

29th

ANNUAL REPORT 2011 - 12

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INDO GULF INDUSTRIES LIMITED



INDO GULF INDUSTRIES LIMITED

29th ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS	Dr. Arvind Krishna Saxena Mr Vimal Kumar Jain	Mr Shyam Lal Gouniyal Mr Gorachand Dutta
AUDIT COMMITTEE	Mr Vimal Kumar Jain Mr. Shyam Lal Gouniyal	Dr. Arvind Krishna Saxena
SHARE TRANSFER COMMITTEE	Mr. Shyam Lal Gouniyal Mr Vimal Kumar Jain	Dr. Arvind Krishna Saxena
REMUNERATION COMMITTEE	Mr. Shyam Lal Gouniyal Mr Vimal Kumar Jain	Dr. Arvind Krishna Saxena Mr Gorachand Dutta
SHAREHOLDERS' GRIEVANCE COMMITTEE	Mr. Shyam Lal Gouniyal Mr Vimal Kumar Jain	Dr. Arvind Krishna Saxena
STATUTORY AUDITORS	M/s. Vipin Aggarwal & Associates Chartered Accountants E-4, IIInd Floor, Defence Colony, New Delhi – 110 024	
BANKERS	HDFC Bank E-143, Saket, New Delhi - 110 017	
FACTORIES EXPLOSIVE DIVISION	Village Koti, Sukhwa & Prithi Pura, Babina, Distt. Jhansi (U.P.)	
BABINA PLANT		
SMS DIVISION	Singrauli Plant (SMS) Near Central Workshop Jayant, Village - Garda Singrauli, Distt. Sidhi, (M.P.)	Korba Plant (SMS) Vill Goberaghora (Dipka) Korba, Distt. Bilaspur (C.G.)
	Talcher Plant (SMS) Plot No. 2, IDCO Industrial Estate Village Ghanipura, Distt. Dhenkanal, Talchar, (Orissa)	I.B. Valley, Vill Sarandamal Tehsil - Lakhapur, Distt. Sambalpur, (Orissa)
ACCESSORIES UNIT (Detonating Fuse etc.)	Village Koti, Sukhwa & Prithi Pura, Babina, Distt. Jhansi (U.P.)	
REGISTERED OFFICE	213, Rectangle-1, D-4, District Centre, Saket, New Delhi - 110 017	

CONTENTS	PAGE NO.
Notice	1
Directors' Report	3
Report on Corporate Governance	6
Management Discussion & Analysis	12
Auditors' Report	13
Balance Sheet	16
Statement of Profit and Loss	17
Cash Flow Statement	18
Significant Accounting Policies	20
Notes to Accounts	22

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Company will be held as follows:

Day : Tuesday
Date : 31st July, 2012
Time : 10.00 A.M
Place : Shri Ram Barat Ghar, 505/3 Devli, Bandh Road, New Delhi – 110062

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and statement of Profit & Loss for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Arvind Krishna Saxena who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors & to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
“Resolved that Mr. Shyam Lal Gouniyal be and is hereby appointed as a Director of the Company pursuant to Section 257 of the Companies Act, 1956.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
“Resolved that Mr. Gorachand Dutta be and is hereby appointed as a Director of the Company pursuant to Section 257 of the Companies Act, 1956.”

BY ORDER OF THE BOARD

Sd/-

Dr. Arvind Krishna Saxena
Director

Place : New Delhi
Date : 12.05.2012

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2012 to 31st July, 2012 (both days inclusive).
3. There will be no distribution of gifts/coupons at the meeting.
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the Meeting so as to enable the management to keep the information ready.
5. Members are requested to notify and change in their address including pincode and e-mail addresses to the Company.
6. Corporate members are requested to send a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the AGM.
7. The Company has allotted 1 equity share of ₹ 1 each of the Company for every 1 equity share of ₹ 10 each held in the company pursuant to Rehabilitation Scheme approved by Hon'ble BIFR vide Order dated 24th June, 2010. If any shareholder has not yet received the share certificate of the Company so allotted is requested to write to the Company for non-receipt of such share certificate.

EXPLANATORY STATEMENT**Pursuant to Section 173(2) of the Companies Act, 1956****Item No.4**

Mr. Shyam Lal Gouniyal was appointed as an additional Director (independent) of the Company with effect from 23rd September, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Gouniyal will hold office as director only upto the date of forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Mr. Gouniyal for appointment as a Director at the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance. The Board of Directors, therefore, recommends the resolution for approval of the members.

None of the directors except Mr. Shyam Lal Gouniyal is concerned or interested in the proposed resolution.

Profile of Mr. Shyam Lal Gouniyal

Date of Birth : 21.06.1959
Qualification : Bachelor of Arts
Expertise & Experience in Specific Functional Area : He has a wide experience in the field of Administration, Management etc .

Mr Shyam Lal Gouniyal is Director of Khalilabad Sugar Mills Pvt. Ltd. He is not member of any other Board Committees.

He is not holding any shares of the company as on 31.03.2012.

Item No.5

Mr. Gorachand Dutta was appointed as an additional Director (independent) of the Company with effect from 23rd September, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Dutta will hold office as director only upto the date of forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Mr. Dutta for appointment as a Director at the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance. The Board of Directors, therefore, recommends the resolution for approval of the members.

None of the directors except Mr. Gorachand Dutta is concerned or interested in the proposed resolution.

Profile of Mr. Gorachand Dutta

Date of Birth : 20.06.1955
Qualification : B.Sc. (Engg.- Mechanical)
Expertise & Experience in Specific Functional Area : He has a vast knowledge and experience in engineering & business operation.

Mr Gorachand Dutta is not holding Directorship in any other Company nor membership in any other Board Committee.

He is not holding any shares of the company as on 31.03.2012.

**PROFILES OF DIRECTOR SEEKING RE-APPOINTMENT PURSUANT TO
CLAUSE 49 OF THE LISTING AGREEMENT****Dr. Arvind Krishna Saxena (Item No. 2)**

Date of Birth : 26.08.1951
Qualification : M.Sc., Ph.D. (Botany)
Expertise and Experience in Specific Functional Area : He has specialization in Industrial Mycology, Bio-composting, Mushroom Production and Processing from Horst, Holland. He has wide experience of 37 years. He held previously prestigious position in various organizations and was also associated with Scientific and research activities.

Dr. Arvind Krishna Saxena is whole time Director in Balrampur Chini Mills Ltd. He is not member of any other Board Committees.

He is not holding any shares of the company as on 31.03.2012.

DIRECTORS' REPORT

Dear Members,

Your Directors are presenting the Twenty-Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

(₹ in thousands)

Particulars	Year ended 31st March, 2012	18 months period ended 31st March, 2011
Net Sales	—	—
Other Income	93.16	47845.71
Loss before Depreciation, Interest and Taxation	(2282.86)	(6340.50)
Less: Interest	3902.58	2558.88
Less: Depreciation	1324.63	10294.40
Loss before Tax	(7510.07)	(19193.78)
Less: Tax Expense	—	—
Loss for the year	(7510.07)	(19193.78)

PERFORMANCE

- As reported in last year's report, Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 24.06.2010 had sanctioned the rehabilitation scheme of the company including the Scheme of Arrangement w.e.f. 1st October, 2008.
- BIFR has granted certain relief and concession from various parties such as central and state Government and other agencies for the revival of the explosive division of the Company.
- None of the Unit of the Company is in operation during the year.

FUTURE OUTLOOK & PROSPECTS

The Company is continuing to make all efforts to restart the explosive units. Further the holding company has provided the necessary funds for the operation.

DIVIDEND

In view of Losses suffered by the Company, the Directors regret for their inability to recommend dividend for the year under review.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits within the purview of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. Anup Kumar Acharya and Mr. Gauri Shankar Agarwala ceased as director of the Company with effect from 13th September, 2011 & 23rd September, 2011 respectively. The Board places on record its high appreciation for the valuable services rendered by Mr. Acharya and Mr. Agarwala during their tenure as director of the Company.

Mr. Shyam Lal Gouniyal was appointed as additional director with effect from 23rd September, 2011. He will hold office up to the date of the ensuing Annual General Meeting. The Company received a notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Shyam Lal Gouniyal as a director of the Company.

Mr. Gorachand Dutta was appointed as additional director with effect from 23rd September, 2011. He will hold office up to the date of the ensuing Annual General Meeting. The Company received a notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Gorachand Dutta as a director of the Company.

Dr. Arvind Krishna Saxena, director of the company, retire from the Board by rotation at this Annual General Meeting and being eligible for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your directors hereby confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed;
- (ii) that the directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the Loss of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care 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) that the directors have prepared the accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

AUDITORS' REPORT

The observations of Auditors in their report read with the relevant notes to accounts are self explanatory and do not require further explanation.

AUDITORS

M/s Vipin Aggarwal & Associates, Chartered Accountants, Statutory Auditors of the Company retire and being eligible, offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with section 224 of the Companies Act, 1956.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, Managements Discussion and Analysis, a report on Corporate Governance together with the Certificate from Practicing Company Secretary's on the compliance of conditions of the Corporate Governance forms part of the Annual Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the requirement of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the statement showing particulars with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto and form a part of this report.

PARTICULARS OF EMPLOYEES

During the year under review there were no employees who were drawing remuneration as prescribed in section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 either for full year or for a part of the year under review.

ACKNOWLEDGEMENTS

Your directors wish to place on record their appreciation for co-operation and support extended by the Bankers.

By order of the Board
For **INDO GULF INDUSTRIES LIMITED**

Place : New Delhi
Date : 12.05.2012

Sd/-
Dr. Arvind Krishna Saxena
Director

Sd/-
Shyam Lal Gouniyal
Director

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS] RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

A. CONSERVATION OF ENERGY(FORM A)

Not Applicable to Explosive Industry.

B. RESEARCH AND DEVELOPMENT TECHNOLOGY ABSORPTION

1. Specific areas in which R&D carried out by the Company:
Company is making efforts to restart its Explosive Units which are closed since December, 2000 as a result no R&D could be carried out by the Company during the year.
2. Benefits derived as a result of the above R&D: Not applicable.
3. Future Plan of action:
The Company is making efforts to restart its explosive units and is further studying the development of new formulations to meet the demand pattern of industry.
4. Company is making efforts to get the machine with latest technology installed in the factory.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Particulars	2011-12	2009-11
i) Activities relating to exports initiative taken to increase exports	NIL	NIL
ii) Development of new export market for product and services and export plan	NIL	NIL
iii) Total foreign exchange earnings (Rs. lacs)	NIL	NIL
iv) Used (Rs. Lacs)	NIL	NIL

By order of the Board
For **INDO GULF INDUSTRIES LIMITED**

Place : New Delhi
Date : 12.05.2012

Sd/-
Dr. Arvind Krishna Saxena
Director

Sd/-
Shyam Lal Gouniyal
Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The company firmly believes that Corporate Governance is a continuous process to attain high standards of efficiency, transparency, integrity and ethical behavior with a view to maximize benefits from the business for all constituents with due regards to and compliance with laws.

BOARD OF DIRECTORS

The composition of Board of Directors as on 31st March, 2012 is as follows:

- 1 Non-executive Directors.
Dr. Arvind Krishna Saxena
- 2 Independent Non-executive Directors.
 - (i) Mr. Vimal Kumar Jain
 - (ii) Mr. Shyam Lal Gouniyal
 - (iii) Mr. Gorachand Dutta

The composition of the Board of Directors, number of other Board of Directors or Board Committees of which he is a Member and the attendance of each Director at the Board Meeting and the last Annual General Meeting (AGM) are as under:-

Sl. No.	Name of Director	Number of other Directorship* (Public Ltd. Company)	Number of membership/ Chairmanship of other Board Committee**	Number of Board Meetings attended	Attendance at Last AGM
1	Dr. Arvind Krishna Saxena	1	Nil	5	Yes
2	Mr. Vimal Kumar Jain	NIL	Nil	5	Yes
3	Mr. Gauri Shankar Agarwala (Ceased as director on 23.09.2011)	1	Nil	3	Yes
4	Mr. Anup Kumar Acharya (Ceased as director on 13.09.2011)	NIL	Nil	2	Yes
5	Mr. Shyam Lal Gouniyal (appointed on 23.09.2011)	NIL	Nil	3	No
6	Mr. Gorachand Dutta (appointed on 23.09.2011)	NIL	Nil	Nil	No

(*) - Excludes membership of the Managing Committee of various chambers/bodies and directorship in Private Limited Companies/ Companies under section 25 of the Companies Act/ foreign companies.

(**) - For reckoning the limit, the membership/ chairmanship of the Audit Committee and Shareholders' Grievance Committee of the Indian Public Limited Companies have been considered.

During the financial year ended 31st March, 2012, five Board Meetings were held on 09/05/2011, 19/07/2011, 23/09/2011, 08/11/2011, 30/01/2012

COMMITTEES:

Audit Committee

The Audit Committee constituted by the Board of Directors consists of the following Directors as members:

1. Mr. Vimal Kumar Jain : Chairman, Independent, Non-executive
2. Dr Arvind Krishna Saxena : Member, Non-executive
3. Mr. Shyam Lal Gouniyal : Member, Independent, Non-executive

All these Directors possess knowledge of corporate finance, accounts and Company Law. The Chairman of the Committee is an Independent Non-executive Director nominated by the Board.

The Audit Committee have following powers:

- 1 To investigate into any matter in relation to the items specified in Sections 292A of the Companies Act, 1956 or referred to it by the Board and shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- 2 To investigate any activity within its terms of reference.
- 3 To seek information from any employee.
- 4 To obtain outside legal or other professional advice.
- 5 To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role of the Audit Committee includes following:

- 1 Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2 Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4 Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- 5 Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 6 Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 7 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8 Discussion with internal auditors of any significant findings and follow up thereon.
- 9 Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10 Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 11 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- 12 Reviewing Company's financial and risk management policies,
- 13 Carrying out such other function as may be from time to time specifically referred by the Board of Directors.

The Audit Committee also reviews the following information:

- 1 The Management discussion and analysis of financial condition and results of operations.
- 2 Statement of significant related party transactions, submitted by management.
- 3 Management letters / letters of internal control weaknesses issued by the statutory auditors.
- 4 Internal audit reports relating to internal control weaknesses.
- 5 The appointment, removal and terms of remuneration of the Chief internal auditor.
- 6 Review of uses/ application of funds raised through public issue, right issue, preferential issue, etc.

Meetings and attendance

During the financial year ended 31st March, 2012, four Audit Committee meetings were held and attended by the members as under:

Name of Directors	No. of Meetings attended
Mr. Vimal Kumar Jain	4
Dr Arvind Krishna Saxena	4
Mr. Shyam Lal Gouniyal	2
Mr. Anup Kumar Acharya	2

Mr Vimal Kumar Jain, Chairman attended the AGM held on 19th July, 2011 and replied to the queries related to accounts to the satisfaction of the shareholders.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Executive Directors and Managers of the Company.

The remuneration Committee comprises of 4 Directors, out of them 3 are non-executive, independent Directors. The members of the Committee are:-

1. Mr. Shyam Lal Gouniyal : Chairman
2. Dr Arvind Krishna Saxena : Member
3. Mr. Gorachand Dutta : Member
4. Mr. Vimal Kumar Jain : Member

During the financial year ended 31st March, 2012, no Remuneration Committee meeting was held.

All the Directors of the Company are liable to retire by rotation and are only paid sitting fees for attending the Board Meeting.

The details of payment to Non-Executive Directors during the current year are as under:

Non –Executive Directors	Sitting Fees (₹)
Dr. Arvind Krishna Saxena	5000
Mr. Vimal Kumar Jain	5000
Mr. Shyam Lal Gouniyal	3000
Mr. Anup Kumar Acharya	2000
Mr. Gauri Shankar Agarwala	3000
Mr. Gorachand Dutta	—

SHAREHOLDERS' COMMITTEE

i) Share Transfer Committee

A Share Transfer Committee was constituted to deal with various matters relating to share transfer / transmission, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

The members of Share Transfer Committee are as below:

1. Mr. Shyam Lal Gouniyal
2. Dr Arvind Krishna Saxena
3. Mr. Vimal Kumar Jain

During the financial year ended 31st March, 2012, twelve Share Transfer Committee meetings were held.

ii) Shareholder / Investors' Grievance Committee

The Company constituted the Shareholder / Investor Grievance Committee to oversee the redressal of shareholders and investor grievances in relation to transfer of shares, non-receipt of Annual Report, non- receipt of dividend etc. The constitution of the Committee is as follows :-

1. Mr. Shyam Lal Gouniyal : Chairman
2. Dr Arvind Krishna Saxena : Member
3. Mr. Vimal Kumar Jain : Member
4. Mr. Gorachand Dutta : Member

During the financial year ended 31st March, 2012 one Shareholder/ Investors' Grievance Committee meeting was held.

The Company attends the shareholders'/investors' grievances/correspondence expeditiously. During the year under review, 31 investor complaints were received and all of them have been resolved. No shares were pending for transfer as on 31st March, 2012.

Compliance Officer

Mr. Sanjay Kumar Agarwal is the Compliance Officer of the Company.

General Body Meeting

The last three Annual General Meetings were held as given below:-

Financial year	Date	Location of the Meeting	Time	Special resolution passed.
2007-08	22.01.2009	The Little Theatre Group, Copernicus Marg, New Delhi 110001	10.00 A.M	Nil
2008-09	27.01.2010	The Little Theatre Group, Copernicus Marg, New Delhi 110001	10.00 A.M	Nil
2009-11	19.07.2011	Shri Ram Barat Ghar, 505/3 Devli, Bandh Road, New Delhi-110062	10.00 A.M	Nil

No special resolution was put through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM.

Disclosures

- (i) The company does not have any related party transactions which may have potential conflict with the interests of the company at large. However, disclosure of transaction with related Parties is set out in the notes to Accounts forming part of the Annual report.
- (ii) The Company has followed the guidelines of Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India under section 211(3C) of the Companies Act, 1956 in preparation of its financial statements.
- (iii) The Company has laid down Risk Assessment and Minimization procedures and the same is periodically reviewed by the Board. Further, the company has adequate internal control systems to identify the risk at appropriate time.
- (iv) The Company has fulfilled all statutory compliances and no penalties/strictures were imposed against it during last three years.

Means of communication

The Company published its Quarterly, Half Yearly Un-audited Financial Results and Audited Financial Results in the prescribed form in English and Hindi Newspapers. The results were also sent to Stock Exchanges where the securities of the Company are listed. During the last year the results were published in the Pioneer and Haribhoomi newspapers.

The Management's discussion and analysis forms a part of the Annual Report, which is posted to the shareholders of the Company. Disclosure with regard to shareholding pattern, Corporate Governance Compliance Report etc. are also sent to the Stock Exchanges as required under various regulations.

General Shareholders' Information**Annual General Meeting.**

Date and Time	: 31st July 2012 at 10.00 A.M
Venue	: Shri Ram Barat Ghar, 505/3, Devli, Bandh Road, New Delhi – 110062

Financial year calendar for 2012-2013 (Tentative)

Results for the quarter ending 30th June, 2012	: Last week of July, 2012
Results for the quarter ending 30th September, 2012	: Last week of October, 2012.
Results for the quarter ending 31st December, 2012	: Last week of January, 2013
Results for the quarter ending 31st March, 2013	: Third week of May, 2013

Book closure date

24th July, 2012 to 31st July, 2012(both days inclusive).

Dividend

Considering the Losses, the Board of Directors have not recommended any dividend for the year.

Listing of Equity shares on Stock Exchanges at :

- (i) Bombay Stock Exchange Ltd. (BSE) - Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.
- (ii) Ahmedabad Stock Exchange Limited (ASE) - Kamdhenu Complex, opposite, Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad-380015. Pursuant to the BIFR order dated 24.06.2010, Company had requested ASE to delist the shares. The Matter is pending with ASE.

Listing Fee

Listing fee for the year 2011-12 has been paid to the BSE.

Stock Code

BSE Code for Indo Gulf Industries Ltd. - 506945
ASE Code for Indo Gulf Industries Ltd. - 26110

Trading of Shares

Presently, the trading of the shares of the Company is suspended in both the Stock Exchanges.

Share Transfer System:

Shares lodged for transfer are normally effected within a maximum period of 30 days from the date of receipt. Shares for transfer should be lodged at the Registered Office of the Company i.e. 213, Rectangle-1, D-4, District Centre Saket New Delhi-110017. The Company provides investor services in-house.

Distribution of shareholding as on 31st March, 2012 (face value of ₹ 1 each).

Shareholding range	No. of Shares	% of Shareholding	No. of Shareholders	% of shareholders
Upto 5,000	2781049	29.07	18017	99.75
5,001-10,000	138234	1.44	19	0.11
10,001-20,000	149398	1.57	9	0.05
20,001-30,000	0	0.00	0	0.00
30,001-40,000	38700	0.40	1	0.01
40,001-50,000	98050	1.02	2	0.01
50,001-100,000	618550	6.47	8	0.04
100,001 and above	5743289	60.03	6	0.03
Total	9567270	100.00	18062	100.00

Pattern of shareholding as on 31st March, 2012 (face value of ₹ 1 each).

	No. of Shares	% of Holding
Promoters Group	5162470	53.96
Financial Institution, Insurance Companies, Banks and Mutual Funds etc	114748	1.20
Foreign Institutional Investors	1298	0.01
Private Corporate Bodies	947336	9.90
NRIs	97208	1.02
Indian Public	3244210	33.91
Total	9567270	100.00

Dematerialisation of shares

The company has not received the ISIN number and the shares of the company are not in dematerialized form.

Plant location
Explosive Division

- Unit 1: Babina, Jhansi (U.P)
- Unit 2: Singrauli, (M.P)
- Unit 3: Korba, (Chattisgarh)
- Unit 4: I.B Valley, (Orissa)
- Unit 5: Talchar, (Orissa)

Investor correspondence

Indo Gulf Industries Ltd.,
213, Rectangle-1, D-4 District Centre,
Saket, New Delhi-110017

Non Mandatory Requirement

The Company has set up a Remuneration Committee on 20th December, 2006. The Remuneration Committee makes/ recommends to the Board of Directors regarding remuneration payable to the Managerial Personnel.

Code of Conduct

The company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel.

Declaration on the Code of Conduct

Pursuant to clause 49 of the listing Agreement with stock exchanges, I, Sanjay Kumar Agarwal, Chief Executive Officer, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the Year ended 31st March, 2012

Date : 12th May, 2012
Place : New Delhi

Sd/-
Sanjay Kumar Agarwal
Chief Executive Officer

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To,
The Members
INDO GULF INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Indo Gulf Industries Limited for the year ended March 31, 2012 as per clause 49 of the listing Agreement entered into by the company with the Stock Exchanges in India.

Management is primarily responsible for the compliance of the provisions of Corporate Governance and our examination was limited to check and review the procedures and implementation thereof, adopted by the company. It is neither an audit nor an expression of opinion on the financial statements of the company.

Based on our examination and verification of records produced before us and to the best of our information and explanations given to us, we certify that the company has complied with all the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We hereby state that in respect of investor grievances received during the year ended March 31, 2012 no investor grievance was pending against the company as per records maintained by the company and which were presented to the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance for the future viability of the Company nor for the efficiency and effectiveness about conduct of the affairs of the company by the Management.

For **ANJALI YADAV & ASSOCIATES**
Company Secretaries

Sd/-
(ANJALI YADAV)
Prop.
C.P. No. : 7257

Place : New Delhi
Dated : 12th May, 2012

CEO/CFO CERTIFICATION

The Board of Directors,
Indo Gulf Industries Limited,
New Delhi.

**Re: FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2011-12
CERTIFICATION BY DIRECTOR AND CHIEF EXECUTIVE OFFICER**

We, Shyam Lal Gouniyal, Director and Sanjay Kumar Agarwal, Chief Executive Officer of Indo Gulf Industries Limited, on the basis of the review of the financial statements and the cash flow statement for the year ended 31st March, 2012 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee:-
 - (a) there have been no significant changes in internal control over financial reporting during this period.
 - (b) there have been no significant changes in accounting policies during this period.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place : New Delhi
Dated : 12th May, 2012

Sd/-
SHYAM LAL GOUNIYAL
Director

Sd/-
SANJAY KUMAR AGARWAL
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS**Industry Structure and Development**

Explosive Industry operates under strict Indian Explosive Act. Mining and Explosive are interlinked. The Explosive industry basically covers Coal mining, Power generation, Foundation, Excavation, irrigations for Canals, Limestone Mining, Iron-ore Mining, Seismic Blasting, Road (Tunnels), Railways (Tunnels), Hydel Project, General Excavation. Hydel Projects need regular and large quantities of Explosives.

Opportunities & Threats

The company is making all efforts to restart the explosive units and to develop the formulation to meet the demand of the industry. For revival of the Company, it is necessary that relief and concession as per the Rehabilitation Scheme approved by Hon'ble BIFR should be given to the Company by the Central, State Government and other Agencies.

Risks and concerns

- Increasing competition in the commercial explosive.
- Jhansi Unit has been attached by the Sales Tax Authorities. The Hon'ble Board for Industrial and Financial Reconstruction has also directed the Sales Tax Department to consider the release of attachment of units. Company is making efforts to get the attachment released.

Outlook

The Company is continuing to make all efforts to restart the explosive Units. Jhansi Unit has been attached by the Sales Tax Authorities. The Hon'ble Board for Industrial and Financial Reconstruction has also directed the Sales Tax Department to consider the release of attachment of units. Company is making efforts to get the attachment released. Further the holding company has provided loan for the operation.

Internal Control system

Effective internal control system are being placed commensurate with its nature of business and the size of operations to ensure that all assets are safeguarded and properly protected against unauthorised use and are correctly recorded. The Audit Committee interacts with the Statutory Auditors about the adequacy of internal control systems and seeks suggestions.

Financial Performance

During the year 2011-12, there is no change in the share capital of the Company.

The Company incurred a net loss of ₹ 7510.07 thousands during the year ended 31st March, 2012. The other income amounted to ₹ 93.16 thousands during the year ended 31st March, 2012 as compared to ₹ 47845.71 thousands during the 18 months period ended 31st March, 2011.

Human Resource

The company shall take steps for recruiting the employees after start of the Explosive Units.

Cautionary statement

Details given herein above relating to various activities and future plans may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual performance may differ materially from those either expressed or implied.

AUDITORS' REPORT

To
The Members of
INDO GULF INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of INDO GULF INDUSTRIES LIMITED as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

A scheme of Arrangement between the company and Balrampur Chini Mills Limited (BCML) was sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) on 24th June 2010. The appointed date of the aforesaid scheme was 1st October, 2008. The Financial Statements have been prepared after giving effect to the aforesaid scheme (Refer to Note No. 2.18(11)).

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 free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies, (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, 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 in the Annexure referred to in paragraph 3 above; we report that: -
 - I. 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;
 - II. 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;
 - III. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV. in our opinion, the Balance Sheet, Statement of Profit and Loss 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;
 - V. On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - VI. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, subject to matters stated in paragraphs herein below:
 - i. Your attention is drawn on Note No. 2.18 (3b) of the Financial Statement regarding erosion of net-worth of the Company. As of date accumulated losses of ₹ 634.21 lacs of the Company has exceeded the shareholders' fund of ₹ 95.67 lacs subject to amounts presently un-ascertainable as mentioned in under noted para (ii). In view of the factors as mentioned in note no. 2.18 (3b), the accounts have been made on the presumption of going concern.
 - ii Regarding non-provision of interest on Deferred Sales Tax Liability under the head Unsecured Loans, amount being unascertained. {Note No 2.18 (12b)}
 - VII In our opinion and to the best of our information and according to the explanations given to us the said accounts 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, 2012;
- (ii) in the case of Statement of Profit and Loss, of the loss for the year ended 31st March, 2012; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **VIPIN AGGARWAL & ASSOCIATES**

Chartered Accountants

FRN NO. 014454N

Sd/-

(VIPIN AGGARWAL)

Partner

Membership No. : 016544

Place : New Delhi
Date : 12 May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH [3] OF OUR REPORT OF EVEN DATE

- (i) (a) We have been informed that, the Company is under process of preparing the records of fixed assets.
- (b) According to explanation given to us, fixed assets acquired during the period have been physically verified by the management. However, in respect of the fixed assets of the explosive units, could not be physically verified due to seizure of the plants.
- (c) There was no major disposal of fixed assets during the year.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physically verifying the inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans secured or unsecured to/from Companies, firm or other parties listed in the register maintained under section 301 and/or to the Companies Act, 1956.
- (iv) On the basis of information and explanations given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
- (v) 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 are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act. Accordingly, clause 4(v) of the Order is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) There are no such undisputed statutory dues during the year. However, due to non availability of records on account of seizure of explosive units, we are unable to comment whether in respect of earlier years any undisputed statutory dues were outstanding at the year end.
- (x) The accumulated losses are ₹ 634.21 lacs (without including unascertained amounts as mentioned in para VI (ii) of our report) against the shareholders' fund of ₹ 95.67 lacs, which exceeds its net worth.

Further, it has incurred cash losses of ₹ 62.26 lacs during the year under consideration and ₹ 162.54 lacs in the immediately preceding financial year without considering the effect as mentioned above.

- (xi) According to the information and explanations given to us, Paragraph 4(xi) of the order regarding default in payment of dues to a financial institution or bank or debenture-holders, is not applicable.

- (xii) According to the information and explanations 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 provisions of any special statute as specified under clause (xiii) of the order are not applicable to the company.
- (xiv) The Company does not deal or trade in shares, securities, and debentures other than the investments made by it.
- (xv) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and Nidhi / mutual benefit fund/societies.
- (xvi) During the year, since the Company has not given any guarantee for loans taken by others, paragraph 4 (xv) of the order is not applicable.
- (xvii) According to the information and explanations given to us, and based on the documents and records produced to us, the company has applied the term loans for the purpose for which the loans were obtained.
- (xviii) According to the information and explanations given to us, and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company and vice-versa.
- (xix) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xx) During the year, since the company has not issued any debentures, paragraph 4 (xix) of the order is not applicable.
- (xxi) The Company has not raised any money through a public issue during the year. Hence paragraph 4 (xx) of the order is not applicable.
- (xxii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **VIPIN AGGARWAL & ASSOCIATES**

Chartered Accountants

FRN NO. 014454N

Sd/-

(VIPIN AGGARWAL)

Partner

Membership No. : 016544

Place : New Delhi
Date : 12 May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

				(₹)
	Particulars	Note No.	As At 31st March, 2012	As At 31st March, 2011
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' funds			
a)	Share capital	2.1	9,567,270.00	9,567,270.00
b)	Reserves and surplus	2.2	<u>(63,420,606.35)</u>	<u>(53,853,336.35)</u>
				(55,910,533.86)
(2)	Non - current liabilities			
	Long-term borrowings	2.3	30,838,240.63	30,838,240.63
(3)	Current Liabilities			
(a)	Short - term borrowings	2.4	36,000,000.00	35,643,071.99
(b)	Trade Payables	2.5	1,712,503.28	1,712,503.57
(c)	Other current liabilities	2.6	4,283,585.06	4,650,704.62
(d)	Short - term provisions	2.7	<u>4,345,144.35</u>	<u>4,345,144.35</u>
			46,341,232.69	46,351,424.53
	TOTAL		<u><u>23,326,136.97</u></u>	<u><u>30,846,401.30</u></u>
II.	ASSETS			
(1)	Non - current assets			
(a)	Fixed assets	2.8		
	Tangible assets		21,555,661.07	22,880,290.07
(b)	Long - term loans and advances	2.9	3,500.00	—
(c)	Other non - current assets	2.10	—	—
			<u>21,559,161.07</u>	<u>122,892.00</u>
				23,003,182.07
(2)	Current Assets			
(a)	Cash and bank balances	2.11	1,732,692.90	322,138.34
(b)	Short - term loans and advances	2.12	—	40,603.89
(c)	Other current assets	2.13	<u>34,283.00</u>	<u>7,480,477.00</u>
			<u>1,766,975.90</u>	<u>7,843,219.23</u>
	TOTAL		<u><u>23,326,136.97</u></u>	<u><u>30,846,401.30</u></u>
	Significant accounting policies	1		
	Notes to accounts	2		
	The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.
FOR VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Firm's Registration Number - 014454N

Sd/-
**(CA. Vipin Aggarwal
Membership No. 016544)**
Partner

E-4 Defence Colony, New Delhi-110024.

New Delhi, 12th May, 2012

For and on behalf of the Board of Directors
Sd/-
**Shyam Lal Gouniyal
Director**
Sd/-
**Dr. A. K. Saxena
Director**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹)				
	Particulars	Note No.	Year ended 31st March, 2012	18 Months ended 31st March, 2011
I.	Other income	2.14	93,162.85	47,845,712.95
II.	Total revenue		93,162.85	47,845,712.95
III.	Expenses:			
	Employee benefits expense	2.15	—	2,484,178.00
	Finance costs	2.16	3,902,580.00	2,558,879.38
	Depreciation expense	2.8	1,324,629.00	10,294,398.90
	Other expenses	2.17	2,376,026.34	51,702,040.94
	Total expenses		7,603,235.34	67,039,497.22
IV.	Loss before exceptional and extraordinary items and tax (II - III)		7,510,072.49	19,193,784.27
V.	Exceptional item		—	—
VI.	Loss before extraordinary items and tax (IV - V)		7,510,072.49	19,193,784.27
VII.	Extraordinary items		—	—
VIII.	Loss before tax (VI - VII)		7,510,072.49	19,193,784.27
IX.	Tax expense		—	—
X.	Loss for the year (VIII - IX)		7,510,072.49	19,193,784.27
XI.	Earnings per share (Nominal value per share ₹ 1/-) [Refer Note No. 2.18(7)]			
	— Basic (₹)		(0.78)	(2.01)
	— Diluted (₹)		(0.78)	(2.01)
	Number of shares used in computing Earnings per share			
	— Basic		9,567,270	9,567,270
	— Diluted		9,567,270	9,567,270
	Significant accounting policies	1		
	Notes to accounts	2		
	The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.
FOR VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Firm's Registration Number - 014454N

Sd/-
**(CA. Vipin Aggarwal
Membership No. 016544)**
Partner

E-4 Defence Colony, New Delhi-110024.

New Delhi, 12th May, 2012

For and on behalf of the Board of Directors
Sd/-
**Shyam Lal Gouniyal
Director**
Sd/-
**Dr. A. K. Saxena
Director**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		(₹)	
Particulars	Year ended 31st March, 2012	18 Months ended 31st March, 2011	
A CASH FLOW FROM OPERATING ACTIVITIES			
Loss before exceptional and extraordinary items and tax	(7,510,072.49)	(19,193,784.27)	
<i>Adjustments to reconcile Loss before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :</i>			
Depreciation expense	1,324,629.00	10,294,398.90	
Finance costs	3,902,130.00	2,558,879.38	
Interest income	(12,194.00)	(22,892.00)	
Sundry debit balances/advances written off	39,814.64	—	
Unspent liabilities /balances written back	(80,758.85)	(393,591.53)	
Provision for employee benefits	—	(6,813,903.93)	
Provision for diminution in value of investments written back	—	(146,775.00)	
	5,173,620.79	5,476,115.82	
Operating Loss before Working Capital changes	(2,336,451.70)	(13,717,668.45)	
<i>Adjustments to reconcile Operating Loss to Cash Flow provided by Changes in Working Capital :</i>			
Trade payable and other current liabilities	(286,361.00)	107,447,628.81	
Inventories	—	(200,475,248.87)	
Receivables and other current assets	7,464,018.25	(24,203,887.96)	
	7,177,657.25	(117,231,508.02)	
Cash generated from Operations	4,841,205.55	(130,949,176.47)	
Tax Expense			
Direct taxes (paid)/refund received	14,551.00	(16,027.00)	
Cash Flow before Exceptional and Extraordinary Items	4,855,756.55	(130,965,203.47)	
Exceptional item	—	—	
Cash Flow before Extraordinary Items	4,855,756.55	(130,965,203.47)	
Extraordinary items	—	—	
Net Cash Generated / (Used) - Operating Activities	4,855,756.55	(130,965,203.47)	
B CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets	—	(14,149.73)	
Net Cash Generated / (Used) - Investing Activities			
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of equity share capital	—	749,674.70	
Proceeds of loan from holding company	8,087,495.00	12,912,505.00	
Repayment of loan to holding company	(7,500,000.00)	—	
Proceeds /(Repayment) other borrowings (Net)	—	111,569,447.41	
Interest paid to holding company	(4,132,696.99)	(2,327,762.39)	
Interest paid to others	—	(550.00)	
Net Cash Generated / (Used) - Financing Activities	(3,545,201.99)	122,903,314.72	
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,310,554.56	(8,076,038.48)	
Opening Cash and Cash Equivalents	322,138.34	13,643,855.20	
Cash and Bank balance transferred to Demerged Undertaking	—	5,245,678.38	
Closing Cash and Cash Equivalents	1,632,692.90	322,138.34	

Notes :

- 1) The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Accounting Standards - 3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.
- 2) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
- 3) Cash and cash equivalents at the end of the year consists of:

	As At 31st March, 2012	As At 31st March, 2011
a) Cash in hand	9,478.84	20,158.59
b) Balance with banks on current accounts	1,623,214.06	301,979.75
	<u>1,632,692.90</u>	<u>322,138.34</u>

- 4) Figure in bracket represent cash outflow from respective activities.
- 5) Repayment / Proceeds from other borrowings have been shown on net basis.
- 6) Previous period figures have been regrouped / rearranged where ever found necessary to make them comparable with those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

FOR VIPIN AGGARWAL & ASSOCIATES

Chartered Accountants

Firm's Registration Number - 014454N

Sd/-

**(CA. Vipin Aggarwal
Membership No. 016544)**

Partner

E-4 Defence Colony, New Delhi-110024.

New Delhi, 12th May, 2012

For and on behalf of the Board of Directors

Sd/-

Shyam Lal Gouniyal
Director

Sd/-

Dr. A. K. Saxena
Director

NOTE NO. 1**SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

The accounts are prepared under the historical cost convention and are in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are stated below:

1.2 Fixed Assets

- a) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, financial costs and other related expenses up to the date of commissioning of the assets.
- b) The company is following the straight line method of depreciation in respect of all assets at the rates specified in Schedule XIV to the Companies Act, 1956 (as amended). Depreciation is not provided on assets sold, discarded etc. in the year of sale .
- c) Expenditure during construction period :
Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital-work-in-progress".
- d) Lease hold land value is not amortized in view of the long term nature of the lease.

1.3 Revenue Recognition

- a) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- b) All other income are accounted for on accrual basis.

1.4 Expenses

All the expenses are accounted for on accrual basis.

1.5 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.6 Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

1.7 Impairment of Assets

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of 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.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in previous years.

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

1.8 Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Re-imburement expected in respect of expenditure to settle a provision is recognized only when it is virtually certain that the re-imburement will be received.

A Contingent Asset is not recognized in the Accounts.

1.9 Earnings Per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

1.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2 - NOTES TO ACCOUNTS
NOTE NO : 2.1

(₹)

SHARE CAPITAL				
Particulars	As At 31st March, 2012		As At 31st March, 2011	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised				
Equity shares of par value ₹ 1/- each	197,500,000	197,500,000.00	197,500,000	197,500,000.00
10% Convertible Cumulative Preference Shares of par value ₹ 100/- each	25,000	2,500,000.00	25,000	2,500,000.00
		<u>200,000,000.00</u>		<u>200,000,000.00</u>
(b) Issued, subscribed and fully paid up				
Equity shares of par value ₹ 1/- each	9,567,270	9,567,270.00	9,567,270	9,567,270.00
		<u>9,567,270.00</u>		<u>9,567,270.00</u>
(c) Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the reporting period:				
Particulars	As At 31st March, 2012		As At 31st March, 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Outstanding at the beginning of the reporting period	9,567,270	9,567,270.00	9,567,270	95,672,700.00
Less: Reduction due to Capital restructuring [Refer Note No. 2.18(11)]	—	—	—	86,105,430.00
Outstanding at the end of the reporting period	<u>9,567,270</u>	<u>9,567,270.00</u>	9,567,270	9,567,270.00
(d) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders of the Company.				
(e) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.				
(f) 51,62,470 Equity shares of par value ₹ 1/- each are held by Balrampur Chini Mills Limited, the Holding Company.				
(g) Shareholders holding more than 5 % of the equity shares in the Company :				
Name of Shareholder	As At 31st March, 2012		As At 31st March, 2011	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Balrampur Chini Mills Limited	5,162,470	53.96%	5,162,470	53.96%
(h) The company has not issued equity shares without payment being received in cash in 5 years immediately preceding the balance sheet date.				
(i) The company has neither issued bonus shares nor has bought back equity shares in 5 years immediately preceding the balance sheet date.				

Notes to accounts (contd.)

NOTE NO : 2.2

(₹)

RESERVES & SURPLUS			
Particulars	As At		As At
		31st March, 2012	31st March, 2011
a) Capital reserves			
Balance as per last account	—	13,599,830.00	
Less: Reduction due to Capital restructuring [Refer Note No. 2.18(11)]	—	—	—
		<u>13,599,830.00</u>	
(b) Debenture redemption reserve			
Balance as per last account	—	100,000.00	
Less: Written back	—	—	—
		<u>100,000.00</u>	
(c) Securities premium account			
Balance as per last account	—	378,044,080.00	
Less: Calls In Arrears	—	(39,450,474.00)	
		<u>338,593,606.00</u>	
Less: Reduction due to Capital restructuring [Refer Note No. 2.18(11)]	—	—	—
		<u>338,593,606.00</u>	
(d) Revaluation reserve			
Balance as per last account	—	—	
Add: Appreciation on revalued assets	—	290,094,000.00	
		<u>290,094,000.00</u>	
Less: Reduction due to Capital restructuring [Refer Note No. 2.18(11)]	—	—	—
		<u>290,094,000.00</u>	
(e) Surplus in the Statement of Profit and Loss			
Balance as per last account	(55,910,533.86)	(896,456,849.48)	
Add: Loss of Maizapur sugar unit transferred on merger	—	124,817,351.07	
	<u>(55,910,533.86)</u>	<u>(771,639,498.41)</u>	
Less: Loss for the year	(7,510,072.49)	(19,193,784.27)	
	<u>(63,420,606.35)</u>	<u>(790,833,282.68)</u>	
Amount available for appropriation			
(Add)/Less : Appropriations:			
Write back (Net) on account of BIFR scheme	—	13,173,005.12	
Amount transferred from Debenture redemption reserve	—	100,000.00	
Adjustment on account of Capital restructuring	—	721,649,743.70	
		<u>734,922,748.82</u>	
Balance at the end of the year	<u>(63,420,606.35)</u>		<u>(55,910,533.86)</u>
Total Reserves and surplus	<u>(63,420,606.35)</u>		<u>(55,910,533.86)</u>

Notes to accounts (contd.)

NOTE NO : 2.3

(₹)

LONG-TERM BORROWINGS		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Unsecured		
Deferred sales tax loan	<u>30,838,240.63</u>	<u>30,838,240.63</u>
	<u><u>30,838,240.63</u></u>	<u><u>30,838,240.63</u></u>

NOTE NO : 2.4

(₹)

SHORT-TERM BORROWINGS		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Unsecured		
Loan from related party repayable on demand Holding Company	<u>36,000,000.00</u>	<u>35,643,071.99</u>
	<u><u>36,000,000.00</u></u>	<u><u>35,643,071.99</u></u>

NOTE NO : 2.5

(₹)

TRADE PAYABLES		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Total outstanding dues of other than Micro and Small Enterprises [Refer Note No. 2.18(2)]	<u>1,712,503.28</u>	<u>1,712,503.57</u>
	<u><u>1,712,503.28</u></u>	<u><u>1,712,503.57</u></u>

NOTE NO : 2.6

(₹)

OTHER CURRENT LIABILITIES		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Other payables		
Statutory liabilities	402,414.00	142,800.00
Accrued expenses	158,160.00	704,135.00
Miscellaneous	<u>3,723,011.06</u>	<u>4,283,769.62</u>
	<u><u>4,283,585.06</u></u>	<u><u>4,650,704.62</u></u>

Notes to accounts (contd.)
NOTE NO : 2.7

(₹)

SHORT-TERM PROVISIONS		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Provision for contingencies [Refer Note No. 2.18(10)]	4,345,144.35	4,345,144.35
	4,345,144.35	4,345,144.35

NOTE NO : 2.8

(₹)

Particulars	Tangible assets								Capital work-in-progress	Grand total
	Land (Free hold)	Land (Lease hold)	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total		
Gross block										
Gross carrying amount as at 01.04.2011	1,657,999.99	3,145,430.01	40,055,273.00	124,831,859.13	1,761,857.34	6,693,206.00	59,767.50	178,205,392.97		178,205,392.97
Additions during the year	—	—	—	—	—	—	—	—	—	—
Disposals/deductions during the year	—	—	—	8,228,965.25	1,761,857.34	6,693,206.00	25,117.77	16,709,146.36	—	16,709,146.36
Gross carrying amount as at 31.03.2012	1,657,999.99	3,145,430.01	40,055,273.00	116,602,893.88	—	—	34,649.73	161,496,246.61	—	161,496,246.61
Depreciation										
Opening accumulated depreciation	—	—	23,656,920.02	123,181,098.56	1,761,857.34	6,693,206.00	32,020.98	155,325,102.90	—	155,325,102.90
Depreciation for the year	—	—	1,320,634.00	—	—	—	3,995.00	1,324,629.00	—	1,324,629.00
Disposals/deductions during the year	—	—	—	8,228,965.25	1,761,857.34	6,693,206.00	25,117.77	16,709,146.36	—	16,709,146.36
Closing accumulated depreciation	—	—	24,977,554.02	114,952,133.31	—	—	10,898.21	139,940,585.54	—	139,940,585.54
Net carrying amount										
Net block as at 31.03.2012	1,657,999.99	3,145,430.01	15,077,718.98	1,650,760.57	—	—	23,751.52	21,555,661.07	—	21,555,661.07

FIXED ASSETS (contd.) - Previous Period

(₹)

Particulars	Tangible assets								Capital work-in-progress	Grand total
	Land (Free hold)	Land (Lease hold)	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total		
Gross block										
Gross carrying amount as at 01.04.2009	14,497,211.98	3,145,430.01	171,444,584.43	736,886,924.13	5,785,367.37	10,550,467.00	11,600,510.87	953,910,495.79	11,393,250.48	965,303,746.27
Additions during the period	—	—	—	—	—	—	14,149.73	14,149.73	—	14,149.73
Revaluation during the period	32,606,398.00	—	85,730,557.00	167,713,528.73	4,043,516.27	—	—	290,094,000.00	—	290,094,000.00
Deduction on account of demerger	45,445,609.99	—	217,119,868.43	779,768,593.73	8,067,026.30	3,857,261.00	11,554,893.10	1,065,813,252.55	7,213,630.48	1,073,026,883.03
Disposals/deductions during the period	—	—	—	—	—	—	—	—	4,179,620.00	4,179,620.00
Gross carrying amount as at 31.03.2011	1,657,999.99	3,145,430.01	40,055,273.00	124,831,859.13	1,761,857.34	6,693,206.00	59,767.50	178,205,392.97	—	178,205,392.97
Depreciation										
Opening accumulated depreciation	—	—	57,687,816.42	417,730,552.69	3,951,922.59	9,777,253.71	8,773,958.52	497,921,503.93	—	497,921,503.93
Depreciation for the period	—	—	1,980,952.00	8,307,956.00	—	—	5,490.90	10,294,398.90	—	10,294,398.90
Deduction on account of demerger	—	—	36,011,848.40	302,857,410.13	2,190,065.25	3,084,047.71	8,747,428.44	352,890,799.93	—	352,890,799.93
Closing accumulated depreciation	—	—	23,656,920.02	123,181,098.56	1,761,857.34	6,693,206.00	32,020.98	155,325,102.90	—	155,325,102.90
Net carrying amount										
Net block as at 31.03.2011	1,657,999.99	3,145,430.01	16,398,352.98	1,650,760.57	—	—	27,746.52	22,880,290.07	—	22,880,290.07

Lease deed for 50 acres of land (Out of total land of 705 acres) for Jhansi plant has not been executed. In respect of some other land, the registration formalities are under process.

Notes to accounts (contd.)

NOTE NO : 2.9

(₹)

LONG - TERM LOANS AND ADVANCES <i>(Unsecured, considered good)</i>		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Security deposits	3,500.00	—
	<u>3,500.00</u>	<u>—</u>
	<u><u>3,500.00</u></u>	<u><u>—</u></u>

NOTE NO : 2.10

(₹)

OTHER NON-CURRENT ASSETS		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Fixed deposits with banks (Original maturity period of more than 12 months)	—	100,000.00
Interest accrued but not due	—	22,892.00
	<u>—</u>	<u>122,892.00</u>
	<u><u>—</u></u>	<u><u>122,892.00</u></u>

NOTE NO : 2.11

(₹)

CASH AND BANK BALANCES		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Cash and cash equivalents		
Balances with banks		
On current accounts	1,623,214.06	301,979.75
Cash in hand	9,478.84	20,158.59
	<u>1,632,692.90</u>	<u>322,138.34</u>
Other bank balances		
On fixed deposits accounts		
— Current portion of original maturity period more than 12 months	100,000.00	—
	<u>1,732,692.90</u>	<u>322,138.34</u>
	<u><u>1,732,692.90</u></u>	<u><u>322,138.34</u></u>

NOTE NO : 2.12

(₹)

SHORT - TERM LOANS AND ADVANCES <i>(Unsecured, considered good)</i>		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Other loans and advances		
Others	—	40,603.89
	<u>—</u>	<u>40,603.89</u>
	<u><u>—</u></u>	<u><u>40,603.89</u></u>

Notes to accounts (contd.)

NOTE NO : 2.13

(₹)

OTHER CURRENT ASSETS		
Particulars	As At 31st March, 2012	As At 31st March, 2011
Receivable from related party Holding Company	—	7,464,450.00
Interest accrued but not due	32,004.00	—
Duties and taxes refundable	2,279.00	16,027.00
	34,283.00	7,480,477.00

NOTE NO : 2.14

(₹)

OTHER INCOME			
Particulars		Year ended 31st March, 2012	18 Months ended 31st March, 2011
Interest income (Gross)			
On fixed deposit with banks	11,391.00		22,892.00
On income tax refund	803.00	12,194.00	—
			22,892.00
Other non-operating income			
Provisions written back	—		47,122,180.42
Unspent liabilities/balances written back	80,758.85		393,591.53
Provision for diminution in value of investments written back	—		146,775.00
Miscellaneous income	210.00	80,968.85	160,274.00
		93,162.85	47,822,820.95
Tax deducted at source :			
On interest income (₹)		2,279.00	—
On miscellaneous income (₹)		—	16,027.00

NOTE NO : 2.15

(₹)

EMPLOYEE BENEFITS EXPENSE		
Particulars	Year ended 31st March, 2012	18 Months ended 31st March, 2011
Salaries and wages	—	2,093,493.00
Contribution to provident and other funds	—	321,480.00
Staff welfare expense	—	69,205.00
	—	2,484,178.00

Notes to accounts (contd.)

NOTE NO : 2.16

(₹)

FINANCE COSTS				
Particulars	Year ended		18 Months ended	
	31st March, 2012		31st March, 2011	
Interest expense				
On short-term borrowings	3,902,130.00		2,558,329.38	
Others	450.00	3,902,580.00	550.00	2,558,879.38
		3,902,580.00		2,558,879.38

NOTE NO : 2.17

(₹)

OTHER EXPENSES				
Particulars	Year ended		18 Months ended	
	31st March, 2012		31st March, 2011	
Rent		60,932.00		102,300.00
Repairs - Others		2,060.00		8,120.00
Rates and taxes (excluding taxes on income)		6,179.50		116,637.00
Audit fees				
For statutory audit	112,360.00		181,995.00	
For tax audit and income tax matters	220,600.00		452,230.00	
For other services (Limited reviews and certifications)	33,091.00		133,287.00	
For reimbursement of expenses	—	366,051.00	31,221.00	798,733.00
Legal and professional expense		1,469,567.00		—
Directors sitting fees		18,000.00		34,000.00
Miscellaneous expenses		413,422.20		3,520,070.52
Sundry debit balances/advances written off		39,814.64		47,122,180.42
		2,376,026.34		51,702,040.94

Notes to accounts (contd.)

NOTE NO. 2.18

OTHER DISCLOSURES
1. Contingent liabilities and commitments (to the extent not provided for)

(₹)

Particulars	As At 31st March, 2012	As At 31st March, 2011
a) Contingent liabilities :		
Claims against the Company not acknowledged as debts :		
i) Excise duty Demand - under appeal	—	—
ii) Sales Tax Demand- under appeal	—	—
iii) Others - under appeal/litigation	—	—
	—	—
b) Commitments :		
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	—	—

2. Based on the information / documents available with the Company, no amount (Previous period: Nil) is/was due to Micro, Small and Medium Enterprises as defined in the “ Micro, Small and Medium Enterprises Development Act, 2006” Hence, information as per the requirements of Section 22 of the aforesaid act is not required to be disclosed.

3. a) The Government of Uttar Pradesh has initiated recovery proceedings for recovery of Sales Tax dues related to Explosive unit at Jhansi, pursuant to which, the factory at Jhansi has been seized by the Government authorities. All the assets located at factory including records there at remain seized till the year end. Out of the above assets, certain assets pertaining to the said unit have been auctioned by the office of the labour commissioner, Jhansi, against which a sum of ₹ 8,03,000.00 (previous period: ₹ 8,03,000.00) is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.

b) The Company's net worth has been fully eroded as the accumulated losses ₹ 6,34,20,606.35 exceeded its shareholders' holder fund of ₹ 95,67,270.00. It is felt that the status of the company will improve in the following years. Further, the holding company has provided the necessary funds for the operation. Accordingly, the Company has considered that it will be able to continue as a going concern entity.

4. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The company is in the business of industrial explosive. Considering the core activities of the company, the management is of the view that it is a single reportable business segment and hence, information relating to primary segment is not required to be disclosed.

The information about secondary segment has not been furnished as there is no export revenue of the Company.

5. Related party disclosures as per Accounting Standard - 18 are given below:

a) Transaction with Related Parties:

(₹)

Nature of Transaction	Year ended 31st March, 2012	18 months ended 31st March, 2011
Transaction with - Balrampur Chini Mills Limited (Holding Company)		
i) Inter-corporate loan received	8,087,495.00	12,912,505.00
ii) Inter-corporate loan paid	7,500,000.00	727,500,000.00
iii) Interest expenses	3,902,130.00	2,558,329.38
iv) Interest expenses (paid)	3,902,130.00	2,327,762.39
v) Balance outstanding		
— Accounts receivable	—	7,464,450.00
— Inter-corporate deposit (payable)	36,000,000.00	35,412,505.00
— Interest accrued but not due (payable)	—	230,566.99

Notes to accounts (contd.)

- b) No amount has been written back / written off during the year in respect of due to / from related parties .
- c) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- d) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required

6. Disclosure under clause 32 of the Listing Agreement:

Loans received from Holding Company:

(₹)

Name of the Company	Amount outstanding as at 31st March 2012	Amount outstanding as at 31st March 2011	Maximum amount outstanding at any time during the	
			Year ended 31st March 2012	18 months ended 31st March 2011
Balrampur Chini Mills Limited	36,000,000.00	35,643,071.99	36,000,000.00	750,000,000.00

7. Earnings per Share

Earnings per share - The numerators and denominators used to calculate Basic/ Diluted Earning per share :

(₹)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) Amount used as the numerator (₹) Loss after tax - (A)	7,510,072.49	19,193,784.27
b) Weighted average number of Equity shares outstanding used as the denominator for computing Basic Earnings per share - (B)	9,567,270	9,567,270
c) Weighted average number of Equity shares outstanding used as the denominator for computing Diluted Earnings per share - (C)	9,567,270	9,567,270
d) Nominal value of equity shares (₹)	1.00	1.00
e) Basic earnings per share (₹) (A/B)	(0.78)	(2.01)
f) Diluted earnings per share (₹) (A/C)	(0.78)	(2.01)

8. In accordance with Accounting Standard 22 "Accounting for taxes on Income Tax", as notified under the Companies (Accounting Standards) Rules, 2006, the company has not accounted for deferred tax during the period.

Though, the Company has significant amount of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, as a matter of prudence deferred tax assets have not been recognized.

9. Disclosure pursuant to AS - 28 on "Impairment of Assets"

Due to seizure of Company's explosive plant at Jhansi, the condition of the plant & machineries and other fixed assets there at and the impairment loss, if any, in respect thereof could not be determined, pending which no provision for such impairments, if any, could be made in the accounts.

Notes to accounts (contd.)
10. Disclosure in terms of Accounting Standard – 29 on Provisions, Contingent Liabilities and Contingent Assets:
Movement for Provision for contingencies:

(₹)

Particulars	Duties & taxes	Others	Total
Balance as at 1st April, 2011	4,345,144.35	—	4,345,144.35
Provided during the year	—	—	—
Amount used during the year	—	—	—
Reversed during the year	—	—	—
Balance as at 31st March, 2012	4,345,144.35	—	4,345,144.35
Balance as at 1st October, 2009	28,967,629.00	—	28,967,629.00
Provided during the period	—	—	—
Amount used during the period	—	—	—
Reversed during the period pursuant to BIFR Scheme	24,622,484.65	—	24,622,484.65
Balance as at 31st March, 2011	4,345,144.35	—	4,345,144.35

It is not possible to estimate the timing / uncertainties relating to the utilisation /reversals from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court decision / out of Court settlement /disposal of appeals.

The Company does not expect any reimbursement in respect of the above provisions.

11. (a) Pursuant to sanction of the Rehabilitation Scheme containing the Scheme of Arrangement between the Company and Balrampur Chini Mills Limited (BCML) by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 24.06.2010, the Sugar Unit of the Company hereinafter referred to as the "Demerged Undertaking", as defined in Scheme, had been transferred to BCML (the Holding Company) with effect from the Appointed Date, 1st October, 2008.
 - (b) As per the Scheme, the Company has transferred from its books all the assets and liabilities pertaining to the Demerged Undertaking (except fixed assets which have been valued at ₹ 74,04,27,696.10) at values as appearing in the books of Company as on the Appointed Date.
 - (c) Pursuant to the aforesaid Rehabilitation Scheme, the existing equity share capital of the Company has also been restructured by reducing it by 90% whereby every equity share of ₹ 10/- each has become equity share of ₹ 1/- each fully paid up. Apart from above, certain assets and liabilities have been restructured and given affect to as per terms of the Rehabilitation Scheme.
 - (d) During the previous period demerger loss amounting to ₹ 85,14,754.18 , Interest for 2008-09 ₹ 14,81,609.38 and Sundry balances written back (Net) ₹ 2,31,69,368.68 has been accounted for in the books as per the aforesaid BIFR scheme.
12. (a) Deferred sales tax loan are under reconciliation. Necessary adjustment, if any, will be made after reconciliation.
 - (b) The instalments for payment of deferred sales tax converted into unsecured loan by sales tax department are overdue. The same has not been paid and the interest thereon, if any, has not been provided in the accounts , as the quantum thereof is not ascertainable.

13. Value of imports on C.I.F. basis

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) Raw materials	—	—
b) Components and spare parts *	—	—
c) Capital goods	—	—
* Spare parts includes store items also.		

Notes to accounts (contd.)
14. Expenditure in foreign currency

(₹)

Particulars	Year ended	18 months ended
	31st March, 2012	31st March, 2011
a) On professional and consultancy fees	—	—
b) On travelling	—	—
c) On interest	—	—
d) Others	—	—

15. Consumption of spare parts and components

(₹)

Particulars	Year ended		18 months ended	
	31st March, 2012		31st March, 2011	
	(Percentage)	Amount (₹)	(Percentage)	Amount (₹)
a) Imported	—	—	—	—
b) Indigenous	—	—	—	—

16. Earnings in foreign exchange

(₹)

Particulars	Year ended	18 months ended
	31st March, 2012	31st March, 2011
a) FOB value of exports	—	—
b) Others	—	—

17. a) Previous period's figures are for 18 months and hence not comparable with current year's figures which are for 12 months.
- b) The previous period's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding period are included as an integral part of the current year's financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached.

FOR VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Firm's Registration Number - 014454N

Sd/-
**(CA. Vipin Aggarwal
Membership No. 016544)**
Partner

E-4 Defence Colony, New Delhi-110024.

New Delhi, 12th May, 2012

For and on behalf of the Board of Directors
Sd/-
Shyam Lal Gouniyal
Director

Sd/-
Dr. A. K. Saxena
Director



INDO GULF INDUSTRIES LIMITED

Registered Office : 213, Rectangle-1, D-4, District Centre, Saket, New Delhi - 110 017

FORM OF PROXY

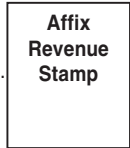
I/We.....of.....being a member(s) of the above named Company hereby appoint.....of..... or failing him.....of.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the company to be held at Shri Ram Barat Ghar 505/3, Devli, Bandh Road, New Delhi - 110 062 on Tuesday the 31st Day of July 2012, at 10.00 A.M. and at any adjournment thereof.

Signed.....day of.....2012.

Signature.....

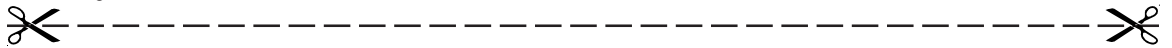
Folio No.....

Number of Share held.....



NOTE :

1. The Proxy need not be a member.
2. The Proxy duly signed should reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.



INDO GULF INDUSTRIES LIMITED

Registered Office : 213, Rectangle-1, D-4, District Centre, Saket, New Delhi - 110 017

ATTENDANCE SLIP

I hereby record my presence at the 29th Annual General Meeting held at Shri Ram Barat Ghar 505/3, Devli, Bandh Road, New Delhi - 110 062 on Tuesday the 31st day of July 2012 at 10.00 A.M.

1. Full Name of the attending member/ proxy (in block letters).....
2. Share Folio No.....
3. No. of Shares held.....
4. Signature of the Shareholder or Proxy.....

NOTES :

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

SHAREHOLDERS MAY KINDLY NOTE THAT NO GIFT WILL BE DISTRIBUTED AT THE AGM

BOOK-POST

If undelivered please return to:-

INDO GULF INDUSTRIES LIMITED

Registered Office : 213, Rectangle-1,
D-4, District Centre, Saket, New Delhi - 110 017