
i)	Audit Fees	0.40	0.30
ii)	Out of Pocket Expenses	0.28	0.11
		0.68	**0.41**

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

(Rs. in lacs)

		2007-08	2006-07
i)	Salaries	58.23	60.00
ii)	Contribution to Provident Fund & Superannuation Fund	7.99	8.20
iii)	Perquisite value of other benefits	80.56	128.23
Sub total		**146.78**	**196.43**
iv)	Commission to CMD & MD	2018.16	350.13
Total		**2164.94**	**546.56**

Notes:

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

Schedule forming part of the Accounts

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

b) Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956.

(Rs. in lacs)

		2007-08
	Profit Before tax as per Profit & Loss Account	23756.16
Add:	Managerial Remuneration as above	2164.94
	Commission to Non executive Directors	9.00
	Directors' Fees	8.90
	Provision for doubtful debts & advances	87.32
	Wealth Tax	2.77
		26029.09
Less:	Reversal of Diminution in value of Long Term Investments	–
	Bad Debts written off (Provision written back)	18.14
	Net Profit for calculation of Commission to Directors	26010.95
	Commission to Chairman and Managing Director and Managing Director restricted to-	
	– Chairman and Managing Director (till 9th March'08)	977.73
	– Managing Director	1040.43
	Commission to Non Executive Directors	9.00

c) Capacities and Production (Qty.in MT)

Product	Licensed*	Installed Capacity*		Production#	
	Capacity	2007-08	2006-07	2007-08	2006-07
Ethylene Glycol	N.A. @	86,500	86,500	122,394	88,350
Ethylene Oxide	N.A. @	24,000	24,000	–	–
Di-ethylene Glycol	N.A. @	6,100	6,100	12,255	7,942
Heavy Glycol	N.A. @	400	400	711	343
E.O. Derivatives	N.A. @	@@26,000	@@26,000	73,008**	54,469**
Guar Gum Powder & Derivatives	N.A. @	12,000	12,000	1030	2,148**
Ethyl Alcohol (Potable) Qty. in (KBL)	N.A. @	18,000	18,000	3151	3,382
Industrial Gases Division Qty in NM3	N.A. @	NM3/Hr	NM3/Hr	NM3	NM3
Oxygen		10400	10400	77246457	61960588
Nitrogen		2828	2828	23226354	16128019
Argon		232	232	1723494	901357
Gorakhpur					
Ethyl Alcohol Qty. in (KBL)	N.A. @	99000	66000	73166	54580

Notes:

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

@@ Standard Capacity

** Net of captive consumption.

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

\# Production as received in bonded tank farm.

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

Schedule forming part of the Accounts

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

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

Products	Stocks			Sales	
	As at 31.03.2008	As at 31.03.2007	As at 31.03.2006	2007-08	2006-07
Ethylene Glycol	810^	260^	8030^	121844##	96119##
Di-ethylene Glycol	24	399	273	12630@@	7816@@
Heavy Glycol	64^^	46^^	141^^	693**	438**
EO Derivatives	3041&	3873&	4384&	73840	54980
Guar Gum Powder & Derivatives	163$	219$	305$	1086#	2234
Ethyl Alcohol (Potable) Qty. in (KBL)	74	132	104	3209	3354
Industrial Gases Division Qty in NM3					
Oxygen	399533	251000	291421	77097924+	62001009+
Nitrogen	48415	9373	28872	23187312++	16147518++
Argon	4230	63396	11590	1782660	849551
Gorakhpur					
Ethyl Alcohol Qty. in (KBL)	1929	1294	18	72531$$	53304$$

Notes:

Includes 1066 MT captively consumed in Ethylene Oxide derivatives (Previous year: 638 MT)

@@ Includes 2956 MT captively consumed in Ethylene Oxide derivatives (Previous year 2287 MT)

** Includes NIL captively consumed in Ethylene Oxide derivatives (Previous year NIL)

$ Includes 19 MT Stock in Transit/Port (Previous year 74 MT)

& Includes 589 MT Stock in Transit/Port (Previous year 1236 MT)

^ Includes 19 MT Stock in Transit/Port (Previous year 47 MT)

^^ Includes NIL Stock in Transit/Port (Previous year NIL)

\+ Includes 69932849 NM3 captively consumed. (Previous year 54039005 NM3)

\# Include 82 MT captively consumed. (Previous year NIL)

++ Include 21756000 NM3 captively consumed. (Previous year 15182998NM3)

$$ Include 66136 KBL transferred to Kashipur Plant for Captive Consumption (Previous year 51851 KBL) and 2555 KBL captively consumed (Previous year 1453 KBL).

b) Detail of Traded Goods (Ethyl Alcohol)

		Opening	Purchase	Sale	Closing
Quantity	No. of Cases	Nil (Nil)	575050 (Nil)	575050 (Nil)	Nil (Nil)
Amount	Rs. In Lacs	Nil (Nil)	5625.71 (Nil)	5956.45 (Nil)	Nil (Nil)

Notes:

Sale includes breakage of 1033 cases (Previous year: Nil)

Schedule forming part of the Accounts

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

E) Consumption of raw materials

	2007-2008		2006-2007	
	Quantity (MT)	Value (Rs in lacs)	Quantity (MT)	Value (Rs in lacs)
Molasses	855388	22812.11	658342	22730.96
Chain Starters	14064	6812.21	7699	4184.99
Special Denatured Spirit*	78335	14187.76	102255	11424.75
Production Chemicals & Others		6161.17	–	6927.35
		49973.25		**45268.05**

* Qnty in KBL

F. C.I.F. Value of Imports

(Rs. in lacs)

	2007-08	2006-07
1. Capital Goods	492.51	3208.28
2. Stores & Spares	193.08	228.62
3. Raw Materials	570.18	570.03

G. Earning in Foreign currency

(Rs. in lacs)

	2007-08	2006-07
1. FOB Value of Exports – Goods	20465.24	12566.07
– Services	NIL	0.90
2. Exclusive Right Fees	NIL	70.23
3. Others	NIL	19.68

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

a) Outstanding at the year end as follows

(Rs. in lacs)

Nature of Instruments	2007-08 Amount (Equivalent US$ Mn)	2007-08 Amount (Equivalent Rs. in Cr)	2006-07 Amount (Equivalent US$ Mn)	2006-07 Amount (Equivalent Rs. in Cr)
Forward Contracts	NIL	NIL	6.18	27.17
Foreign currency options	76.21	301.12	60.99	264.57
Swaps	NIL	NIL	35.96	156.01
Packing Credit Net of Export debtors	6.62	26.41	8.06	35.07
Open foreign exchange exposures:				
Loans	62.48	248.98	43.20	187.40

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

c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India 'Accounting for Derivatives' in March, 2008, the Company has provided an amount of Rs 452.62 lacs on outstanding contracts to the profit & loss account.

Schedule forming part of the Accounts

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

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

Commodity	Exchange	Nature of Transaction	2007-08 Quantity (MT)	2006-07 Quantity (MT)
GARGUMJDR	NCDEX	Buy	140	–
GARGUMJDR	NCDEX	Buy	40	80
GARGUMJDR	NCDEX	Sell	–	50
GARGUMJDR	NCDEX	Sell	–	25

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

a) Consumption of Stores, Spares Parts

	2007-2008		2006-2007	
	(Rs. in lacs)	% age	(Rs. in lacs)	% age
Imported	51.66	0.68	53.67	0.94
Indigenous	7552.37	99.32	5667.05	99.06
	7604.03	**100.00**	**5720.72**	**100.00**

b) Raw materials Consumed

Imported	270.29	0.54	4040.48	8.93
Indigenous	49702.97	99.46	41227.57	91.07
	49973.26	**100.00**	**45268.05**	**100.00**

J. Expenditure in Foreign Currency (as remitted) *(Rs. in lacs)*

	2007-08	2006-07
a) Travelling and other matters	298.41	483.55
b) Interest	1773.88	630.20
c) Process Engineering & Technical assistance	28.29	9.07
d) Commission & Others	41.03	5.99

K. Remittance in Foreign Currency on Dividend Account

	2007-08	2006-07
Amount of Dividend Remitted*	Rs. 1.87 Lacs	Rs. 1.92 Lacs
Year to which the Dividend relates	Year ended 31st March 2007	Year ended 31st March 2006
No. of Equity Shares held by Non-resident shareholders	62400	64100

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

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

Signatures to Schedules A to L

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President(Finance)

Lalit Kumar Sharma
Company Secretary

Pradip Kumar Khaitan
Jayshree Bhartia
R. C. Misra
Autar Krishna
Jagmohan N. Kejriwal
Directors

Annexure - 1

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 009097 State Code 20

Balance Sheet Date 31 (Date) 03 (Month) 2008 (Year)

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue: NIL	Rights Issue: NIL
Bonus Issue: NIL	Private Placement: NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities: 13264865	Total Assets: 13264865

Sources of Funds

Paid-up Capital: 278825	Reserves & Surplus (Including Deferred Tax): 5400931
Secured Loans: 4983718	Unsecured Loans: 543849

Application of Funds

Net Fixed Assets: 8436396	Investments: 129357
Net Current Assets: 2641570	Misc. Expenditure: NIL
Accumulated Losses: NIL	

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover & Other Income: 15386794	Total Expenditure: 13011178
Profit/Loss Before Tax: + 2375616	Profit/Loss After Tax: + 1785265

(Please tick Appropriate Box + for Profit - for Loss)

Earning Per Share in Rs.: 64.03	Dividend rate %: 40

V. Generic Names of Two Principal Products/Services of Company(As per monetary terms)

Item Code No. (ITC Code) 29.05

Product Description MONO–ETHYLENE GLYCOL

Item Code No. (ITC Code) 34.02

Product Description ETHYLENE OXIDE CONDE–NSATES/DERIVATIVES

Cash Flow Statement for the year ended 31 March, 2008

(Rs. in lacs)

	Year ended 31.03.2008		Year ended 31.03.2007	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		23756.16		5225.24
Adjustments for:				
Depreciation	6611.18		4,827.11	
(Profit)/Loss on Sale of Assets	13.11		(582.52)	
Foreign Exchange Fluctuation	(1171.65)		(1,218.60)	
Provision/(Recovery) in Diminution in the Value of Investments (Net)	0.00		(22.37)	
Bad Debts & Provision for Doubtful Debts & Advances	87.09		1.25	
Provision no Longer Required Written Back	(11.14)		(16.62)	
Exceptional Item	0.00		459.11	
Interest Expense	4283.67		3,537.74	
Interest/Dividend Income	(168.11)	9644.15	(156.01)	6829.09
Operating Profit Before Working Capital Changes		**33400.31**		**12054.33**
Adjustments for:				
(Increase)/Decrease in Trade & Other Receivables	(912.55)		(3,299.95)	
(Increase)/Decrease in Inventories	994.22		(790.29)	
Increase / (Decrease) in Trade Payables	(9997.94)	(9916.27)	11,514.87	7424.63
Cash Generated from Operations		23484.04		19478.96
Direct Taxes Paid (Net)	(4987.98)		(736.89)	
Net Cash from Operating Activities		**18496.06**		**18742.07**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(13049.74)		(20,753.24)	
Sale of Fixed Assets	40.07		1,204.05	
Interest / Dividend Received	101.94		147.05	
Investments in Shares of Subsidiaries	(1029.91)		–	
Net Cash Used in Investing Activities		**(13937.64)**		**(19402.14)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Govt Subsidy	10.00		–	
Proceeds from Borrowings	6666.48		19,631.53	
Repayment of Borrowings	(5328.94)		(13,190.97)	
Interest/Other Borrowing Cost	(4796.64)		(3,684.55)	
Dividends Paid (Including CDT)	(972.42)		(945.34)	
Arrears of Allotment Money Received	0.04		–	
Net Cash Outflow from Financing Activities		(4421.48)		1810.67
Net Increase/ (Decrease) in Cash & Cash Equivalents [A+B+C]		136.94		1150.60
Cash & Cash Equivalent Being Cash & Bank Balances (Opening Balance)		1335.59		184.99
Cash & Cash Equivalent Being Cash & Bank Balances (Closing Balance)		1472.53		1335.59

Note :

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

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President(Finance)

Lalit Kumar Sharma
Company Secretary

Pradip Kumar Khaitan
Jayshree Bhartia
R. C. Misra
Autar Krishna
Jagmohan N. Kejriwal
Directors

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	31.3.2008	31.03.2008	31.03.2008
3. Shares of the Subsidiary held by the Company on the above date:			
a) Number of Shares Fully Paid	5000000	31724200	100000
b) Extent of holding	100%	96.56%	100%
4. Net aggregate amount of profit/(loss) of the Subsidiary, so far as they concern members of Holding Company			
i) For the said financial year of the Subsidiary:			
a) Dealt with in the accounts of Holding Company	Nil	Nil	Nil
b) Not dealt with in the accounts of Holding Company (Rs. in Lacs)	0.34	19.74	SGD (0.71)
ii) For the previous financial years of the Subsidiary since It became the Holding Company's Subsidiary (Rs. in Lacs)	(415.25)	N.A.	N.A.
2. Changes in the Holding Company's interest in the Subsidiary between the end of the subsidiary and Holding Company's Financial year	Not Applicable	Not Applicable	Not Applicable
6. Material Changes which have occurred between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect of the subsidiary's:	Not Applicable	Not Applicable	Not Applicable
i) Fixed Assets			
ii) Investments			
iii) Money lent by subsidiary			
iv) Money borrowed by the subsidiary for any purpose other than that of meeting current liabilities			

Consolidated Auditor's 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 2008 and the Consolidated Profit and Loss Account and also the Consolidated cash flow statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit provide a reasonable basis for our opinion.

3. a) We did not audit the financial statements of two subsidiary companies, viz., IGL Finance Limited and IGL CHEM INTERNATIONAL PTE LIMITED, Whose financial statements reflects total assets of Rs. 98.96 Lakhs as at 31st March 2008 and the total revenue of Rs 236.03 Lakhs for the year ended and considered for the purpose of consolidated accounts. Our opinion, in so far as it relates to these subsidiaries is based solely on the report of their auditors and further information and explanations provided to us and relied upon by us. We have audited the financial statements of one subsidiary company, viz., Shakumbari Sugar & Allied Industries Limited for the period from Ist October, 2007 to 31st March, 2008.

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", issued by the Institute of Chartered Accountants of India.

5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statement of the company and its subsidiary included in the consolidated financial statement, we are of the opinion that the said consolidated financial statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the company and its Subsidiary as at 31st March 2008;

   b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the company and its Subsidiary for the year ended on that date; and

   c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the company and its Subsidiary for the year then ended

For **Lodha & Co.**
Chartered Accountants

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

Place: New Delhi
Date: 23rd May 2008

Consolidated Balance sheet as at 31 March, 2008

(Rs. in lacs)

	Schedule	As at 31.03.2008		As at 31.03.2007	
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	2788.25		2788.21	
b) Reserves and Surplus	B	46476.48	49264.73	28922.54	31710.75
2. Loan Funds	C				
Secured Loans		60110.97		51927.23	
Unsecured Loans		5589.95	65700.92	3164.15	55091.38
3. Deferred tax liability (net)			8529.13		6189.25
4. Minority Interest			71.50		
Total			**123566.28**		**92991.38**
APPLICATION OF FUNDS					
1. Fixed Assets	D				
Gross Block		110959.28		90679.68	
Less: Depreciation		35996.30		25965.24	
Net Block		74962.98		64714.44	
Capital work-in-progress		16068.56	91031.54	12781.14	77495.58
(Including pre-operative expenses)					
2. Investments	E		262.66		262.66
3. Current Assets, Loans and Advances	F				
Inventories		27028.79		22402.33	
Sundry Debtors		8837.53		7723.47	
Cash and Bank Balances		2714.80		1346.58	
Loans & Advances		15952.29		10668.52	
		54533.41		42140.90	
Less: Current Liabilities and Provisions	G				
Current liabilities		15988.53		24484.46	
Provisions		6272.80		2423.30	
		22261.33		26907.76	
Net Current Assets			32272.08		15233.14
Total			**123566.28**		**92991.38**
Notes to the Accounts	M				

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President (Finance)

R. C. Misra
Director

Lalit Kumar Sharma
Company Secretary

Consolidated Profit and Loss Account for the year ended 31 March, 2008

(Rs. in lacs)

	Schedule	Current year	Previous year
INCOME			
Sales	H	156830.64	104937.17
Less: Excise Duty		22437.36	16623.89
Net Sales		134393.28	88313.28
Other Income	H	1517.56	3185.22
Increase/ (Decrease) in Stocks	I	1334.48	(1,480.69)
		137245.32	90017.81
EXPENDITURE			
Manufacturing & Other Expenses	J	101731.56	75777.68
Finance Charges (net)	K	4936.82	3728.22
		106668.49	79505.90
Profit before Depreciation, Exceptional Item and Tax		30576.94	10511.91
Depreciation	D	6810.38	4827.11
Profit Before Tax & Exceptional item		23766.56	5684.80
Less: Exceptional item		0.00	459.11
Profit Before Tax		23766.56	5225.69
Provision for taxation			
– Current tax		3349.55	574.51
– Deferred tax Charged / (Credit)		2339.88	1013.80
– Taxation for earlier years		70.24	0.00
– Fringe Benefit Tax		153.04	106.13
– Minimum Alternate Tax Credit entitlement		0.00	(574.36)
Net profit for the year		17853.85	4105.61
Debenture redemption reserve written back		125.00	125.00
		17978.85	4230.61
Balance brought forward		23050.74	21798.85
Balance available for Appropriation		41029.59	26029.46
Transfer to General Reserve		4500.00	2000.00
Transfer to Statutory Reserve (Pursuant to RBI regulations)		0.07	0.08
Transfer to molasses reserve fund		0.86	–
Transfer to Minority Interest		0.73	0.00
Proposed Dividend		1115.30	836.48
Corporate Dividend Tax		189.55	142.16
Balance carried forward		35223.07	23050.74
Earning per share basic/ diluted		64.03	14.72
Notes to the Accounts	M		

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

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President (Finance)

R. C. Misra
Director

Lalit Kumar Sharma
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Schedule A SHARE CAPITAL		
A. Authorised		
30000000 Equity Shares of Rs. 10 each	3000.00	3000.00
B. Issued, Subscribed and Paid up		
27882500 Equity Shares of Rs.10 each fully paid up	2788.25	2788.25
Less: Allotment Money in arrears	0.00	0.04
	2788.25	**2788.21**

	As at 31.03.2007	Additions	Deductions	As at 31.03.2008
Schedule B RESERVES AND SURPLUS				
Capital Reserve (*)	43.44	20.00	0.00	63.44
Capital Reserve on consolidation	0.00	1363.13	378.93	984.20
Foreign Currency Translation Reserve	0.00	1.48	0.00	1.48
Statutory Reserve	0.21	0.07	0.00	0.28
Debenture redemption reserve	125.00	0.00	125.00	0.00
General Reserve	5503.15	4500.00	0.00	10003.15
Reserve for Contingencies	200.00	0.00	0.00	200.00
Surplus in Profit & Loss Account (#)	23050.74	17978.84	5806.51	35223.07
Molasses Reserve Fund	0.00	0.86	0.00	0.86
	28922.54	**23864.38**	**6310.44**	**46476.48**
	(25,948.98)	(6,230.69)	(3,257.13)	(28,922.54)

(*) Current year addition represents project capital subsidy received for herbal division of India Glycols Ltd.

(#) Current year additions include Cenvat Credit of Rs. 378.93 Lacs which was included in the cost of Asset in Shakumbari Sugar and

Allied Industries Ltd earlier. Now reversed and adjusted

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Schedule C LOAN FUNDS		
Secured Loans		
Debentures		
Non Convertible Redeemable Secured Debentures of Rs. 100 each fully paid up		
1000000 12% Debentures (Note 3a)	0.00	334.00
500000 9% Debentures (Note 3b)	0.00	166.00
	0.00	**500.00**
Rupee Term Loans		
Banks (Note 4)	16102.64	10809.44
Others (Note 4)	482.00	2462.12
Foreign Currency Term Loans		
Banks	24246.62	22679.14
Working Capital Loans From Banks	19279.71	15476.53
(Including working capital demand loan Rs.4801.39 lacs previous year Rs.3431.45 lacs)		
	60110.97	**51927.23**
Unsecured Loans		
Fixed Deposits	2091.69	1463.53
Packing Credit from Banks	1195.50	542.91
Buyer's Import Credit - Bank	1353.64	0.00
Foreign Currency Term Loan - Bank	797.66	1157.71
Sugar Development Fund (refer note no. 6)	151.46	0.00
	5589.95	**3164.15**

Notes:

1. The Term Loans/ Debentures ranking pari passu, inter-se, are secured / to be secured by mortgage of all immovable properties of the Company both present and future and hypothecation of all movable properties of the Company (save and except book debts) including movable machinery, machinery spares, tools and accessories, both present and future subject to prior charges created and / or to be created in favour of the bankers of the Company on stocks, book debts and other specified movable properties for working capital requirements.

2. Working Capital Loans from Banks are secured / to be secured by way of hypothecation of book debts and stocks including in-transit and second charge on all immovable properties of the Company.

3a. 12% Debentures were redeemable in three equal annual instalment of Rs. 333.33 Lacs each commencing from 27.07.2005

(Fully redeemed during 2007-08).

3b. 9% Debentures were redeemable in three equal annual instalments of Rs.166.67 Lacs each commencing from 27.07.2005

(Fully redeemed during 2007-08).

4. Rupee Term Loans include loan from Banks of Rs. 29.95 Lacs (Previous year Rs. 59.44 Lacs) and from others of Rs.19.50 Lacs (Previous year Rs. 24.62 Lacs) secured by hypothecation of Motor Vehicles purchased there under.

5. Personal guarantee by Mr. Shalinder Mohan Gupta & Narender Mohan Gupta and their relatives for term loans from bank & cash credit facilities to the Shakumbari Sugar & Allied Industries Ltd.

6. SDF loan to Shakumbari Sugar and Allied Industries Ltd. secured by bank guarantee.

Schedules forming part of the Consolidated Balance Sheet

Schedule D FIXED ASSETS

(Rs. in lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description	As at 01.04.2007#	Addition/ Adjustment	Deduction/ Adjustment	As at 31.03.2008	Upto 01.04.2007#	For the year@	Deduction/ Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	875.44	10.82	0.00	886.26	0.00	0.00	0.00	0.00	886.26	658.68
Leasehold Land	1125.26	0.00	0.00	1125.26	58.34	13.46	0.00	71.80	1053.46	1066.92
Buildings	5153.61	474.60	18.90 **	5609.31	955.15	103.89	0.00	1059.04	4550.27	2662.62
Plant & Machinery	90319.01	10582.60	358.99 **	100542.62	27080.14	6456.98	0.00	33537.12	67005.50	59269.08
Furniture & Fixtures	1282.68	224.83	13.52 **	1493.99	722.88	117.16	8.13	831.91	662.08	544.51
Vehicles (*)	779.51	360.46	87.73 **	1052.24	249.92	79.65	38.81	290.76	761.48	428.24
Intangible Assets										
– Specialised										
Computer software	249.60	0.00	0.00	249.60	165.21	40.46	0.00	205.67	43.93	84.39
Total	**99785.11**	**11653.31**	**479.14**	**110959.28**	**29231.64**	**6811.60**	**46.94**	**35996.30**	**74962.98**	**64714.44**
Previous Year	77891.19	15236.74	2448.25	90679.68	22964.85	4827.11	1826.72	25965.24		
Capital Work-in-progress including advances									16068.56	12781.14
									91031.54	77495.58

Capital-Work-in-progress (including advances and preoperative expenses)

@ Current year Depreciation Rs.1.22 Lacs (Previous year Nil) on Dehradun assets transfer to Pre operative expenses

(*) Gross block includes Rs. 144.78 lacs (Previous year Rs. 307.44 lacs) secured by hypothecation against loan.

(**) includes the amount of Cenvat Credit earlier included in the cost of asset in Shakumbari Sugar and Allied Industries Ltd. now reversed.

Gross block (opening) includes total Rs 9105.43 lacs and Accumulated Depreciation (opening) includes total Rs. 3266.40 lacs of Shakumbari Sugar and Allied Industries Ltd. as on 01.10.2007.

(Rs. in lacs)

	Nominal Value	As at 31.03.2008	As at 31.03.2007
Schedule E INVESTMENTS			
Long Term Investments (Now trade) (at cost, net of provision for diminution)			
468000 15% Redeemable Non-cumulative Preference Shares of Hindustan Wires Ltd.	Rs. 100	70.68	70.68
22000 15% Redeemable Cumulative Preference Shares of Hindustan Wires Ltd.	Rs. 100	3.32	3.32
		74.00	**74.00**
Quoted, fully paid up (Others)			
211360 Equity Shares of IDBI Bank Ltd	Rs. 10	105.00	105.00
34000 Equity Shares of Axis Bank Ltd.	Rs. 10	7.14	.14
2500 Equity Shares of ICICI Bank Ltd.	Rs. 10	1.97	1.97
		114.11	**114.11**
CURRENT INVESTMENT (at lower of cost or market value)			
Quoted, fully paid up			
75900 UTI US64 Bonds	Rs. 100	74.55	74.55
		74.55	74.55
		262.66	**262.66**
Aggregated value of quoted investment		188.66	188.66
Market value of quoted investments		526.42	514.91

Note: The Company has earmarked 75900 UTI US 64 bonds of Rs. 100/- each amounting to Rs. 75.90 Lacs (face value) in compliance with the provisions of Rule 3A of the companies (Acceptance of Deposits) Rules,1975.

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

		As at 31.03.2008		As at 31.03.2007
Schedule F CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS:				
Inventories (As taken, valued and certified by the management)				
Stores, and spares parts (Including in transit Rs. 743.97 lacs, previous year Rs. 352.81 lacs)		7759.41		5723.45
Raw Materials (Including in transit Rs 0.83 Lacs, previous year Rs. 715.17 lacs)		9119.06		10811.86
Finished Goods (Including in transit Rs. 362.10 lacs, previous year 649.58 lacs)		7760.65		3028.36
Stock-in-process		2010.87		2671.43
Residue Product		352.36		148.25
Scrap		16.53		10.60
Loose Tools		9.91		8.38
		27028.79		**22402.33**
# All in transit stock relates to India Glycols Ltd.				
Sundry Debtors				
(Unsecured, Considered Good unless stated otherwise)				
Over six months		412.26		230.91
Others		8425.27		7492.56
		8837.53		7723.47
Over six months doubtful		150.16		77.68
		8987.69		7801.15
Less: Provision		150.16		77.68
		8837.53		**7723.47**
Cash and Bank Balances				
Cash-on-hand		49.36		53.55
Cheques on hand		553.53		0.00
Balance with Scheduled Banks				
– On Current Accounts		1527.94		1181.01
– In Fixed Deposit Accounts @		476.68		10.95
– On Dividend Accounts		107.29		101.07
		2714.80		**1346.58**
B. LOANS AND ADVANCES				
(Unsecured, Considered Good unless stated otherwise)				
Inter Corporate Deposit		75.00		75.00
Advances recoverable in cash or in kind or for value to be received	4166.30		3468.51	
Doubtful advances / loans	13.33		12.23	
	4179.63		3480.74	
Less : Provision for doubtful advances / loans	13.33	4166.30	12.23	3468.51
Export Incentive receivable		462.86		396.70
Balance with Excise authorities		3135.32		3651.00
Deposits with Government Departments & Others		657.59		442.44
MAT credit receivable		1078.46		1119.54
Advance Income Tax/ Tax deducted at source		6376.76		1515.33
		15952.29		**10668.52**

@ includes Fixed Deposit with bank pledge with Government Authorities of Rs.110.67 lacs (Previous year Rs.Nil)

includes Fixed Deposit with bank pledge with Government Authorities of Rs. 6.18 lacs (Previous year Rs. 5.58 lacs)

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Schedule G CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Acceptances	0.00	660.82
Sundry Creditors - Micro, Small and Medium Enterprises @	–	–
- Others	10674.95	20559.64
Other Liabilities	3605.95	1999.71
Advance from customers	1105.95	665.59
Interest accrued but not due on loans	447.50	463.22
Investor education & protection fund shall be credited by the following amounts when due:		
i) Unclaimed Dividends	107.29	101.07
ii) Unclaimed matured deposits	37.44	26.69
iii) Unclaimed interest on above (ii)	9.45	7.72
	15988.53	**24484.46**
B. PROVISIONS		
Income Tax	4472.30	1119.54
Fringe Benefit Tax (Net) (Including interest Rs. 0.32 Lacs(Previous year Rs. Nil))	61.75	13.14
Wealth Tax	2.77	1.64
Proposed Dividend	1115.30	836.48
Corporate Dividend Tax	189.55	142.16
Retirement benefits	431.13	310.34
	6272.80	**2423.30**
	22261.33	**26907.76**

@ Refer note no.11 of Sch-M

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	Current year	Previous year
Schedule H SALES AND OTHER INCOME		
SALES (Including Excise Duty)		
Ethylene Glycol	68470.75	45674.01
Di-ethylene Glycol	5807.30	2937.93
Heavy Glycol	473.77	283.63
E.O. Derivatives	50940.42	38143.08
Guar Gum Powder and derivatives	533.65	1291.48
Ethyl Alcohol (Potable)	18670.93	15307.81
Industrial Alcohol	490.56	0.00
Industrial Gases	1473.42	1233.59
Sugar	3682.80	0.00
Others	330.59	65.64
Sale of traded goods	5956.45	0.00
	156830.64	**104937.17**

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	Current year	Previous year
Schedule H SALES AND OTHER INCOME *(Contd.)*		
OTHER INCOME		
Dividend on long term investment	4.95	4.58
Interest on current investment (TDS Rs. Nil, Previous year Rs. Nil)	5.12	5.12
Rent (Tax Deducted at source Rs 9.31 Lacs ; Previous year Rs 5.03 Lacs)	41.10	26.44
Miscellaneous Income	907.95	699.90
Provision no longer required written back	11.14	16.78
Reversal of Diminution in value of Long term Investments	0.00	25.00
Exchange fluctuation gain (net of Loss Rs. 3257.59 lacs, Previous year Rs. 578.65)	171.33	1733.61
Commodity Derivative Income	0.00	26.35
Liability no longer required written back	239.22	0.00
Export Incentive receivable	136.75	64.92
Profit on sale of Fixed Assets (Net) (Previous year Net of Loss Rs.4.61 lacs)	0.00	582.52
	1517.56	**3185.22**
	158348.20	**108122.39**

	Current year	Previous year
Schedule I INCREASE/(DECREASE) IN STOCKS		
CLOSING STOCK		
Finished Goods		
– Ethylene Glycol	302.19	106.49
– Di-ethylene Glycol	9.67	180.86
– Heavy Glycol	26.37	21.17
– E.O. Derivatives	1626.61	2201.09
– Ethyl Alcohol (Potable)	514.77	373.89
– Guar Gum Powder and derivatives	82.46	124.95
– Guar Churi	0.03	0.09
– Industrial Gases	17.05	19.82
– Sugar	4574.67	0.00
– Molasses & Bagasse	574.83	0.00
– Anhydrous Alcohol	24.12	0.00
– Bio Compost	7.88	0.00
Total Finished Goods	7760.65	3028.36
Stock-in-Process	2010.87	2671.43
Residue Product	352.36	148.25
	10123.88	5848.04
LESS: OPENING STOCK		
Finished Goods		
– Ethylene Glycol	106.49	3266.14
– Di-ethylene Glycol	180.86	110.19
– Heavy Glycol	21.17	56.38
– E.O. Derivatives	2201.09	2414.49
– Ethyl Alcohol (Potable)	468.92	77.58
– Guar Gum Powder and derivatives	124.95	148.00
– Guar Churi	0.09	1.88
– Industrial Gases	19.82	16.87
– Sugar	2652.42	0.00
– Molasses & Bagasse	49.95	0.00
– Anhydrous Alcohol	1.01	0.00
– Bio Compost	10.04	0.00

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	Current year	Previous year
Schedule I INCREASE/(DECREASE) IN STOCKS (CONTD.)		
Total Finished Goods	**5836.81**	**6091.53**
Stock-in-Process	**2706.49**	**1602.65**
Residue Product	**148.25**	**59.61**
	8691.55	**7753.79**
Less: Differential Excise duty provided on Stocks	97.85	(425.06)
INCREASE/ (DECREASE)	**1,334.48**	**(1,480.69)**

Note: Opening stock include stock of Shakumbari Sugar & Allied Industries Ltd. As on 01.10.2007

(Rs. in lacs)

	Current year		Previous year	
Schedule J MANUFACTURING AND OTHER EXPENSES				
Raw Materials consumed		54420.56		45268.05
Stores and spare parts consumed		8025.28		5720.72
Power and Fuel		16217.19		13659.61
Cost of Traded Goods		5848.26		0.00
Salaries, Wages, Allowances, etc.		5408.03		2863.97
Contribution to Provident and other funds		452.44		342.52
Staff Welfare Expenses		312.25		189.55
Repairs and Maintenance				
– Buildings	182.97		124.68	
– Plant & Machinery	1249.19		620.81	
– Others	417.22	1849.38	226.05	971.54
Rent		112.91		56.06
Rates and Taxes		1585.90		1164.01
Travelling and Conveyance		1153.79		875.92
Insurance (Net of recovery from customers Rs.83.91 Lacs, Previous year Rs. 72.25 Lacs)		249.84		373.54
Directors' Fee		8.90		5.95
Exchange Fluctuation loss		0.32		0.00
Miscellaneous Expenses		1069.60		788.87
Farm Expenses (Net)		2.23		
Donation		404.95		171.67
Commission to Selling agents		214.62		88.11
Freight forwarding and others (Net of recovered from customers Rs.934.96 lacs, Previous year Rs.1095.91 lacs)		4260.39		2989.44
Bad debts written off	17.91		20.58	
Less : Provision for doubtful debts written back	18.14	(0.23)	20.09	0.49
Provision for doubtful debts and advances		87.32		0.76
Loss on Sale / Discard of Fixed Assets (Net of profit Rs. 5.88 Lacs, previous year Nil)		13.11		0.00
Commodity Derivative Loss		4.59		0.00
Provision for diminution in value of Current Investments		0.00		2.63
Prior period expenses (Net) (Net of income Rs. 1.99 lacs Previous year Rs. 110.38 lacs)		26.95		242.47
Miscellaneous Expenditure written off		0.00		0.16
Wealth Tax		3.07		1.64
		101731.56		**75777.68**

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	Current year	Previous year
Schedule K FINANCE CHARGES		
Interest on Fixed Loans/ Debentures	2585.23	2327.57
Other Interest	2017.26	1210.17
Financial Charges	473.00	337.41
	5075.49	3875.15
Less: Interest Received (*) (Tax Deducted at source Rs.19.49 Lacs, Previous year Rs. 8.25 Lacs)	138.67	146.93
	4936.82	**3728.22**

[(*) Include on deposit Rs. 73.61 lacs, Previous year Rs. 22.89 Lacs and Interest on Income Tax refund Rs 2.59 Lacs previous year Rs. Nil. and other Rs. 81.84 lacs, Previous year Rs.123.42 lacs]

Schedule L MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

	Current year	Previous year
Preliminary and preoperative expenditure		
Balance at the beginning of the year	0.00	0.16
Less: Written off during the year	0.00	0.16
	0.00	**0.00**

Schedule forming part of the Consolidated Account

Schedule M NOTES TO THE ACCOUNTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. PRINCIPLES OF CONSOLIDATION

i) The Consolidated Financial Statements (CFS) comprises the financial statements of India Glycols Limited and its following subsidiaries as on 31st March, 2008.

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

* become subsidiary w.e.f 15th December, 2007

become subsidiary w.e.f 1st November, 2007

ii) The Consolidated financial statements have been prepared using uniform accounting policies. In accordance with the generally accepted accounting policies (GAAP).

iii) The effects of intergroup balances and transactions are eliminated in consideration.

iv) The difference between the costs to the Holding Company of its investment in the subsidiary companies over the holding company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

v) The policy adopted by SSAIL on Valuation of Inventories is enumerated below:-

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

a) Finished Goods and Stock in Process of Sugar - At cost or at net realisable value whichever is lower, the net realizable value of sugar in case of finished goods of stock of levy sugar, levy price notified by Central Government.

b) Store and spares parts – At cost arrived at applying weighted average method.

c) Cane crop – At net realisable value determined on the basis of estimated yield per hectare.

Inventory of Molasses, Bagasse, Press mud and Bio Compost are considered at net realizable value

vi) Foreign Subsidiary conversion: Operation of foreign subsidiary has been considered non integral by the management thus all assets and liabilities are converted at the rates prevailing at the end of the year and Revenue items have been consolidated at the average rates. Exchange gain/ loss arising on translation of financial statements of foreign subsidiaries are shown under the head 'Foreign currency translation reserve' in the consolidated Balance sheet.

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

3) Contingent Liabilities not provided for:

(i) Claims against the company under appeal

(Rs. in lacs)

Particulars	As at 31.03.2008	As at 31.03.2007
Income Tax Matter	138.57	138.57
Central Excise	105.47	9.60
Customs	53.02	53.02
Service Tax & Others	263.44	229.61

ii) Bills discounted with Banks Rs. 192.60 Lacs (Previous Year: Rs. 1196.42 Lacs).

iii) Customs duty saved of Rs. NIL (Previous Year Rs. 1351.69 Lacs) for import of capital good made against EPCG licence against which export obligations are pending.

iv) a) Guarantee's issued by Bank Rs. 750.04 lacs

b) Corporate Guarantee to banks for agriculture loan given to certain sugarcane suppliers amounting to Rs. 2500.00 Lacs. (Previous Year Rs. 3000.00 Lacs).

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

vi) Pending final disposal by the appellate tribunal (CEGAT), Central Excise, the Company has not reversed in the books of account CENVAT credit taken, in respect of certain inputs and capital goods for Rs. 35.72 Lacs initially disallowed by authorities and even reversed in the Excise records. The said amount of Rs. 35.72 lacs is included in CENVAT receivables.

4) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 5386.07 Lacs Previous Year Rs. 2588.49 Lacs) are Rs. 20395.21 Lacs (Previous Year: Rs. 7708.69 Lacs).

5) Since it is not possible to determine with reasonable certainty/accuracy insurance claims and interest from customers, the same are continued to be accounted on settlement basis.

6) In the earlier years, the State Government of Uttar Pradesh (UP) had imposed a levy of licence fee on transfer of alcohol from the distillery to the chemical plant. The levy was challenged by the Company in the Hon'ble

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

Supreme court. On 18-10-2006 the matter was finally decided by The Hon'ble Supreme Court in favour of the Company. Accordingly, company has filed an application for refund of amount paid of Rs. 507.05 lacs (shown as recoverable under the head Loans & Advances) with State Government of Uttarakhand.

7) State Government of Uttarakhand had levy of Export Pass Fee on ENA/RS export outside India. On the application of the Company the Hon'ble High Court of Uttaranchal vide its Order dated 13.11.2007 has granted stay on charging of Export Pass Fees till further order. Pending final order no provision has been made for the year and an amount of Rs. 44.53 lacs paid is shown as recoverable from State Govt. of Uttarakhand in the books of account.

8) The Company has accounted for cane purchases for the year 2007-08 at Rs 110 per quintal, the rate fixed by Hon'ble Allahabad High court (Lucknow Bench), as an interim Measure, for paying the cost of sugar cane growers. Necessary adjustments will be made in accordance with subsequent order of Hon'ble court in the matter.

9) Prior period Income includes Rs. NIL (Previous Year Rs.77.00 Lacs) claims recoverable from the Government.

10) In view of Company (Accounting Standard) Rules, issued by the Ministry of Corporate Affairs for treatment of (Exchange Fluctuation) gain/loss on account of exchange fluctuation on loan/ liability for capital assets has been charged to profit & Loss account which was hitherto charged to cost of the assets. Had this policy not been followed profit would have been lower by Rs.90.72 lacs.

11) The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid / payable under this Act have not been given.

12) SSAIL is in process of updating the fixed assets records and physical verification of Fixed Assets. In view of the necessary security arrangements, management is of the view that there will not be any material discrepancies between book and physical stock of fixed assets on completion of physical verification of fixed assets.

13) SSAIL has changed its financial year from 30th September to 31st March ending to make the same in line with the Holding Company, hence the figures for period ended 31st March, 2008, comprises the period from 01.10.2007 to 31.03.2008.

14) As the figures of previous year does not include the figures of SSAIL & IGL Chem. International PTE. LTD, hence the figures of current period are strictly not comparable with the previous year figure.

15) i) Depreciation on catalyst is provided based on technically assessed useful life of 1 to 3 years on straight line method (SLM).

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

16) **Related Parties Disclosure:**

(As identified by the management)

i) Relationships:

A. Key Management Personnel
- M. L. Bhartia (up to 09th March, 2008)
- U. S. Bhartia
- Shri Shailendra Mohan (up to 9th February 2008)
- Shri K.G. Garg (up to 9th February 2008)
- Mohan Sharma (w.e.f. 13th February 2008)
- Mehta Dharmesh Yashwant

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

B. Enterprises over which Key Management Personnel have significant influences:
- Ajay Commercial Co. (P) Ltd.
- J. B. Commercial Co. (P) Ltd.
- Kashipur Holdings Limited
- Polylink Polymers (India) Ltd.

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

(Rs. in lacs)

	Key management Personnel	Enterprises referred in (i) B above
Loan Taken	280.00 (–)	– (–)
Loan Repaid	349.50 (–)	0.00 (–)
Rent Paid	– (–)	38.34 (3.12)
Deposits repaid	69.65 (–)	– (–)
Interest Expense	34.38 (39.25)	– (–)
Remuneration	2190.60 (546.56)	– (–)
Outstanding Balances as at year end Loans & Advance	– (–)	180.00 (180.00)
Deposits payable (including Interest)	440.28 (487.45)	– (–)

Figures in Bracket represent previous year figures.
(*) Excluding Commission to Non Executive Director

17) Earnings per share (EPS):

(Rs. in lacs)

Particulars	2007-08	2006-07
Net profit for the year attributable to equity shareholders (Rs. in Lac)	17853.85	4105.31
Weighted average number of equity shares outstanding	27882500	27882500
Basic and diluted earnings per share (face value of Rs. 10 each) (Rs.)	64.03	14.72

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

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities:		
Accelerated depreciation	8817.28	6278.66
Reversal in diminution in value of Long Term Investments	–	8.50
Deferred Tax Assets:		
Amount covered U/S 43 (B)	61.78	50.84
Provision for doubtful debts	49.92	26.40
Others	176.45	20.67
	288.15	97.91
Deferred Tax Liabilities (Net)	8529.13	6189.25

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

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

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

20) Segment Information:

A. Information about Business Segments (Primary Segments):

(Rs. in lacs)

		Business Segments		Others	Unallocable	Total
		Chemicals	Liquor			
A	REVENUE					
1.	Gross Sales (External)	127751.48 (88336.97)	24627.37 (15307.82)	4451.79 (1292.38)	– (–)	156830.64 (104937.17)
2.	Other Income	1021.79 (1229.03)	221.43 (63.09)	51.90 (98.98)	222.55 (1794.74)	1517.67 (3185.84)
3.	Total Revenue	128773.27 (89566.00)	24848.80 (15370.91)	4503.69 (1391.36)	222.55 (1794.74)	158348.31 (108123.01)
B	RESULTS					
1.	Segment Result (PBIT)	30756.35 (8249.24)	1591.86 (1404.35)	69.72 (95.62)	–3714.55 (603.44)	28703.38 (8954.53)
2.	Interest Expense (Net)					4936.82 (3728.84)
3.	Profit Before Tax					23766.56 (5225.69)
4a.	Provision for Current Tax					3349.55 (574.51)
4b.	Deferred Tax					2339.88 (1013.80)
4c.	Taxation provision of earlier year					70.24 (0.00)
4d.	Fringe Benefit Tax					153.04 (106.13)
4e.	Minimum Alternate Tax Credit entitlement					– (574.36)
5.	Profit after Tax					17853.85 (4105.61)
C	OTHER INFORMATION:					
1.	Segment Assets	114034.17 (109745.71)	8203.20 (4507.88)	11830.48 (1921.85)	11759.76 (3723.91)	145827.61 (119899.35)
2.	Segment Liabilities	12285.82 (22656.62)	1194.50 (940.85)	1564.77 (185.09)	81446.29 (64406.04)	96491.38 (88188.60)
3.	Capital Expenditure	9844.19 (20677.83)	2760.10 (198.81)	2039.73 (0.70)	296.71 (169.11)	14940.73 (21046.45)
4.	Depreciation and Amortisation expenses	6358.47 (4598.73)	108.54 (43.81)	201.70 (75.63)	141.67 (108.94)	6810.38 (4827.11)

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

B. Information about Geographical Segments (Secondary Segments):

		Domestic	Overseas	Total
1.	Gross Sales (External)	135568.50	21262.14	156830.64
		(92121.56)	(12815.61)	(104937.17)
2.	Segment Assets	131629.22	2438.63	134067.85
		(115143.60)	(1031.84)	(116175.44)

Notes:

Primary Segment reporting (by business segment)

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

Secondary Segment reporting (by geographical segment-customer location)

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

Reportable segments

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

Segment Composition

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

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

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

21) Additional Information:

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

a) Outstanding at the year end as follows

(Rs. in lacs)

Nature of Instruments	2007-08 Amount (Equivalent US$ MLN)	2007-08 Amount (Equivalent Rs. in Cr.)	2006-07 Amount (Equivalent US$ MLN)	2006-07 Amount (Equivalent Rs. in Cr.)
Forward Contracts	NIL	NIL	6.18	7.17
Foreign currency options	76.21	301.12	60.99	264.57
Swaps	NIL	NIL	35.96	156.01
Packing Credit Net of Export debtors	6.62	26.41	8.06	35.07
Open foreign exchange exposures:				
Loans	62.48	248.98	43.20	187.40

Schedule forming part of the Consolidated Accounts

Schedule M NOTES TO THE ACCOUNTS *(Contd.)*

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

c) Considering the principle of prudence and announcement made by The Institute of Chartered Accountants of India 'Accounting for Derivatives' in March, 2008, the Company has provided an amount of Rs. 452.62 lacs on outstanding contracts to the profit & loss account.

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

(Rs. in lacs)

Commodity	Exchange	Nature of Transaction	2007-08 Quantity (MT)	2006-07 Quantity (MT)
GARGUMJDR	NCDEX	Buy	140	–
GARGUMJDR	NCDEX	Buy	40	80
GARGUMJDR	NCDEX	Sell	–	50
GARGUMJDR	NCDEX	Sell	–	25

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

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

Signatures to Schedules A to M

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President (Finance)

R. C. Misra
Director

Lalit Kumar Sharma
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2008

(Rs. in lacs)

		Year ended 31.03.2008		Year ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**23766.56**		**5225.69**
Adjustments for:				
Depreciation	6810.38		4,827.11	
(Profit)/Loss on Sale of Assets	13.00		(582.52)	
Foreign Exchange Fluctuation	(1171.65)		(1,218.60)	
Provision/(Recovery) In Diminution In The Value of Investments (Net)	0.00		(22.37)	
Loans / Advances Written off	0.00		0.16	
Bad Debts Written off & Provision For Doubtful Debts & Advances	105.23		1.25	
Provision no Longer Required Written Back	(29.28)		–16.62	
Liabilities no Longer Required Written Back	(239.22)		–	
Exceptional Item	0.00		459.11	
Interest Expense	4602.49		3,537.74	
Interest/Dividend Income	(148.74)	9942.21	(156.01)	6829.25
Operating Profit Before Working Capital Changes		**33708.77**		**12054.94**
Adjustments For:				
(Increase) in Trade & other Receivables	(1568.23)		(3,299.95)	
(Increase) / Decrease in Inventories	(4626.46)		(790.29)	
Increase / (Decrease) in Trade Payables	(8110.84)	(14,305.53)	11,514.73	7424.49
Cash Generated from Operations		19,403.24		19479.43
Direct Taxes Paid (net)	(4995.02)		(737.02)	
Net Cash From Operating Activities		**14408.22**		**18,742.41**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(19909.70)		(20,753.24)	
Sale of Fixed Assets	40.27		1,204.05	
Minority Interest	70.77		–	
Interest / Dividend Received	80.70		147.05	
Net Cash Used in Investing Activities		**(19717.96)**		**(19,402.14)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Govt Subsidy	10.00			
Proceeds from Borrowings	14512.24		19,631.53	
Repayment of Borrowings	(2749.45)		(13,190.97)	
Interest/Other Borrowing Cost	(5108.12)		(3,684.55)	
Dividends Paid (Including CDT)	(972.42)		(945.34)	
Arrears of Allotment Money Received	0.04		–	
Net Cash Outflow From Financing Activities		5692.29		1810.67
D. CHANGES IN CURRENCY FLUCTUATION RESERVE & CAPITAL RESERVE ARISING ON CONSOLIDATION		985.67		–
Net Increase/ (Decrease) in Cash & Cash Equivalents [A+B+C+D]		1368.22		1150.94
Cash & Cash Equivalent Being Cash & Bank Balances (Opening Balance)		1346.58		195.64
Cash & Cash Equivalent Being Cash & Bank Balances (Closing Balance)		2714.80		1346.58

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155
Place : New Delhi
Dated : 23rd May 2008

U.S. Bhartia
Chairman and Managing Director

S.K. Sood
President (Finance)

R. C. Misra
Director

Lalit Kumar Sharma
Company Secretary

Directors' Report

To
The Members

The Directors of the Company have pleasure in presenting their Fifteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March' 2008.

Financial Results

(Rs. in lacs)

Particulars	For the period ended 31.03.2008	For the period ended 30.09.2007
Total Turnover including other income	4835.60	7619.44
Profit/(Loss) before Depreciation, Interest and Tax	584.55	(899.29)
Interest & Other Financial Expenses	357.00	650.44
Depreciation	198.53	390.06
Prior period (income)/ expense adjustment	(1.63)	60.13
Provision for Wealth Tax	0.30	0.23
Fringe Benefit tax	9.02	6.90
Transferred to Molasses Reserve Fund	0.89	1.35
Net Profit/ (Loss)	20.44	(2008.40)
Profit/ (Loss) brought forward from previous year	(2717.08)	(708.68)
Profit/ (Loss) carried to Balance Sheet	(2696.64)	(2717.08)

Operations Review

A - Sugar Unit

During the period under review the Company has changed the accounting year of the Company commencing from 1st April to 31st March, therefore, the annual accounts for the period under review were prepared for 6 months commencing from 1st October, 2007 upto 31st March, 2008. The financial figures for the period under review are not strictly comparable with the financial figures of the last year.

The crushing for the season 2007-08 commenced on 28th November, 2007 total Cane crushed during the season was 38.00 Lacs quintals in comparison to 55.57 Lacs quintals crushed during the previous season. Total production for the current season was of 3.67 Lacs quintals of white Marketable Crystal Sugar in comparison to 5.16 lacs quintals produced in previous season. The recovery of sugar for the current season was 9.78% in comparison to 9.31% of previous season. During the period under review 1.79 Lacs quintal molasses was produced as compared to 2.69 Lacs quintals.

During the period under review, the Company has registered sale of 2.50 Lacs quintals of sugar for Rs. 36.83 crores.

B- Distillery Unit

During the period under review, Distillery Unit produced 1890 KBL of Anhydrous Alcohol (Ethanol) as against 4189 KBL produced in previous year and produced 5291 KBL of Rectified Spirit as against 9171 KBL produced in the previous year. During the period under review, Distillery Unit produced Nil KBL of ENA as against 1288 KBL produced in previous year.

During the period under review, the Company has registered sale of 24 KBL rectified spirit, 1770 KBL of Anhydrous Alcohol (Ethanol), 3000 KBL of SDS and 20 KBL of ENA for Rs 0.05 crores, Rs 4.56 crores, 6.25 Crores and Rs 0.05 crores respectively.

Expansion Of Sugar Plant, Distillery And Co-Generation Plant

The Company operates a Sugar Plant with a crushing capacity of 3200 tones per day (TCD) alongwith a modern distillery of 40 kL per day (KLPD) producing high quality rectified spirit, ethanol and country liquor and an internal bagasse fired co-generation plant of 3MW catering to the captive power needs of the sugar and distillery units.

During the Current year Company proposes to undertake expansion of capacities at Sugar Plant, Distillery and Co-Generation Plant. In the first phase of expansion plan, the capacity of sugar manufacturing plant will be enhanced from 3200 TCD to 10000 TCD whereas the distillery's capacity would be expanded to 240 KLPD from the present 40 KLPD for making ethanol from molasses/sugarcane juice. The co-generation plant capacity will be enhanced from 3 MW to 25.5 MW power generation, out of which approximately 10 MW power generation will be used to cater the captive power need of expanded sugar and distillery units, the surplus power of approximately 15.5 MW will be sold to grid/ private power plants throughout the year.

Dividend

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

Fixed Deposits

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

Directors

Shri U.S. Bhartia and Shri V.P. Garg, Directors retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appoint ment, the Board of Directors at their meeting held on 22nd May, 2008 have recommended the re-appointment of retiring Directors for your approval.

Directors' Responsibility Statement

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

i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

ii. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 and of the Profit & Loss Accounts for the period ended 31st March, 2008.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

Audit Committee

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

Remuneration Committee

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

Statutory Auditors

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

Personnel

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

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Out-Go:

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

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

Industrial Relations:

The industrial relations remained cordial during the year under review.

Acknowledgement:

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

For and on behalf of the Board

Place : New Delhi
Date : 22nd May 2008

U.S. Bhartia
Chairman

Annexure to Directors' Report for the period ended 31.03.2008

A) CONSERVATION OF ENERGY

1. Form – A

A. Power and Fuel Consumption	Current year	Previous year
1) Electricity		
a) Purchased		
Unit (KWH'000)	NIL	NIL
Total Amount (Rs. '000)	NIL	NIL
Rate/Unit (Rs./KWH)	NIL	NIL
b) Own Generation:		
i) Through Diesel Generator		
Units (KWH'000)	168.467	573.240
Unit per litre of diesel (KWH)	3.240	3.260
Cost/Unit (Rs./KWH)	9.63	8.96
ii) Through Steam Turbine:		
Units (KWH'000)	7507.531	11764.609
Unit per litre of fuel oil/Gas	0.13185	0.12122
2) Coal (specify quality and where used)		
Quantity (tonnes)	N/A	N/A
Total Cost (Rs.'000)	N/A	N/A
Average Rate (Rs./M.T.)	N/A	N/A
3) Furnace Oil		
Quantity (K.Ltrs.)	N/A	N/A
Total Cost (Rs'000)	N/A	N/A
Average Rate (Rs./K.Ltrs)	N/A	N/A
4) Other/Internal Generation:		
Bagasse/Fire Wood	9.90	14.26
B) Consumption Per Unit Of Production:		
Sugar (Qtls.)	366725	516400
Electricity (KWH)	20.47	21.78
Furnace Oil (K.Ltrs)	NIL	NIL
Coal (Tonnes)	NIL	NIL

B) Research And Development (R&D) :

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

C) Technology Absorption, Adaptation And Innovation :

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

D) Foreign Exchange Earnings And Outgo:

	Current year	Previous year
1) Foreign Exchange Earning	NIL	NIL
2) Foreign Exchange Outgo	NIL	Rs. 3.54 Lacs

For and on behalf of the Board

Place : New Delhi
Date : 22nd May 2008

U.S. Bhartia
Chairman

Auditors' Report

To
The Members of
Shakumbari Sugar and Allied Industries Limited

We have audited the attached Balance Sheet of Shakumbari Sugar and Allied Industries Limited as at 31st March 2008, the Profit and loss Account and also Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") as amended by the Companies (Auditor's Report) order,2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"), we enclosed in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
   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

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

   i) in the case of Balance sheet, of the state of affairs of the company as at 31st March, 2008;
   ii) in the case of Profit and loss account, of the profit of the company for the period ended on that date; and
   iii) in the case of Cash Flow Statement, of the cash flows for the Period ended on that date.

For **Lodha & Co.**
Chartered Accountants

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

Place : New Delhi
Date: 22nd May 2008

Annexure to the Auditors Report

(Referred to in paragraph (1) of our Report of even date of Shakumbari Sugar & Allied Industries Limited for the period ended 31st March 2008)

i. a) Fixed Assets showing full particulars including quantitative details and situation of fixed assets are in process of compilation / updation. (Read with note no.6 of schedule 16 B).

   b) Physical verification of fixed assets are in process of compilation (read with note no.6 of schedule 16B)

   c) As per the records and information and explanation give to us, fixed assets disposed off during the period were not substantial

ii. a) The inventory of the company (except stock lying with the third parties and in transit) has been physically verified by the management at reasonable intervals.

   b) In our opinion and according to information & explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

   c) In our opinion and according to information & explanation given to us, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.

iii. As per the information and records made available to us, the company has not taken any loans secured or unsecured from companies and firms, except from India Glycols Limited (The Holding Company) covered in the register to be maintained under section 301 of the Act. The maximum amount involved during the period and the period end balance of such loan aggregates to Rs.2, 800 Lacs and Rs. NIL respectively.

iv. In our opinion and according to the information and explanations given to us, having regards to the explanation that some of the items purchased are of special nature and suitable alternative sources does not exists for obtaining comparable quotation or where user department has shown specific preference, there is an adequate internal control system commensurate with the size of the company and nature of its business for the purchases of Inventory & fixed assets and for the sale of goods and services (read with note no. 6 & 11 of schedule 16B) Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section; and, having regard to our comment in para (iv) above, the transaction made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.

vi. According to the information and explanations given to us, the Company has not accepted any public deposits covered under Section 58A and 58 AA of the Act.

vii. In our opinion, the company has an internal audit system, which needs to be further strengthened to make the same commensurate with the size of the company and nature of its business.

viii. We have broadly review the books of accounts to the extent maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained (however, certain records are in the process of compilation/updation). We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate are complete.

ix. a) According to the records of the company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2008.

b) According to the records and information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax & Service Tax that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of excise duty and cess that have not been deposited with the appropriate authorities on account of disputes and the forum where the disputes is pending are given below:

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

X. The Company has accumulated losses at the end of financial year and has not incurred cash losses in the current financial year. However the company has incurred cash losses in the immediate preceding financial year.

xi. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.

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

xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4 (xiii) of the Order are not applicable.

xiv. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debenture and other investments.

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

xvi. According to the information and explanation given to us term loans have been applied for the purposes for which they were obtained.

xvii. On the basis of information and explanations given to us and on overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used for long-term investment.

xviii. According to the information and explanation given to us, the company has made preferential allotment of shares to its promoters and their relatives during the period.

xix. The company has neither issued nor had any outstanding debentures during the year.

xx. The Company has not raised any money through a public issue during the year.

xxi. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For **Lodha & Co.**
Chartered Accountants

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

Place : New Delhi
Date: 22nd May 2008

Balance sheet as at 31 March, 2008

(Amount in Rs.)

	Schedule	As at 31.03.2008	As at 30.09.2007
I. SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	328,542,000	193,442,000
Reserves and Surplus	2	149,001,733	186,811,152
Loan Funds:			
Secured Loans	3	1,027,378,154	561,037,379
Unsecured Loans	4	15,146,244	161,794,645
Total		**1,520,068,131**	**1,103,085,176**
II. APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	875,652,741	910,543,191
Less: Depreciation		346,364,010	326,639,691
Net Block		529,288,731	583,903,500
Capital Work in Process		137,290,387	–
Net Block		**666,579,118**	**583,903,500**
Current Assets, Loans And Advances:	6		
Inventories		562,068,742	304,618,383
Sundry Debtors		21,372,902	22,548,512
Cash and Bank Balances		122,341,613	94,224,587
Loans and Advances		46,128,661	24,411,234
		751,911,918	**445,802,716**
Less:Current Liabilities And Provisions	7		
Current Liabilities		155,363,366	188,116,712
Provisions		12,723,635	10,211,943
		168,087,001	**198,328,655**
Net Current Assets		583,824,917	247,474,061
Profit & Loss Accounts		269,664,096	271,707,615
Total		**1,520,068,131**	**1,103,085,176**
Significant accounting policies and notes to accounts	16		

Schedules referred herein above form integral part of the Balance Sheet

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Dated : 22nd May 2008

For and on behalf of board of directors

U. S. Bhartia
Chairman

Mohan Sharma
Executive Director

Profit and Loss Account for the year ended 31 March, 2008

(Amount in Rs.)

	Schedule	Period ended 31.03.2008	Year ended 30.09.2007
I. INCOME			
Sales		477,395,551	748,842,091
Less: Excise Duty and Cess		41,711,172	65,299,194
Net Sales		**435,684,379**	**683,542,897**
Other Income	8	6,164,148	13,102,084
Increase/(Decrease) in Stocks	9	233,545,574	236,121,411
		675,394,101	**932,766,392**
II. EXPENDITURE			
Materials Consumed	10	545,913,316	876,041,960
Manufacturing Expenses	11	25,717,422	58,794,291
Payments to and Provision for Employees	12	33,684,573	57,819,140
Administrative and Selling Expenses	13	11,653,952	30,062,864
		616,969,263	**1,022,718,255**
Profit \ (Loss) before Interest and Depreciation		58,424,838	(89,951,863)
Less: Interest and Other Financial Expenses	14	35,699,571	65,044,085
Profit \ (Loss) before Depreciation, Prior Period Adjustment and taxes		22,725,267	(154,995,948)
Less: Depreciation		19,853,142	39,005,657
Profit \ (Loss) before Prior Period Adjustment and Taxes		2,872,125	(194,001,605)
Less: Prior period Expenses/(Income) (Net)	15	(163,074)	6,013,494
Profit before Taxes		3,035,199	(200,015,099)
Provision for Taxation			
– Fringe Benefit Tax		902,400	690,000
Net Profit \ (Loss) after tax		2,132,799	(200,705,099)
Less : Transfer to molasses reserve fund		89,280	134,682
Net Profit \ (Loss) for the Year		2,043,519	(200,839,781)
Balance Brought Forward from Previous Year		**(271,707,615)**	**(70,867,834)**
Balance Carried to Balance Sheet		**(269,664,096)**	**(271,707,615)**
Earning per share basic/ diluted (refer note no.18 of schedule 16)		0.08	(20.39)
Significant accounting policies and notes to accounts	16		

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

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Dated : 22nd May 2008

For and on behalf of board of directors

U. S. Bhartia
Chairman

Mohan Sharma
Executive Director

Schedule forming part of the Balance Sheet

(Amount in Rs.)

		As at 31.03.2008	As at 30.09.2007
Schedule 1 SHARE CAPITAL			
Authorised			
3,50,00,000	(Previous year 200,00,000) Equity Shares of Rs.10/-each	350,000,000	200,000,000
1,00,00,000	(Previous year 1,00,00,000) 10% Cumulative Preference Shares of Rs.10/- each	100,000,000	100,000,000
		450,000,000	**300,000,000**
Issued, Subscribed And Paid Up			
3,28,54,200	(Previous year 98,44,200) Equity Shares of Rs. 10/- each fully paid up (Out of the above 3,17,24,200 (P.Y. Nil) Equity Shares are held by India Glycols Limited (The Holding Company and its nominees)	328,542,000	98,442,000
Nil (Previous year 95,00,000)10% Cumulative Preference Shares of Rs. 10/- each fully paid up		–	95,000,000
		328,542,000	**193,442,000**

	As at 30.09.2007	Additions	Deductions	As at 31.03.2008
Schedule 2 RESERVES AND SURPLUS				
Securities Premium Account	147,558,000	–	–	147,558,000
Capital Reserve (Refer note no. 3 of schedule 16)	37,893,419	–	37,893,419	–
Capital Subsidy (received on plant)	83,840		5,280	78,560
Molasses Reserve Fund	1,275,893	89,280	–	1,365,173
	186,811,152	**89,280**	**37,898,699**	**149,001,733**
	(186,687,030)	**(134,682)**	**(10,560)**	**(186,811,152)**

(Amount in Rs.)

	As at 31.03.2008	As at 30.09.2007
Schedule 3 SECURED LOANS		
Term Loans from Banks	787,269,351	254,754,489
Cash Credits from Banks	240,108,803	306,282,890
	1,027,378,154	**561,037,379**

Notes:

a) Out of above, term loan Rs. 2464.69 Lacs (Rs. 2547.54 Lacs) and interest thereon are secured by first charge by way of equitable mortgage of all the immovable properties and by way of hypothecation of all movables (Save and except book debts) including

b) Term Loan and interest thereon are further secured by second charge on company's current assets. The aforesaid charges rank pari-passu between the banks.

C) The above loans and also the cash credit facilities are personally guaranteed by Mr. Shailendra Mohan Gupta and Narendra Mohan Gupta and their relatives.

D) Term loan includes Rs 55 Crores guaranteed by India Glycols Limited (The Holding Company).

(E) Term Loan includes loan from bank of Rs. 1,785,952/= (Previous year Rs. 2,376,409/=) secured by hypothecation of motor vehicle purchased thereunder.

Schedule forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2008	As at 30.09.2007
Schedule 4 UNSECURED LOANS		
From Directors	–	30,600,000
From Bodies Corporate	–	106,698,900
From Sugar Development Fund*	15,146,244	24,495,745
	15,146,244	**161,794,645**

* SDF loan is secured by bank guarantee.

Schedule 5 FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description	As at 01.10.2007	Additions 1.10.2007 to 31.03.2007	Adjustment during the period	As at 31.03.2008	As at 01.10.2007	For the year	Adjustment during the period	As at 31.03.2008	As at 31.03.2008	As at 30.09.2007
Land	21,675,640	–	–	21,675,640	–	–	–	–	21,675,640	21,675,640
Buildings	189,067,938	–	1,890,032**	187,177,906	35,484,099	2,186,024	–	37,670,123	149,507,783	153,583,839
Plant & Machinery	644,172,048	2,021,516	35,332,610**	610,860,954	263,044,257	16,081,812	–	279,126,069	331,734,885	381,127,791
Electrical Installation & Equipments	28,704,351	18,300	566,053 **	28,156,598	12,853,191	646,262	–	13,499,453	14,657,145	15,851,160
Computers	7,222,149	1,049,228	140,134	8,131,243	6,795,610	86,821	128,823	6,753,608	1,377,635	426,539
Furniture & fixtures	4,531,299	51,735	–	4,583,034	3,427,238	96,596	–	3,523,834	1,059,200	1,104,061
Vehicles	15,169,766	–	102,400	15,067,366	5,035,296	755,627	–	5,790,923	9,276,443	10,134,470
Total	**910,543,191**	**3,140,779**	**38,031,229**	**875,652,741**	**326,639,691**	**19,853,142**	**128,823**	**346,364,010**	**529,288,731**	**583,903,500**
Capital Work in Progress*									137,290,387	–
[* Including capital advances Rs 137,290,387 (Rs Nil),]										
Previous year	883,537,796	29,145,088	2,139,693	910,543,191	288,769,846	39,005,657	1,135,812	326,639,691	666,579,118	583,903,500

** includes the amount of Cenvat Credit earlier included in the Cost of asset now reversed

Schedule forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2008	As at 30.09.2007
Schedule 6 CURRENT ASSETS, CAPITAL LOANS AND ADVANCES		
Current Assets		
Inventories (As taken, valued and certified by the Management)		
Stores and Spare Parts	22,112,118	20,136,690
Finished Goods - Sugar	457,466,577	265,244,321
Finished Goods - Rectified Spirit and Anhydrous Alcohol	6,752,957	2,163,208
Press Mud	582,385	308,000
Bagasse & Molasses	57,688,755	5,690,124
Country Liquor	7,440,243	7,440,243
Cane crop-standing	164,010	130,000
Sugar cane stock	705,296	–
Stock in Process	9,156,401	3,505,797
	562,068,742	**304,618,383**
Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debt outstanding for a period exceeding Six months		
– Unsecured but Considered good	240,032	–
– Unsecured Considered doubtful	330,124	330,124
Other Debt*	21,132,870	22,548,512
	21,703,026	22,878,636
Less: Provision for doubtful debts	330,124	330,124
	21,372,902	**22,548,512**
* Includes due from Holding Company	1,193,905	–
Maximum amount outstanding during the period	34,360,849	–
Cash And Bank Balances		
Cash in Hand (As certified by the management)	907,197	154,177
Balance with Scheduled Banks in		
– Current Accounts	108,838,272	82,228,295
– Fixed deposits*	12,596,144	11,842,115
	122,341,613	94,224,587
*out of above fixed deposits Rs. 11,067,299/= (Previous Year Rs. 10,488,458/=) pledged with bank against Bank guarantee and Excise & other Government Authorities		
Loans And Advances (Unsecured, considered good unless other wise stated)		
Advances Recoverable in Cash or in kind or for value to be received	10,707,585	4,517,742
Claims Receivable	5,232,794	2,467,087
Advance Income Tax, TDS and FBT	2,142,804	1,945,235
Accrued Interest on Fixed Deposits	1,452,414	1,073,468
Other Advances		
– Unsecured but Considered good	3,422,184	3,177,697
– Unsecured Considered doubtful	110,000	110,000
– Less : Provision for doubtful advances	(110,000)	(110,000)
CENVAT Receivable	21,232,947	9,167,794
Balances with Excise Authorities	1,937,933	2,062,211
	46,128,661	**24,411,234**

Schedule forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2008	As at 30.09.2007
Schedule 7 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
– Due to Micro & Small Enterprises*	–	–
– Others	83,561,837	131,989,669
Advances and Security Deposits from		
– Customers	2,747,985	6,885,829
– Others	3,481,106	3,341,325
Book Overdraft	–	3,435,019
Other Liabilities	64,147,402	41,662,166
Interest Accrued but not due on loans	1,425,036	802,704
	155,363,366	**188,116,712**
*Refer note 10 of Schedule 16		
Provisions		
Gratuity	8,093,587	6,182,804
Leave Encashment	1,948,946	2,250,437
Fringe benefit Tax {including Interest Rs.32500 (P.Y. Rs.Nil)}	2,342,400	1,440,000
Income Tax	338,702	338,702
Total	**12,723,635**	**10,211,943**

Schedule forming part of the Profit and Loss Account

(Amount in Rs.)

	Period ended 31.03.2008	Year ended 30.09.2007
Schedule 8 OTHER INCOME		
Bagasse Sales	4,697,469	2,009,027
Scrap Sales	4,832	1,872,050
Miscellaneous Income	1,456,567	8,508,365
Liability No Longer Required Written Back	–	702,082
Transfer from Capital Subsidy Reserve	5,280	10,560
Profit on sale of fixed Assets (net of loss Rs. Nil, P.Y. Nil)		
	6,164,148	**13,102,084**

Schedule forming part of the Profit and Loss Account

(Amount in Rs.)

		Period ended 31.03.2008	Year ended 30.09.2007
Schedule 9 INCREASE/(DECREASE) IN STOCKS			
A) **Finished Goods**			
Opening Stock			
Sugar		265,244,321	6,560,781
Bagasse & Molasses		5,690,124	7,790,875
Finished Goods - Rectified Spirit & Anhydrous Alcohol		2,163,209	8,414,955
Press mud		308,000	–
Country Liquor		7,440,243	–
	A	**280,845,897**	**22,766,611**
Less: Closing Stock			
Sugar		457,466,577	265,244,321
Bagasse & Molasses		57,688,756	5,690,124
Finished Goods - Rectified Spirit & Anhydrous Alcohol		6,752,956	2,163,209
Press mud		582,385	308,000
Country Liquor		7,440,243	7,440,243
	B	**529,930,917**	**280,845,897**
Increase/ (Decrease) in Finished Goods	(B-A)	**249,085,020**	**258,079,286**
B) **Work In Process**			
Opening Stock			
Sugar		3,466,758	3,989,129
Molasses		39,039	66,640
	A	**3,505,797**	**4,055,769**
Less : Closing Stock			
Sugar		8,497,001	3,466,758
Molasses		659,400	39,039
	B	**9,156,401**	**3,505,797**
Increase/ (Decrease) in Work in Process	(B-A)	**5,650,604**	**(549,972)**
Less :Excise Duty on account of Increase/ (Decrease) on Stock of Finished Goods		21,190,050	21,407,903
Total Increase /(Decrease) in Stocks		**233,545,574**	**236,121,411**

Schedule 10 MATERIALS CONSUMED

	Period ended 31.03.2008	Year ended 30.09.2007
Raw Materials	503,787,576	803,559,140
Packing Materials	12,567,356	17,610,788
Stores and Spares	29,558,384	54,872,032
	545,913,316	**876,041,960]**

Schedule forming part of the Profit and Loss Account

(Amount in Rs.)

Schedule 11 MANUFACTURING EXPENSES

	Period ended 31.03.2008	Year ended 30.09.2007
Power and Fuel	2,516,274	6,207,819
Repairs and Maintenance		
– Building	2,221,743	4,442,768
– Plant and Machinery	13,947,895	32,708,275
– Others	1,191,135	3,002,407
Other Manufacturing Expenses	5,840,375	12,433,022
	25,717,422	**58,794,291**

Schedule 12 PAYMENTS TO AND PROVISION FOR EMPLOYEES

	Period ended 31.03.2008	Year ended 30.09.2007
Salary, Wages and Allowances	29,917,158	49,700,663
Contribution to Provident Fund	2,402,245	5,268,770
Employees Welfare	1,365,170	2,849,707
	33,684,573	**57,819,140**

Schedule 13 ADMINISTRATIVE AND SELLING EXPENSES

	Period ended 31.03.2008	Year ended 30.09.2007
Directors' Sitting Fee	–	1,000
Insurance	760,604	5,284,925
Less: Insurance charges receivable against Buffer Stock Subsidy	(301,397)	(252,217)
Rent	30,168	126,336
Communication Expenses	260,607	827,038
Entry Tax	1,352,735	2,234,187
Godown Hire charges	–	378,622
Wealth Tax	30,199	23,358
Brokerage and Commission on Sale	1,633,258	2,001,648
Selling & Distribution Expenses	–	280,000
Loss on Sale of Fixed Assets (Rs. Nil, P.Y. net of profit Rs. 52,117)	–	148,232
Travelling & Conveyance	1,032,997	3,060,581
Legal & Professional Expenses	1,804,782	2,261,759
Vehicle Running & Maintenance	866,770	2,266,424
Research Expenses	543,622	868,659
Subscription & Periodicals	77,211	363,950
Donation & Charity	–	2,200
Postage & Stationery exps	528,678	943,498
Security Charges	2,002,997	4,576,664
Miscellaneous Expenses	807,518	4,480,104
Farm Expenses (Net)	223,203	185,896
Total	**11,653,952**	**30,062,864**

Schedule forming part of the Profit and Loss Account

(Amount in Rs.)

	Period ended 31.03.2008	Year ended 30.09.2007
Schedule 14 INTEREST AND OTHER FINANCIAL EXPENSES		
Interest on Term Loan	17,753,228	23,375,967
Interest on Working Capital loan	13,571,145	37,658,546
Interest to Others*	5,398,006	2,674,830
Other Financial Charges	1,812,646	3,813,968
Less:Interest on Fixed deposits with bank (includes TDS Rs.88,169/= (P.Y. Rs.136,763/=)	(371,144)	(730,703)
Less: Interest on Buffer Stock Subsidy Receivable	(2,464,310)	(1,748,523)
	35,699,571	**65,044,085**

* Includes Rs 4,840,068/= paid to India Glycols Limited (the holding company) towards interest on ICD

Schedule 15 PRIOR PERIOD ADJUSTMENT

Prior Period Expenses	–	6,921,411
Less: Prior Period income	163,074	907,917
Total	**(163,074)**	**6,013,494**

Schedule forming part of the Accounts

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Concept**

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

2. **Fixed Assets & Depreciation**

   a). Fixed Assets are stated at cost less accumulated depreciation and amortisation. Cost of fixed assets includes other expenses related to acquisition and installation.

   b). Depreciation is provided in accordance with the rates prescribed to Schedule XIV of the Companies Act, 1956, on straight line method.

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

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

4. **Inventories**

   i. a) Finished Goods and Stock in Process of Sugar - At cost or at net realisable value whichever is lower, the net realizable value of sugar in case of finished goods of stock of levy sugar, levy price notified by Central Government.

   b) Store and spares parts – At cost arrived at applying weighted average method.

   ii. Cane crop – At net realisable value determined on the basis of estimated yield per hectare.

   iii. Inventory of Molasses, Bagasse, Press mud and Bio Compost are considered at net realizable value.

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

iv. Excise duty payable on finished goods in stock as at Balance Sheet date is provided for the same is included in the value of these inventories and excise duty paid account and there is no impact of the same on the operating results for the year.

5. Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of transaction. Foreign Currency monetary assets and liabilities are converted at the exchange rates prevailing at the year end except those covered under firm commitment which are stated at contracted rate. Any exchange difference arising on account of such conversion is charged to the revenue account.

6. Government Grant

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

7. Employee's benefit

a) Defined Contribution Plan:

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

b) Defined Benefit Plan:

Retirement benefit in the form of Gratuity, Long term compensated leaves and provident fund (multi employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of balance sheet.

Actuarial gain/loss, if any, are immediately recognized in the profit & loss account.

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

8. Borrowing Cost

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

9. Provision For Current Tax And Deferred Tax

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

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

10. Impairment

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

11. Use Of Estimates And Assumptions

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

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

12. **Provisions, Contingent Liabilities And Contingent Assets**

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

B. NOTES TO ACCOUNTS

1. **Contingent liabilities not provided for in respect of:**

   a). In respect of disputed demands/ claims against the company not acknowledged as debts Rs 3,891,000 (Rs 5,902,000)

   b). Arrears of Dividend on 10% cumulative preference share Rs. Nil (P.Y.Rs.70,458,000)

   c). Guarantee's issued by Bank - Rs.75,004,000 (Rs.75,404,000).

   d). Recovery Charges claimed by S.D.M. Behat towards payment of cane dues Rs.6,682,000 (P.Y. 6,682,000) including the interest on cane dues Rs. 4,689,000 (Rs 4,689,000).

   e). Pending final disposal by the appellate tribunal (CEGAT), Central Excise, the Company has not reversed in the books of account CENVAT credit taken, in respect of certain inputs and capital goods for Rs. 3,571,839 (Rs. 3,635,458) initially disallowed by authorities and even reversed in the Excise records. The said amount of Rs. 3,571,839 (Rs. 3,635,458) is included in CENVAT receivables.

2. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 606,263,200 (Rs.NIL).

3. During the period the Company has changed its accounting policy w.r.t. the capitalization of CENVAT credit with cost of fixed assets and accordingly, fixed assets are capitalized net of CENVAT amount as against the earlier policy of capitalizing at amount inclusive of CENVAT amount and showing corresponding amount under the head of Capital Reserve. The same does not have any impact on the profit of the Company.

4. The company has accounted for cane purchases for the period 2007-08 at Rs 110 per quintal, the rate fixed by Hon'ble Allahabad High Court (Lucknow Bench), as an interim Measure, for making payment to sugar cane growers. Necessary adjustments will be made in accordance with subsequent order of honorable court in the matter.

5. Balances of Debtors, Creditors, Loans & Advances, Current Liabilities, some of the Secured and Unsecured loans & provision are in process of confirmation / reconciliation.

6. Company is in process of updating the fixed assets records and physical verification of Fixed Assets. In view of the necessary security arrangements, management is of the view that there will not be any material discrepancies between book and physical stock of fixed assets on completion of physical verification of fixed assets.

7. Hitherto depreciation had been provided on addition to fixed assets for full year and no depreciation had been provided on sale /disposal of assets. During the period depreciation has been provided w.r.t month of addition /disposal. This has no material impact on Profit & Loss Accounts for the period.

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

   b) In view of carry forward losses, no provision for income tax has been made during the period.

9. Farm expenses included in miscellaneous expenses represent the agriculture expenses incurred at Farm and it is net of agriculture product sold.

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

10. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid / payable under this Act have not been given.
11. In view of Companies (Accounting Standards) Rules, issued by Ministry of Corporate Affairs for the treatment of (Exchange Fluctuation) gain/loss on the account of exchange fluctuation on loan/ liability for capital assets has been charged to Profit and Loss account which was hitherto charged to cost of assets. This charge has no material impact on profit for the period.
12. In the opinion of the Board, the Current Assets, Loans & Advances appearing in the Company's Balance Sheet as at year end would have a value on realization in the normal course of business at least equal to the respective amounts at which they are stated in the Balance Sheet.
13. Since repairing charges charged by the parties are composite i.e. inclusive of cost of spares at times and since spares consumed in repairs are debited to related repairs account, it is not possible to ascertain and include value of such spares in store and spares consumption disclosed in schedule 11.
14. Employee Benefits:
    a) **Defined Contribution Plan:**
    Contribution to Defined Contribution Plan, recognized as expense for the period in employees provident fund Rs. 2,402,245 (Previous year Rs. 5,268,770).
    b) **Defined Benefit Plan:**
    The employee' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

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

(Amount in Rs.)

	Gratuity	Leave Encashment (Unfunded)
Present Value of Obligation at the beginning of the period	7,531,160 (Nil)	2,250,437 (Nil)
Current Service Cost	497,954 (917,699)	270,068 (469,290)
Interest Cost	301,246 (Nil)	90,017 (Nil)
Actuarial (gain)/ loss on obligations	1,755,860 (6,613,461)	374,508 (29,73,302)
Benefit Paid	2,025,540 (6,56,606)*	(1,251,756) (11,92,155)*
Present Value of Obligation as at the end of the period	80,60,680 (7,531,160)	17,33,274 (22,50,437)

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

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

(Amount in Rs.)

	Gratuity	Leave Encashment (Unfunded)
Fair value of plan assets at the beginning of the period	38,93,208 (31,03,830)	Nil (Nil)
Expected Return on Plan Assets	165,461 (2,76,241)	Nil (Nil)
Contributions	1,262,611 (11,69,743)	Nil (Nil)
Actuarial (gain)/ loss on obligations	9,733 (Nil)	Nil (Nil)
Benefit Paid	(2,025,540) (6,56,606)	Nil (Nil)
Fair value of plan assets at the end of the period	32,86,007 (38,93,208)	Nil (Nil)

III. Reconciliation of fair value of assets and obligation

Fair value of plan assets as at 31st March 2008	32,86,007 (38,93,208)	Nil (Nil)
Present Value of Obligation as at 31st March 2008	80,60,680 (7,531,160)	17,33,274 (22,50,437)
Funded Status [surplus/(Deficit)]	(47,74,673) (3,637,952)	(17,33,274) (22,50,437)
Net Assets/(Liability) Recognized in Balance Sheet	(8,093,587) (-6,182,804)	(1,948,946) (-22,50,437)

IV. Expenses recognized during the period

(Rs. in Lacs)

Current Service Cost	497,954 (917,699)	270,068 (4,69,290)
Interest Cost	301,246 (Nil)	90,017 (Nil)
Expected Return on Plan Assets	(165,461) (2,76,241)	Nil (Nil)
Actuarial (gain)/ loss	1,765,593 (6,613,461)	374,508 (29,73,302)
Net Expenses Recognized	2,399,332 (7,254,919)	734,593 (34,42,592)

IV. Investment Detail

All Investments are made with Trust.

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

IV. Actuarial / Demographic assumptions:

(Amount in Rs.)

	Gratuity	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (Per annum)	8.00%	8.00%
Expected Return on Plan Assets (Per annum)	8.50%	N.A
Rate of escalation in salary (per annum)	5.50%	5.50%
Retirement Age	58 / 60 Years	
Withdrawal Rate (All Ages)	Up to 30 year	3.00%
	Up to 44 year	2.00%
	Above 44 year	1.00%

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

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

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

A. Remuneration to the Managing and Whole Time Directors

Particulars	01.10.2007 to 31.03.2008	01.10.2006 to 30.09.2007
a) Salary*	9,79,355	37,20,000
b) Contribution to Provident Fund	1,17,522	4,46,400
c) Reimbursement of Medical Exp	13,026	1,78,955
d) Insurance Premium	–	66,753
e) Leave Travel Assistance	11,250	45,000
Total	**11,21,153**	**44,57,108**

*Does not include provision for Gratuity & Leave Encashment

B. Auditors Remuneration (exclusive of Service Tax)

Particulars	01.10.2007 to 31.03.2008	01.10.2006 to 30.09.2007
a) Statutory Audit	50,000	33,708
b) Other Certification work	NIL	2,975
c) Out of Pocket Expenses	NIL	19,957
Total	**50,000**	**56,640**

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

C. Particulars of Capacity and production.

Product	Unit	Licensed* Capacity	Installed Capacity*		Production	
			Current period	Previous period	Current period	Previous year
Sugar	Qtls	3000 TCD	3000 TCD	3000 TCD	366725	516400
Molasses	Qtls				366749**	269363
Rectified Spirit	B.L.	40 KLPD	40 KLPD	40 KLPD	5290962.40	9171154
Anhydrous Alcohol	B.L.				1889673.00	4188708
S.D.S.	B.L.				3005038.50	Nil
E.N.A.	B.L.				NIL	1287619.80
Country Liquor	Cases				NIL	11909

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

** In case of Molasses, purchase from outside is 188188 Qtls.

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

Class of Goods	Unit	Opening Stock		Closing Stocks		Sales	
		Qty.	Value	Qty.	Value	Qty.	Value
Sugar	Qtls.	1,86,912	265,244,321	303,280	457,466,577	250,357	368,280,118
		(5,342)	(6,560,781)	(186912)	265,244,321)	(334630)	(485,954,042)
Molasses	Qtls.	11012	2,723,635	140641.80	52,638,208	^ * 237,119.20	NIL
		(NIL)	(NIL)	(NIL)	(NIL)	*(266833.45)	(NIL)
Rectified Spirit	B.L	99,005	1,695,956	263066.30	4,329,600	^ * 5126901.10	521,500
		(179906.30)	(4,382,517)	(99005.00)	(1,695,956)	(9,223,684.80)	(112,422,800)
Anhydrous Alcohol	B.L	4,762	100,514	120,834	2,412,016	^ 1,773,601.00	45,605,532
		(73,143)	(1,490,283)	(4,762.30)	(100,514)	(42,57,088.40)	(108,600,664)
S.D.S.	B.L.	NIL	NIL	NIL	NIL	^ 30,05,038.50	62,508,401
		(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
E.N.A.	B.L.	20,557	366,739	540.00	11,340	^ 20,017.00	480,000
		(97,775.20)	(2,542,155)	(20557.10)	(366,739)	(1361000.00)	(36,052,750)
Country Liquor	Cases	6709	7,440,243	6709	7,440,243	NIL	NIL
		(NIL)	(NIL)	(6709)	(7,440,243)	(5200)	(5,811,835)
Total			277,571,408		516,857,741		477,395,551
			(14,975,736)		(267,407,530)		(748,842,091)

^ (Includes Storage Wastage as under –

Molasses – 4,458.17 Qtls (2,529.55 Qtls), ENA – 17.00 B.L (3837.90). Rectified Spirits – 6,915.60 B.L(28,370.50 B.L.).,Anhydrous Alcohol – 3,601.00 B.L.(9,088.40 B.L.) , S.D.S. - 5,038.50 B.L.(Nil)

* Incase of Molasses, in addition to above, Transit Wastage of 1,713.23 Qtls is involved)

Incase of Molasses, in addition to above, captive consumption is 230,947.80 Qtls.

Incase of Rectified Spirit, in addition to above, captive consumption for SDS is 3,005,038.50 BL and for Anhydrous Alcohol 2,090,697 BL.

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

E. Consumption of Raw Materials :

Product		1.10.2007 to 31.03.2008		1.10.2006 to 30.09.2007	
		Qty (in Qtls)	Value (Rs in lacs)	Qty (in Qtls)	Value (Rs in lacs)
i)	Cane	38,00,100.00	457,973,283	5,557,173.00	740792725
ii)	Molasses	2,58,963.05*	45,814,293	492,524.25	62766415
iii)	Other Chemical (excluding packing material)	–	29,558,384	–	54,872,032

* Includes self-generated quantity of 70775.00 Qtls. (266,833.45 Qtls)

F. Value of Imported and indigenous Raw Materials, Store Spares and Chemicals

a) Raw Material Consumed:

Product	1.10.2007 to 31.03.2008		1.10.2006 to 30.09.2007	
	Value	% age	Value	% age
Imported	–	–	–	–
Indigenous	50,37,87,576	100	80,35,59,140	100

b) Store & spares Parts:

Product	1.10.2007 to 31.03.2008		1.10.2006 to 30.09.2007	
	Value	% age	Value	% age
Imported	–	–	–	–
Indigenous	29,558,384	100	54,872,032	100

G. Expenditure in foreign currency

Particulars	01.10.2007 to 31.03.2008	01.10.2006 to 30.09.2007
Travelling Expenditure in foreign currency	Nil	353,815.00

16. Segment Information:

A. Information about Business Segments (Primary Segments):

(Rs. in lacs)

Sl No.	Particulars	Business Segments			Unallocable	Total
		Chemicals	Sugar	Liquor		
A	REVENUE					
1	Gross sale	108,113,933 (108,600,664)	368,280,118 (485,954,042)	1,001,500 (154,287,385)	Nil (Nil)	477,395,551 (748,842,091)
2	Other Income	986,108 (5,390,664)	5,172,760 (7,700,860)	NIL (NIL)	5,280 (10,560)	6,164,148 (–13,102,084)

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

16. Segment Information:

A. Information about Business Segments (Primary Segments):

(Rs. in lacs)

Sl No.	Particulars	Business Segments			Unallocable	Total
		Chemicals	Liquor	Liquor		
B	REVENUE					
1	Segment Result (PBIT)	(1,047,771) (-8,576,300)	40,676,065 (-146,247,906)	109,275 (30,370,300)	–1,002,799 (-10,493,750)	3,87,34,770 (-134,947,656)
2	Interest Expense (Net)					3,56,99,571 (65,044,085)
3	Profit Before Tax					30,35,199 (199,991,741)
4	Deferred Tax					Nil (Nil)
5	Fringe Benefit Tax					902,400 (690,000)
6	Wealth Tax					NIL (23,358)
7	Profit after Tax					2,132,799 (200,705,099)
C	OTHER INFORMATION					
1	Segment Assets	197,439,211 (247,914,834)	902,646,154 (713,103,000)	42,948,372 (47,012,382)	275,457,299 (21,676,000)	1,418,491,039 (1,029,706,216)
2	Segment Liabilities	12,885,333 (153,884,094)	145,695,356 (622,385,000)	7,101,922 (7,592,585)	1,044,928,788 (137,299,000)	121,06,11,399 (921,160,679)
3	Capital Expenditure	52,605,294 (76,924)	85,926,942 (4,932,346)	797,967 (24,135,818)	1,100,963 NIL	140,431,166 (29,145,088)
4	Amortization & Depreciation	4,402,483 (8,609,046)	12,538,062 (28,283,391)	1,077,676 (2,113,220)	1,834,921 (NIL)	19,853,142 (39,005,657)

Notes:

Primary Segment reporting (by business segment)

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

Secondary Segment reporting (by geographical segment-customer location)

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

Reportable segments

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

Segment Composition

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

Sugar Segment comprises manufacture and sale of Sugar.

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

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

17. Related Party Disclosure

Related Party and their relationship

A. Holding Company

India Glycols Limited (w.e.f. 15th December 2007)

Fellow Subsidiaries

IGL Finance Limited (w.e.f. 15th December 2007)

IGL Chem Intt. Pte Ltd. (w.e.f. 15th December 2007)

B. Subsidiary – Nil

C. Key Management Personnel:

Shri Shailendra Mohan – Managing Director (up to 9th February 2008)

Shri K.G. Garg – Whole Time Director and Sr. Vice President (up to 9th February 2008)

Mohan Sharma – Executive Director (w.e.f. 13th February 2008)

D. Enterprises on which promoters directors and/or their relatives have significant influence.

(up to 15th December 2007)

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

E) Directors:

Shri Mahendra Mohan Gupta (up to 1st September' 2007)

Shri Sunil Gupta (up to 1st September' 2007)

Shri Virendra Kumar Jhunjhunwala (up to 15th December' 2007)

Shri Ajit Kumar Sud (up to 30th September' 2007)

Shri Devesh Gupta (up to 15th December' 2007)

Shri S.C. Dikshit (up to 1st September' 2007)

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

F) **Companies in which Company has Substantial Interest or Joint Venture NIL**

Nature of Transaction	Parties Referred to in A above	Parties Referred to in B above	Parties Referred to in C above	Parties Referred to in D above	Parties Referred to in E above
Services Received	NIL (NIL)	NIL (NIL)	NIL (NIL)	5,040 (35,035)	NIL (NIL)
Loan Taken	28,00,00,000 (NIL)	NIL (NIL)	2,80,00,000 (69,50,000)	Nil (94,374,466)	Nil (2,36,50,000)
Loan Repaid	28,00,00,000 (NIL)	NIL (NIL)	3,49,50,000 (NIL)	7,65,00,000 (17,874,466)	2,36,50,000 (NIL)
Investment Made (Preference Share)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (9,50,00,000)	NIL (NIL)
Interest Expense	4,840,068 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Expenses Reimbursed to other Companies	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (66000)	NIL (NIL)
Sale	6,43,10,394* (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Sitting Fees	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (1000)
Outstanding/Amount Payable	1,193,205 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Remuneration	NIL (NIL)	NIL (NIL)	11,21,153 (44,57,108)	NIL (NIL)	NIL (NIL)

*including CST of Rs. 17,72,633 & denaturation cost Rs. 29,360

Schedule forming part of the Account

Schedule 16 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS *(Contd.)*

18. Earning Per Share

Particulars		Current period	Previous Period
Profit Attributable to Equity Shareholders		21,32,799	(20,07,05,099)
Weight Average Number of Equity Shares		2,44,24,036	98,44,200
No. of Equity Shares as on 01.10.2007 Issued during the year:	98,44,200		
a). 95,00,000 equity shares on 5th December 2007 Weight taken for 118 days =95,00,000 *118/183	61,25,683		
b). 95,00,000 equity shares on 7th December2007 Weight taken for 116 days =95,00,000 *116/183	60,21,858		
c). 40,10,000 equity shares on 12th December2007 Weight taken for 111 days =40,10,000 *111/183	24,32,295		
Nominal value of Equity Shares		10	10
Basic/Diluted Earning Per Share		**0.08**	**(20.39)**

19. The Company has changed its financial year from 30th September to 31st March ending to make the same in line with the holding company hence the accounts of current period is comprises of the period from 1.10.2007 to 31.03.2008.

20. As the figures for previous year comprises the period from 01.10.2006 to 30.09.2007, the figures of current period are strictly not comparable with the figures of previous year. Amounts have been rounded off to nearest Rupee and previous year figures have been regrouped/recast wherever considered necessary.

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

22. Schedules 1 to 16, which form an integral part of Accounts.

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Dated : 22nd May 2008

For and on behalf of board of directors
Shakumbari Sugar & Allied Industries Limited

U. S. Bhartia
Chairman

Mohan Sharma
Executive Director

Annexure - 1

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	16271
State Code	20
Balance Sheet Date	31 (Date) 03 (Month) 2008 (Year)

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	230100

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities	1418491
Total Assets	1418491

Sources of Funds

Paid-up Capital	32852
Reserves & Surplus (Including Deferred Tax)	149002
Secured Loans	1027378
Unsecured Loans	15146

Application of Funds

Net Fixed Assets	666579
Investments	NIL
Net Current Assets	583825
Misc. Expenditure	NIL
Accumulated Losses	269664

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover & Other Income	483560
Total Expenditure	994715
Profit/Loss Before Tax	+ 3035
Profit/Loss After Tax	+ 2133

(Please tick Appropriate Box + for Profit - for Loss)

Earning Per Share in Rs.	0.8
Dividend rate %	00

V. Generic Names of Two Principal Products/Services of Company(As per monetary terms)

Item Code No. (ITC Code)	2060
Product Description	SUGAR
Item Code No. (ITC Code)	2200
Product Description	ETHYL ALCOHOL

Cash Flow Statement for the year ended 31 March, 2008

(Rs. in lacs)

	Period Ending 31.03.2008		Period Ending 30.09.2007	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		3035199		(199991728)
Adjustments For:				
Depreciation	19853142		39005657	
(Profit) / Loss On Sale Of Assets	(10564)		148231	
Decrease In Capital Subsidy On Mhat Plant	(5280)		(10560)	
Interest Expense	36722379		22111339	
Interest/Dividend Income	(371144)	56188533	(739290)	60515377
Operating Profit Before Working Capital Changes		**59223732**		**(139476351)**
Adjustments For:				
(Increase) In Trade And Other Receivables	(19965302)		(14854871)	
(Increase)/Decrease In Inventories	(257450359)		(253666054)	
Increase/(Decrease) In Trade Payables	(31766386)	(309182047)	138476845	(130044080)
Cash Generated From Operations		(249958315)		(269520431)
Direct Taxes Paid (Net)	(197569)		(713358)	
Net Cash From Operating Activities:		**(250155884)**		**(270233789)**
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase Of Fixed Assets	(139740578)		(29145088)	
Sale Of Fixed Assets	19550		855650	
Interest/Dividend Received	183358		739290	
Net Cash Used In Investing Activities:		**(139537669)**		**(27550148)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds From Issue Of Equity Share Capital	230100000		0	
Redemption Of Preference Share Capital	(95000000)		0	
Proceeds From Borrowings	532514862		497126276	
Repayment Of Borrowings	(212822488)		(107045468)	
Interest/ Other Borrowing Cost	(36790635)		(23375967)	
Net Cash From Financing Activities		**418001740**		**366704841**
Net Increase/(Decrease)				
In Cash And Cash Equivalents {(A)+(B)+(C)}		**28308186**		**68920904**
Cash And Cash Equivalent Being Cash And Bank Balances		94033427		25112523
(Opening Balance)				
Cash And Cash Equivalent Being Cash And Bank Balances		122341613		94033427
(Closing Balance)				

For **Lodha & Co.**
Chartered Accountants

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Dated : 22nd May 2008

For and on behalf of board of directors
Shakumbari Sugar & Allied Industries Limited

U. S. Bhartia
Chairman

Mohan Sharma
Executive Director

Directors' Report

To
The Members

Your Directors are pleased to present the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

Operations

During the year, Company was not engaged in any financing activity, except for investment of surplus funds of the Company in fixed Deposit with Banks. Total income of Rs.67624 earned during the year represents interest on fixed deposit with banks. Net Profit, during the year under review is Rs.34239.

Fixed Deposit

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

Directors

Shri S.K. Sood and Shri Shishir Goyal Directors of the Company retire, by rotation and being eligible, offer themselves for reappointment.

Ms. Jayshree Bhartia appointed as Additional Director by the Board of Directors at their meeting held on 13th March, 2008, who is holding office till ensuing Annual General Meeting of the Company, being eligible, Ms. Jayshree Bhartia has offered herself for appointment as Director of the Company. The Board of Director have recommended the appointment of Ms. Jayshree Bhartia, as Director of the Company.

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures;

- appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008 and the profit and loss of the Company for that period;

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

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

Auditors

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

Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

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

Particulars Of Employees

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

For and on behalf of the Board

Place : New Delhi	**U.S. Bhartia**	**Shishir Goyal**
Date : 22nd May 2008	*Director*	*Director*

Auditors' Report

To
The Members
IGL Finance Limited

1. We have audited the attached Balance Sheet of IGL FINANCE LIMITED as at 31st March 2008 and the related Profit and Loss Account for the year ended on that date annexed thereto, and the cash flow statement of the company for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that:

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

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

   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;

   d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956;

   e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2008 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2008;

      ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; And

      iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

B.R. Goyal
Partner
Chartered Accountants
Membership No. 12172

Place : New Delhi
Date : 22nd May 2008

Annexure to the Auditors' Report

To
The Members
IGL Finance Limited

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

i) The Company does not have Fixed Assets.

ii) The company does not have any inventory.

iii) The Company had not taken/given any loan from/to any Company covered in the register maintained under section 301 of the Companies Act 1956.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, We have not observed any major weakness in internal controls.

v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there was no transaction that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.

b) In our opinion and according to the information and explanations given to us, there was no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.

vi) The company has not accepted any public deposits.

vii) In our opinion, the company has no internal audit system.

viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956.

ix) a) According to the information's and explanations given to us and records examined by us , the company is regular in depositing with appropriate authorities undisputed statutory dues including income tax , wealth tax and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.

b) According to the records of the Company, there were no dues of income-tax and wealth-tax, etc. which have not been deposited on account of disputes.

x) There are accumulated losses of the Company as on 31st March, 2008 which are more than 50% of its net worth. The company has not incurred cash loss during the financial year covered by our audit, and in the immediately preceding financial year.

xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not taken any loan from financial institutions or Banks.

xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi /mutual benefit fund/ society.

xiv) In our opinion, the Company has no dealing in and/or trading in shares and securities. All the investments were held by the company in its own name or its nominees.

xv) According to the information and explanations given to us, Company has not given any guarantees for loans taken by others from Bank or Financial Institutions.

xvi) According to the information and explanations given to us, no term loans has been raised during the year.

xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investments. No long-term funds have been used to finance short-term assets except permanent / core working capital.

xviii) The Company has not made any preferential allotment of shares during the year.

xix) During the year covered by our audit report the Company has not issued secured debentures.

xx) The Company has not raised any money by public issues during the year covered by our report.

xxi) Based upon the audit procedures performed and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

B.R. Goyal
Partner
Chartered Accountants
Membership No. 12172

Place : New Delhi
Date : 22nd May 2008

Balance sheet as at 31 March, 2008

(Amount in Rs.)

	Schedule	As at 31.03.2008		As at 31.03.2007	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		50000000		50000000
Reserve and Surplus					
– Capital Reserve (on forfeiture of shares)			18750		18750
– Statutory Reserve			28000		21000
(Pursuant to section 45(1)('c)of the Reserve Bank of India Act)					
			50046750		**50039750**
APPLICATION OF FUNDS					
Investments	B		7400000		7400000
Current Assets, Loans & Advances					
Balance with Scheduled Banks					
– on Current Accounts		1736		3391	
– in Fixed Deposit Accounts		1148436		1094507	
Cash in Hand		116		991	
Loans & Advances	C	35716		34952	
		1186004		1133841	
Less: Current Liabilities & Provisions					
Audit Fee Payable		22448		11224	
Expenses Payable		14358		7658	
		36806		18882	
Net Current Assets			1149198		1114959
Miscellaneous Expenditure (To the extent not written off)					
Preliminary Expenses		0		15912	
Less: Amortised during the year		0	0	15912	0
Profit & Loss Account (Dr. Balance)			41497552		41524791
			50046750		**50039750**

As per our report of even date

For **K.N. Gutgutia & Co.**

For **and on Behalf of the Board**

B.R. Goyal
Partner
Chartered Accountants
Place : New Delhi
Dated :22nd May 2008

U.S. Bhartia
Director

Jayshree Bhartia
Director

Profit and Loss Account for the year ended 31 March, 2008

(Amount in Rs.)

	Schedule	Current year 31.03.2008	Previous year 31.03.2007
INCOME			
Interest on Fixed Deposits with Banks		67624	62598
(Tax deducted at source Rs.13990/-; Previous Year:Rs.13425/-)			
Other Income (Liability no longer required Written Back)		0	15589
		67624	**78187**
EXPENDITURE			
Bank Charges & Others		1655	482
Audit Fees		11224	11326
Legal & Professional charges		800	2400
Travelling & Conveyance Expenses		1575	1845
Rates & Taxes		500	1000
Miscellaneous Expenditure written off		0	15912
		15754	32965
Profit/(Loss) for the year before tax		51870	45222
Provision for tax		17631	15222
Profit/(Loss) for the year after tax		34239	30000
Balance brought forward		(41524791	(44046290)
Transfer to Statutory Reserve (pursuant to RBI regulations)		7000	8500
Provision for diminution in value of Investments written back		0	2500000
Profit/(Loss) carried to the Balance Sheet		(41497552)	(41524791)

As per our report of even date

For **K.N. Gutgutia & Co.**

For **and on Behalf of the Board**

B.R. Goyal
Partner
Chartered Accountants
Place : New Delhi
Dated :22nd May 2008

U.S. Bhartia
Director

Jayshree Bhartia
Director

Schedule forming part of the Balance Sheet

(Amount in Rs.)

	As at 31.03.2008	As at 31.03.2007
Schedule A SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	50000000	50000000
Issued, Subscribed and Paid up		
50,00,000 Equity shares of Rs.10/- each fully paid up (50,00,000 shares held by the holding company INDIA GLYCOLS LIMITED)	50000000	50000000
	50000000	**50000000**

	As at 31.03.2008	As at 31.03.2007
Schedule B INVESTMENTS		
Long Term Investments		
Unquoted		
468000 15% Redeemable Non-cumulative Preference Shares of Hindustan Wires Ltd. of Rs.100/- each	46800000	46800000
22000 15% Redeemable Cumulative Preference Shares of Hindustan Wires Ltd. of Rs.100/- each	2200000	2200000
	49000000	49000000
Less:Provision for Diminution in value of Investment	(41600000)	(41600000)
	7400000	**7400000**

	As at 31.03.2008	As at 31.03.2007
Schedule C LOANS AND ADVANCES		
Loans And Advances (Unsecured, considered good)		
Interest Accrued on Fixed Deposits	5360	5655
Tax deducted at source (Net of Provisons)	30356	29297
	35716	**34952**

Schedule forming part of the Accounts

Schedule D SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

   The Accounts of the company are prepared under the historical cost convention and in accordance with applicable accounting standards except where otherwise stated. For recognition of income and expenses, mercantile system of accounting is followed.

2. Amortisation of Preliminary Expenditure.

   Preliminary expenses are being amortised in equal instalments over a period of ten financial years.

3. Investments

   Long term investments are stated at cost after providing for diminution in its value, if the diminution is of the permanent nature and such provision is reviewed at each of the Balance Sheet date.

4. Dividend Income

   Dividend income,if any is accounted for as and when declared by the investee company.

5. Interest Income

   Interest income is accounted for on time proportion basis.

B. NOTES TO ACCOUNTS

1. Claims against the company not acknowledged as Debts – Nil.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for – NIL.

C. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER ANNEXURE-I.

As per our report of even date

For **K.N. Gutgutia & Co.**

For **and on Behalf of the Board**

B.R. Goyal
Partner
Chartered Accountants
Place : New Delhi
Dated :22nd May 2008

U.S. Bhartia
Director

Jayshree Bhartia
Director

Annexure - 1

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 22992

State Code 20

Balance Sheet Date 31 03 2008 (Date, Month, Year)

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities	8586	Total Assets	8586

Sources of Funds

Paid-up Capital	50000	Reserves & Surplus	47
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	NIL	Investments	7400
Net Current Assets	1149	Misc. Expenditure	NIL
Accumulated Losses	41497		

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover & Other Income	68	Total Expenditure	16
Profit/Loss Before Tax	+ 52	Profit/Loss After Tax	+ 34

(Please tick Appropriate Box + for Profit - for Loss)

Earning Per Share in Rs.	0.007	Dividend rate %	00

V. Generic Names of Two Principal Products/Services of Company(As per monetary terms)

Item Code No. (ITC Code) NA

Product Description INVESTMENT COMPANY

INDEPENDENT AUDITOR'S REPORT

To
The Members
IGL Chem International Pte Limited

We have audited the accompanying financial statements of IGLCHEM INTERNATIONAL PTE LTD, which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion,

1. the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008 and the results, changes in equity and cash flows of the Company for the financial period ended on that date; and
2. the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Plan Assure PAC
Public Accounts and
Certified Public Accountant

Place: Singapore
Date: 22nd May 2008

Balance sheet as at 31 March, 2008

Assets	Note	31.03.2008 SGD
Non-Current Assets		
Property, Plant and Equipment, Total	3	6,212
Total Non-Current Assets		6,212
Current Assets		
Trade and Other Receivables, Current		
Other Receivables, Current	4	13,650
Cash and Cash Equivalents	5	25,486
Total Current Assets		39,136
Total Assets		45,348
EQUITY AND LIABILITIES		
Equity		
Share Capital	8	100,000
Retained Earnings (Accumulated Losses)		(70,830)
Other Reserves, Total		
Total Equity		29,170
Non-Current Liabilities		
Total Non-Current Liabilities		
Current Liabilities		
Trade and Other Payables, Current		
Other Payables, Current	6	14,627
Amount owing to a director	7	1,551
Total Current Liabilities		16,178
Total Liabilities		16,178
Total Equity and Liabilities		**45,348**

The accompanying notes form an integral part of these financial statements

Income statement for the financial period ended 31 March, 2008

	Note	01.11 2007 to 31.03 2008 SGD
Revenue	9	814,608
Other Items of Income		
Other Income		21
Other Items of Expense		
Raw Materials and Consumables Used		(770,332)
Employee Benefits Expense	10	(4,033)
Depreciation and Amortisation Expense		
Depreciation Expense	3	(2,319)
Other Expenses		(108,775)
Profit (Loss) Before Tax from Continuing Operations	11	(70,830)
Income Tax Benefit (Expense)	12	
Profit (Loss) from Continuing Operations, Net of Tax		(70,830)
Profit (Loss) Net of Tax		(70,830)

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity for the financial period ended 31 March, 2008

	Note	Total Equity	Share Capital	Retained Earnings (Accumulated Losses)
		SGD	SGD	SGD
Opening Balance at 01/11/2007	8	1	1	–
Issue of shares		99,999	99,999	–
Profit (Loss) for the Period		(70,830)	–	(70,830)
Closing Balance at 31/03/2008		29,171	100,000	(70,830)

The accompanying notes form an integral part of these financial statements

Cash Flow Statement for the financial period ended 31 March, 2008

	Note	01.11 2007 to 31.03 2008 SGD
Cash Flows From Operating Activities		
Profit (Loss) before Tax		(70,830)
Total Adjustments		2,298
Depreciation of Property, Plant and Equipment	3	2,319
Interest Income		(21)
Operating Cash Flows before Changes in Working Capital		(68,532)
Total Changes in Working Capital		2,528
Other receivables		(13,650)
Other payables		14,627
Amount owing to a director		1,551
Cash Flows From (Used In) Operations		(66,004)
Interest income		21
Net Cash Flows From (Used In) Operating Activities		(65,983)
Cash Flows From Investing Activities		
Purchases of plant and equipment		(8,531)
Net **Cash Flows From (Used In) Investing Activities**		(8,531)
Cash Flows From Financing Activities		
Proceeds from issue of shares		100,000
Net Cash Flows From (Used In) Financing Activities		100,000
Net Increase (Decrease) in Cash and Cash Equivalents		25,486
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance		–
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance	5	25,486

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements for the financial period ended 31 March, 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore.

The registered address of the Company's and its principal place of business is at 101 Cecil Street, #13-03 Tong Eng building, Singapore 069533.

The principal activity of the Company is general trading of chemicals and polymers.

2. Significant accounting policies

2a. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

On 1 January 2007, the Company adopted the new or amended FRS and Interpretations to FRS "INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Company:

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 107	Financial Instruments: Disclosures

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Company's accounting policies nor any significant impact on these financial statements.

2b. Going concern

The financial statements of the Company have been prepared on a going concern basis,

2.c Plant and equipment

a) Measurement

i) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2(k)).

ii) Component of costs

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer	3 years
Furniture and fittings	5 years
Office equipment	5 years

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2.d Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2.e Cash and cash equivalents

Cash and cash equivalent consisting of bank balances, are stated at cost.

2.f Deferred income tax

Deferred taxation is determined on the basis of tax effect accounting using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet date.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

2.g Receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

2.h Other payables

Other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.i Foreign currency translation

Measurement currency

Items included in the financial statements of the Company are measured using the currency that best reflects

Notes to the Financial Statements for the financial period ended 31 March, 2008

the economic substance of the underlying events and circumstances relevant of that entity ("the measurement currency"). The financial statements of the Company are presented in Singapore Dollars, which is the measurement currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the measurement currency at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the income statement.

2.j Share capital

Ordinary shares are classified as equity.

Interim dividends are recorded during the financial year in which they are declared payable, Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

2.k Impairment of assets

The carrying amount of the Company's assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised, All reversals of impairment are recognised in the income statement.

2.l Income recognition

Revenue from sales

Revenue from sales of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

2.m Employee benefits

Defined contribution plans

The Company has a defined contribution plan, required by local regulation, which covers substantially all of its domestic employees who are Singapore citizens and Singapore permanent residents, Under the defined contribution plan, the Company made monthly contributions based on the statutory funding requirement into a Central Provident Fund.

Employee leave entitlements

Employee entitlements to the annual leave are, recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

2.n Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2:o Financial instruments

Financial assets and financial liabilities, carried on the balance sheet include cash and cash equivalents, trade and other accounts receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in the notes to the financial statements.

2.p Provisions

Provisions are recognised when the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.q Investment in financial assets

a) Classification

The Company classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at its initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categories as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets, Loans and receivables are included in trade and other receivables on balance sheet.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

b) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair

Notes to the Financial Statements for the financial period ended 31 March, 2008

value through profit or loss, which are recognised at fair value,

d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investment are carried at amortised cost using the effective interest method.

Realised and unrealized gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognized in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustment in the fair value reserve within equity are included in the income statement.

e) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuers specific circumstances.

f) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exist for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss —is removed from the fair value reserve within equity and recognized in the income statement. Impairment losses recognized in the income statement on equity investments are not reversed through the income statement, until the equity investments are disposed of.

3. Plant and equipment

	Computer $	Furniture & fittings $	Office equipment $	Total $
Cost				
As at date of incorporation, 01.11.2007	–	–	–	–
Additional	4,596	3,068	868	8,531
Balance as at 31.03.2008	4,596	3,068	868	8,531
Accumulated Depreciation				
As at date of incorporation, 01.11.2007	–	–	–	–
Depreciation	1,532	614	174	2,319
Balance as at 31.03.2008	1,532	614	174	2,319
Carrying Value				
Balance as at 31.03.2008	3,064	2,454	694	6,212

Notes to the Financial Statements for the financial period ended 31 March, 2008

4. Other receivables

	2008 $
Deposits	
Prepayments	10,350
	3,300
	13,650

Other receivables are denominated in Singapore Dollar.

5. Cash and cash equivalents

	2008 $
Bank balances	25,486
Cash and cash equivalents are denominated in the following currencies:	
Singapore Dollar	3,204
United States Dollar	22,282
	25,486

6. Other payables

	2008 $
Other payables	1,204
Accruals	13,423
	14,627

Other payables are denominated in Singapore Dollar.

7. Amount owing to a director

Amount owing to a director is non-trade in nature, unsecured, interest-free and has no fixed terms of repayment. Amount owing to a director is denominated in Singapore Dollar.

8. Share capital

	2008 $
Issued and fully paid -	
100,000 Ordinary Shares	100,000

On 1 November 2007, the Company issued 1 Ordinary share for the purpose of incorporation.
On 22 December 2007, the Company issued 49,999 Ordinary shares for the purpose of providing working capital.
On 18 February 2008, the Company issued 50,000 Ordinary shares for the purpose of providing working capital.

9. Revenue

Revenue represents invoiced value of good sold less trade discount allowed and sales returns.

Notes to the Financial Statements for the financial period ended 31 March, 2008

10. Staff costs

	01.11.2007 to 31.03.2008 $
CPF contribution	3,282
Salaries	665
Medical fees	86
	4,033

11. Loss before taxation

	01.11.2007 to 31.03.2008 $
This is arrived at after charging	
Director's remuneration	50,000
Exchange loss	1,229
Freight charges	16,205

12. Taxation

(a) Tax expense

	01.11.2007 to 31.03.2008 $
Current year income tax	–
The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% to loss before income tax as a result of the following differences:	
Loss before taxation	(70,830)
Income tax expense at statutory rate	(12,750)
Non-allowable items	573
Non-taxable items	(4)
Unabsorbed tax losses unutilised	12,181
The Company has estimated unutilised tax losses and tax timing differences from capital allowances available for offsetting against future taxable income as follows:	–
Unutilised tax losses	
Amount at the beginning of period	–
Additions in current period	67,669
Amount at the end of period	67,669
Unabsorbed capital allowances	
Amount at beginning of period	–
Additions in current period	8,531
Amount at end of period	8,531
Tax benefit arising from the estimated unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements as the realization of the benefit depends on future profitability and whether there are changes in the shareholders as required by provisions of the Income Tax Act.	

Notes to the Financial Statements for the financial period ended 31 March, 2008

13. Lease commitment

At the balance sheet date, the Company was committed to making the following payments in respect of non-cancellable operating leases with a term of more than one year:

	01.11.2007 to 31.03.2008 $
Rental of office premises	
Payable within one year	39,600
Payable more than one year but less than five years	26,400
	66,000
Rental expense for the period	16,074

14. Financial instruments - risk management

Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Company has no major exposure to interest rates risk.

Liquidity_ risk

The Company maintains sufficient bank balances to ensure adequate working capital commitments and that repayment and funding needs are met.

Surplus funds are placed with reputable banks.

Foreign currency risk

The Company does not use foreign exchange contracts in managing its foreign exchange risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the US dollars. Hence, transaction risks are subject to the fluctuation of foreign exchange rates.

Credit risk

The carrying amount of other receivables represents the Company's maximum exposure to credit risk.

Fair value of financial instrument

The carrying value of financial assets and liabilities included in current assets and current liabilities approximate their fair values due to their short-term maturity.

15. Authorisation of financial statements

The Board of Directors of IGLCHEM INTERNATIONAL PTE LTD authorise these financial statements for issue on 22 May 2008.