

56th
ANNUAL
REPORT
2009-10

NUCHEM
LIMITED 

AN ISO 9001 COMPANY

BOARD OF DIRECTORS

Prof. K.N. Vaid
Shri Anil Kumra
Shri Alok Sabharwal
Shri Autar Singh
Shri Gurmit Shoor
Shri V.P. Khandelwal
Shri Arun Barar *Managing Director*
Shri Prathemesh Barar *Executive Director*

**SR. VICE - PRESIDENT
FINANCE & SECRETARY**

Shri B.J. Shah

AUDITORS

D.S. Talwar & Co.
Chartered Accountants

S.S. Kothari Mehta & Co.
Chartered Accountants

BANKERS

Punjab National Bank
Canara Bank
Punjab & Sind Bank
Allahabad Bank

REGISTERED OFFICE

54, Industrial Area,
NIT Faridabad - 121 001

**CHEMICAL & ENVIRONMENT
PROJECTS DIVISIONS**

54, Industrial Area,
NIT Faridabad - 121 001

**R & D AND ENVIRONMENT
MANAGEMENT CENTRE**

54, Industrial Area,
NIT Faridabad - 121 001

**MEDIUM DENSITY FIBRE
BOARD DIVISION**

66 K.M. Stone,
Hissar - Tohana Road,
Tohana - 126 119
Distt. Fatehabad (Haryana)

NOTICE

Notice is hereby given that the 56th Annual General Meeting of the Members of Nuchem Limited will be held on Wednesday, the 29th December, 2010 at 9.30 A.M. at Faridabad Industries Association, Bata Chowk, Faridabad-121001 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account ended on that date and the Reports of the Directors and Auditors thereon.
2. To elect a director in place of Sh. Autar Singh, who retires by rotation, and being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration and for that matter to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring auditors, M/s D.S.Talwar & Co., Chartered Accountants, New Delhi and M/s S.S.Kothari Mehta & Co., Chartered Accountants, New Delhi, jointly be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company plus reimbursement of traveling and other out-of-pocket expenses."

By Order of the Board,
For NUCHEM LIMITED



(B.J. SHAH)

Sr. Vice-President
Finance & Secretary

Place : Faridabad
Dated : 30.11.2010

NOTES :

- (1) The Registrar of Companies, NCT of Delhi and Haryana, has granted the requisite extension of time for the purpose of holding the Annual General Meeting.
- (2) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxy form duly stamped, completed and signed should reach Registered Office of the Company at least 48 hours before the scheduled time of the meeting. A proxy form is attached.
- (3) The Register of Members of the Company will remain closed from Wednesday, the 22nd December to Wednesday, the 29th December 2010 (Both days inclusive)
- (4) Shareholders are requested to notify the change in address, if any, to the Company.

DIRECTORS' REPORT

To The Members,

The Directors hereby present their 56th Annual Report on the business and operations of the Company for the financial year ended on 31st March, 2010.

FINANCIAL RESULTS

The financial results are briefly given below:

	This Year (12 months) (Rs.)	Previous Year (18 months) (Rs.)
Profit/Loss for the year before interest/depreciation and taxes	(-) 7,99,71,018	16,93,49,058*
Less : Interest	6,61,77,442	9,78,28,486
: Depreciation	4,27,07,966	6,66,94,025
Profit/Loss for the year before taxes	(-) 18,88,56,426	48,26,547
Less : Current Tax/Fringe benefit Tax	-	36,74,108
: Deferred Tax	(-) 2,99,41,130	(-) 4,74,604
	(-) 15,89,15,296	16,27,043
Add : Balance brought forward from last year	(-) 25,22,95,518	(-) 25,64,97,444
: Debenture Redemption Reserve written back	-	25,74,883
: Deferred Tax of earlier years	(-) 1,23,83,116	-
: Wealth Tax of earlier years	(-) 628	-
Amount transferred to Balance Sheet	(-) 42,35,94,558	(-) 25,22,95,518
Less : Remission of Term Loan dues	11,05,65,764	11,05,65,764
Amount as per Balance Sheet	(-) 31,30,28,794	(-) 14,17,29,754

*Including profit of Rs. 23,52,00,000/- on part disinvestment of stake in the subsidiary company.

The reserves excluding revaluation reserve now stand at Rs.3,49,50,893/- (P.Y. Rs.3,49,50,893/-). The revaluation reserve stands at Rs.4,90,93,591/- (P.Y. Rs.5,92,14,152/- after adjusting depreciation of Rs.1,01,16,339/- (P.Y. Rs 1,62,49,685/-).

DIVIDENDS

In view of the financial results given above, the Directors do not recommend any dividend.

REVIEW OF OPERATIONS

The directors have been reviewing the performance of various business operations of the company from time to time. A gist of management discussion and analysis report has been separately given as part of the Annual Report in this behalf.

ENERGY CONSERVATION/TECHNOLOGY ABSORPTION ETC.

Particulars with respect to conservation of energy etc. pursuant to 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 are set out in the enclosed Annexure 'A' forming part of this report.

Your directors are pleased to inform you that out of total 1.22 crore units power consumed at MDF Division at Tohana, 1.14 crore units were generated in-house, using non-conventional fuel i.e. **agro-waste** as fuel in our thermal generation facilities at Tohana during the year under review. This has resulted in reduced power withdrawal from Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) to that extent apart from reduction in the cost per KWH of electricity generated from HSD. The management is constantly looking at various energy saving measures so as to bring in substantial savings at MDF as well as at Chemical Division of the Company.

Your Company's **R&D Centre** continues to work closely in co-ordination with both the MDF & Chemical Divisions to improve the product and processes to make them more up to date, economical and environment friendly.

AUDITORS' REPORT

As regards point No.6 of the CARO part of the Auditors' Report, as the matter has been before the Court and being sub-judice, the Board is not in a position to offer any comment in this respect. However, the Board is of the view that deposits were accepted in the years prior to 1997, which the company has been trying to liquidate despite severe liquidity crunch being faced by the company.

As regards point No.9(a) of the CARO part of the Auditors' Report pertaining to payment of statutory dues including P.F. etc., the delays and arrears occurred due to severe liquidity crunch being faced by the company on account of continued operational losses incurred during year under review.

As regards point No.10 of the CARO part of the Auditors' Report in regard to accumulated losses having exceeded fifty percent of net worth of the company, the Board is seized of the matter and necessary actions are under way to ensure compliance(s) as may be required in this behalf.

As regards point No.11 of the CARO part of the Auditors' Report in regard to the default stated therein, these are expected to get regularised in the

current year on account of improved business prospects of company's products, which is expected to improve profitability of operations in near future.

As regards point No.17 of the CARO part of the Auditors' Report in regard to application of the funds raised on short term basis for payment of long term dues under OTS, the company has reached one time settlement (OTS) with the term lending financial institutions and has been in the process of arranging long term funds for the same. In the meantime, certain short term funds have been raised through the subsidiary company, as well as by way of ICD loans to make payments as per OTS arrangements reached with the said Institutions to meet company's commitments in terms of OTS. These short term funds will be discharged after arrangement of long term funds.

NUCHEM INFRASTRUCTURE LIMITED (FORMERLY NUCHEM MACHINE TOOLS LIMITED)

The Balance Sheet of Nuchem Infrastructure Limited (formerly Nuchem Machine Tools Limited), a subsidiary of your company, together with the reports of the Directors and Auditors thereon alongwith the statement of interest in the subsidiary company u/s 212 of the Companies Act, 1956, are attached with the Balance Sheet of your company. As you are aware that the subsidiary company had entered into a Joint Collaboration agreement with a reputed developer for utilisation of its Land. After obtaining the LOI for developing an IT park and making

initial progress in the project, the work has not made any progress due to downrun in the reality business. The subsidiary company is in dialouge with the developer to prepare a road map for early completion of the project as was envisaged.

TERM DEPOSITS

The members have been duly apprised in earlier reports regarding the ROC having initiated legal actions against the company for alleged non-compliance of the CLB Order No.15/119/96-CLB dated May 20, 1997 whereby the scheme for repayment of public deposits accepted by the company during earlier years was approved by the Hon'ble CLB. At the instance of the company, the Hon'ble CLB approved a revised scheme for repayment of said deposits vide its Order No.25/1/2005-CLB dated 10.6.2005 envisaging payment to depositors over a period of four years effective from 1.10.2005 and the Hon'ble Court had adjourned the ROC case sine die. In view of continuing losses in the company and consequent overall liquidity crunch, the company has once again approached the Hon'ble CLB to seek further extension of time to fulfill its obligations to its valued depositors. The matter is under consideration of the Hon'ble CLB.

CORPORATE GOVERNANCE

Auditors' Certificate on compliance of conditions of Corporate Governance and separate section on Corporate Governance are enclosed as Annexures 'B' & 'C'.

PARTICULARS OF EMPLOYEES

The particulars of employees under Section 217(2A) of the Companies Act,1956 and the Companies (Particulars of employees) Rules,1975 and subsequent amendment thereto for the financial year under review are given below:-

Sr. Name	Designation and nature of employment	Remuneration received (Rs.)	Qualifications	Experience (yrs.)	Date of commencement	Age (yrs.)	Particular of last employment	%age of equityshares held in the company
1. Sh.Romesh C. Barar	Advisor (contractual employment)	25,58,164	M.Sc.(Tech.), B.Sc.(Hons.), FIPI, FIMMM, MIIch.E.	59	01/11/51	81	Nil	0.68

Note:

1. Remuneration includes salary, allowances and company's contribution towards gratuity & provident fund etc.
2. Sh.Romesh C.Barar is not related to any director of the company.

DIRECTORS

Sh.P.P. Khanna, Sh. R.K. Jain and Sh. Ajay Bajjal directors of the company resigned from the Board w.e.f.2.11.2009, 9.11.2009 & 15.01.2010 respectively. The Punjab National Bank withdrew its Nominee Director Sh. U.K. Sharma from the Board and appointed Sh.V.P. Khandelwal in his place, which became effective from 13.10.2010. While welcoming Sh.V.P. Khandelwal on the Board of the Company, your directors wish to place on record their deep appreciation of the valuable guidance given by Sh.P.P.Khanna, Sh.R.K.Jain, Sh.Ajay Bajjal

and Sh. U.K.Sharma from time to time during their tenure as Director of the company.

Sh. Autar Singh will retire from the Board by rotation, and being eligible, offers himself 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, it is hereby confirmed:

- i. that in the preparation of the annual accounts for the financial year ended on 31.3.2010, the

applicable accounting standards had been followed alongwith proper explanation relating to material departures;

- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 as on 31.3.2010 and of the profit or loss of the Company for the year under review;
- iii. that the Directors had taken proper and sufficient care for 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 had prepared the accounts for the financial year ended 31.3.2010 on a 'going concern' basis.

AUDITORS

The Auditors of the Company; M/s.D.S.Talwar & Co. and M/s.S.S. Kothari Mehta & Co. jointly will hold office till the conclusion of the ensuing Annual General Meeting; who being eligible, offer themselves for re-appointment. The Board proposes for re-appointment of the retiring auditors at such remuneration as may be decided by the members at the Annual General Meeting.

APPRECIATION

The Board acknowledges with gratitude the co-operation and assistance, which has been extended by the Financial Institutions and Banks during the year under review. The Board places on record its deep appreciation of the services rendered by the employees at all levels. It wishes to thank all its business associates, suppliers, buyers, dealers, stockists, agents etc. for their continued support. To them all, we send our assurances of good business, growing together and happy times.

For and on behalf of the Board

Place : Faridabad (Anil Kumra) (Arun Barar)
Dated: 12-11-2010 Director Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars required pursuant to 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 and forming part of the Directors' Report for the financial year ended on 31.3.2010.

A. CONSERVATION OF ENERGY:

a) ENERGY CONSERVATION MEASURES TAKEN:

- Periodical inspection, cleaning and maintenance of thermopac, Heat Exchangers, Boiler and Chilling Units, HT/LT Capacitors,

Cooling towers, Air Compressor filters, Dryer filters, Condensor, steam coils, Water Pump filters on regular basis to optimise energy efficiency.

- Proper management and loading of gensets to get optimum performance.
- Energy meters are installed in every section of plant for better energy management.
- Shifted to LPG fuel from HSD for Heating purpose.
- Synchronization of utility services with plant operations for better energy management.
- Maintained Power factor around 0.99 of DHBVNL line power supply in order to reduce the line losses.
- Replaced Lighting with energy efficient CFL.
- Replaced energy efficient FRP Fan Blades on cooling tower fan No. 02 to reduce power consumption.
- Replaced complete wood work of Cooling Tower Sump No. 01 to improve efficiency of Turbine.
- One more Cooling Water Line erected from Bore well to Hydraulic Room to control/down temperature of Hydraulic Oil during the summer seasons.
- 1 No. Hydraulic valve replaced to get better speed of Loader & unloader.

b) ADDITIONAL INVESTMENT AND PROPOSALS IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

- To convert indirect heating system of dryer to Direct firing System.
- Replacement of old boiler by new energy efficient wood based boiler.
- Automation of Prescol Glue/Formaldehyde plant.
- Replacement of old Heavy duty Motors by new energy efficient variable speed motors.
- To install Thermopac of 2 lac kilocalorie to save the energy losses in densification area.
- Plan to replace steam coils in dryer to improve heating efficiency of fibre dryer.
- Plan to replace boiler economiser to improve boiler efficiency.
- Plan to replace Boiler Super Heater.

c) IMPACT OF THE MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

The impact of measures proposed to be taken is expected to result in savings to the company of nearly Rs.20 lacs per month in fuel costs, apart from reduction in break-downs and continuity of production.

d) TOTAL ENERGY AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION IN RESPECT OF CHEMICAL DIVISION AS PER FORM-A GIVEN HEREUNDER:-

FORM - A

	Current Year 1st April 2009 to 31st March, 2010 (12 months)	Previous Period 1st October, 2007 to 31st March, 2009 (18 months)
A. Power & Fuel Consumption		
1. Electricity		
(a) Purchased Unit	18,10,993	29,32,258
Total Amount	Rs.84,37,393/-	Rs.1,35,36,504/-
Rate/Unit	Rs.4.66	Rs.4.64
(b) Own Generation Through Diesel Generator		
Unit	7,13,660	12,67,945
Units per Ltr. of Diesel Oil	2.96	3.00
Cost/Unit	Rs.10.70/Unit for Diesel Cost only	Rs.10.63/Unit for Diesel Cost only
2. Fuel Briquettes		
Quantity (Tons)	71.380	68.860
Total Cost	Rs.2,75,279/-	Rs.2,66,021/-
Average Rate	Rs.3,857/- PMT	Rs.3,863/- PMT
3. Fire Wood		
Quantity (Tons)	760.850	1317.570
Total Cost	Rs. 26,62,374	Rs.42,23,633/-
Average Rate	Rs. 3,499/- PMT	Rs.3,206/- PMT
B. Consumption per Unit of Production		

PRODUCT	STANDARD (if any)	Electricity	
		1 st April 2009 to 31 st March 2010	1 st Oct.2007 to 31 st March 2009
FORMALDEHYDE - DIRECT	24 Unit/T	22.40 Unit/T	21.57 Unit/T
- INDIRECT		38.22 Unit/T	33.28 Unit/T
PRESCOL GLUE LIQUID- DIRECT	42 Unit/T	40.56 Unit/T	40.51 Unit/T
- INDIRECT		54.68 Unit/T	41.28 Unit/T
MOULDING POWDER - DIRECT	808 Unit/T	755.46 Unit/T	747.37 Unit/T
- INDIRECT		215.82 Unit/T	146.55 Unit/T
LPG FOR THERMOPAC		77.65 Kg PMT	76.63 Kg PMT

Fuel for Steam - Difficult to assess productwise

Indirect electricity unit has been allocated on Turnover basis.

Variations in the electricity and other energy consumption figures are within the acceptable norms of practical working.

B. TECHNOLOGY ABSORPTION :

FORM - B

RESEARCH & DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT IN THE COMPANY :

- i. Modification of process of manufacture of U.F. Moulding Powder to suit specific requirement of customer. This has resulted in value development of an import substitution product which the customer otherwise would have imported, including supplies to a few reputed multinational customers.
- ii. Developed process to use waste material and convert to meet specific market demand for lower cost moulding powder.
- iii. Process developed and commercialised for production of E-1/2 grade of Prescol Resin to give lower free formaldehyde emission from M.D.F. Boards.
- iv. New Generation energy efficient Drum Chipper installed for chipping.
- v. New Air Pre Heater installed in boiler exit gas.
- vi. Upgraded Oxygen analyzer installed in Boiler exit gas to monitor & control boiler efficiency.
- vii. Press hyd. Pumps replaced with higher capacity resulting in reduction in pre-curing of boards.
- viii. Forming line area humidified with in-house developed concept.
- ix. Metallurgy of refiner stator segments modified, resulting in improved fibre quality and longevity.

2. BENEFITS DERIVED AS A RESULT OF R&D WORK:

- i. The use of cheaper raw materials has been facilitated because of the installation of new generation drum chipper.
- ii. Opened a new market segment which was being catered by imported material.
- iii. Lower consumption of fuel due to better control of fuel gas parameters.

3. FUTURE PLAN OF ACTION:

- i. Testing is on to introduce a new substrate filler for the moulding powder to modify and improve in-mould behavior during transfer moulding and injection moulding.
- ii. To develop plant for insitu purification of water in borewells.

4. EXPENDITURE ON R&D:

- a) Capital : Rs. 1,43,657/-
- b) Recurring : Rs. 49,99,331/-
- c) Total : Rs. 51,42,988/-
- d) The R&D Expenditure as a percentage of total turnover 0.71%.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

1. During the current year no technology was negotiated.
2. Details of technology imported during the past 5 years : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange used and earned
Foreign Exchange used : Rs. 45,48,667/-
Foreign Exchange earned : Rs.1,41,02,066/-

For and on behalf of the
Board

Place : Faridabad Anil Kumra Arun Barar
Dated : 12.11.2010 Director Managing Director

ANNEXURE "B" to DIRECTORS' REPORT

Auditors' Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s)

To The Members of Nuchem Limited

We have reviewed the implementation of Corporate Governance procedures by Nuchem Limited during the financial year (2009-10) ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an

audit nor an expression of opinion on the financial statements of the Company.

The Company has set up various committees and complied with the other requirements of Clause 49 of the Listing Agreement(s).

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the listing agreement(s) with the Stock Exchange(s) have been substantially complied with by the Company.

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

for D.S. Talwar & Co. for S.S. Kothari Mehta & Co.
Chartered Accountants Chartered Accountants
Firm Regn.No.-000993N Firm Regn.No.-000756N

V. Talwar Arun K. Tulsian
(Partner) (Partner)
Place: New Delhi M.No. 7542 M.No. 089907
Dated: 12.11.2010

ANNEXURE "C" TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE

We are an environmentally conscious corporate, fostering excellence, innovation and creativity. We enable people to enjoy their work and delight all who come in our association. We remain committed to develop entrepreneurship in our people and continuously upgrade and innovate technologies and products to delight our customers in all our business.

2. BOARD OF DIRECTORS

The Board of Directors comprises of eight Directors of which two are promoter directors, four independent/non executive directors and one nominee director each from a Financial Institutions and Bank.

During the year under review, 6 Board Meetings were held on May 29, 2009, June 30, 2009, July 30 2009, September 24, 2009, October 30, 2009 and January 28, 2010. The composition of the Board of Directors and attendance of the Directors at the Board meetings during the year and at the last Annual General Meeting as also number of other directorship in Indian Public Limited Companies are as follows :

Name of Director	Attend- ance at last AGM	No.of Board meet- ings attended	Category of directors	Other direc- tor- ships	Other Board's comm- ittees members
Sh. Arun Barar	Yes	6	MD/PG	Nil	Nil
Sh. Prathemesh Barar	Yes	6	ED/PG	2	Nil
Sh. P.P. Khanna (upto 01.11.2009)	No	4	ID/NED	Nil	Nil
Prof. K.N. Vaid	Yes	5	ID/NED	Nil	Nil
Sh. R.K. Jain (upto 08.11.2009)	Yes	5	ID/NED	Nil	Nil

Sh. Anil Kumra	No	3	ID/NED	Nil	Nil
Sh. U.K. Sharma	No	1	*	Nil	Nil
Sh. Alok Sabharwal	Yes	6	**	Nil	Nil
Sh. Ajay Bajjal	No	4	ID/NED	Nil	Nil
(upto 14.01.2010)					
Sh. Autar Singh	Yes	6	ID/NED	Nil	Nil
Sh. Gurmit Shoor	No	5	ID/NED	Nil	Nil

PG - Promoter Group MD - Managing Director
ED - Executive Director ID - Independent Director
NED -Non-Executive Director

* Nominee Director of PNB as lender

** Nominee Director of IFCI as lender

3. AUDIT COMMITTEE

The Audit Committee comprises of 3 Independent/Non Executive Directors and the Sr. Vice-President (Finance & Secretary) is the Secretary to the Committee. Prof.K.N.Vaid, Chairman of the Board, is the Chairman of the Audit Committee. The Committee met 4 times during the year under review on May 29, 2009, June 30, 2009, July 30, 2009 and October 30, 2009; the attendance of the members at the meetings was as follows:

Name of Member	Status	No.of Meetings attended
Prof. K.N. Vaid	Member	4
Shri P.P. Khanna (upto 01.11.2009)	Member	3
Shri R.K. Jain (upto 08.11.2009)	Member	4

Consequent upon resignation by Sh. P.P. Khanna & Sh. R.K. Jain from the Board of the Company, they ceased to be the members of the Audit Committee. In the view of this, the Board re-constituted the Audit Committee w.e.f. 28.01.2010 by appointment of Sh. Anil Kumra and Sh. Gurmit Shoor as members thereof. The role and powers of the Audit Committee are as laid down under the relevant clauses of the Listing Agreement and Section 292(A) of the Companies Act, 1956.

4. REMUNERATION OF DIRECTORS

The Executive Directors of the company are being paid remuneration as recommended by the Remuneration Committee constituted in terms of Schedule XIII of the Companies Act,1956 and approved by the Central Government.

Non Executive Directors of the Company hold 4375 equity shares in the company. They are paid remuneration by way of sitting fees only for attending the Meetings of the Board of Directors and Committees thereof. The details of remuneration paid to the directors during the year 2009-10 are as follows:

Name of Director	Salary	(Amount Rs.)		
		H.R.A.	Other Per- quisites and Allowances	Total
Sh.Arun Barar Managing Director	1188000	712800	3467900	2249599

Sh.Prathemesh Barar 1296000 777600 422056 2495656
Executive Director

Non-Executive Directors

The sitting fee of Rs.3,000/- for attending each meeting of the Board and Committee thereof paid during the financial year 2009-10 is as follows:-

Sr.No.	Name of the Director/Institution	Amount(Rs.)
i)	Prof. K.N. Vaid	33,000/-
ii)	Sh. P.P. Khanna	27,000/-
iii)	Sh. R.K. Jain	30,000/-
iv)	Sh. Anil Kumra	18,000/-
v)	Sh. Ajay Bajjal	12,000/-
vi)	Sh. Autar Singh	18,000/-
vii)	Sh. Gurmit Shoor	15,000/-
viii)	*Punjab National Bank	3,000/-
ix)	*Industrial Finance Corporation of India	18,000/-

Total **1,74,000/-**

* For the meetings attended by their Nominee Directors.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The shareholders/Investors Grievance Committee remains constituted to look into the redressal of investors' grievances. The Committee comprised of Shri P.P. Khanna & Shri Anil Kumra, Directors; Shri Arun Barar, Managing Director & Shri Prathemesh Barar, Executive Director of the Company. The Company has over 34689 shareholders.

Shri P.P. Khanna, a non-executive director headed the Committee upto 1.11.2009. Consequent upon his resignation from the Board, the Board re-constituted the committee w.e.f. 28.01.2010 by appointment of Sh. Autar Singh as a member in his place. Thereafter, the committee is headed by Sh. Autar Singh, Sh. B.J. Shah, Sr.Vice-President (Finance & Secretary) is designated as the Compliance Officer to oversee the investors' grievances. During the year 2009-10, the company did not receive any investor complaint. No transfer application was pending for registration of transfer as on 31.03.2010. The Committee met twice during the year under review on 25.04.2009 & 07.08.2009. Attendance of the members at the meetings was as follows.

Name of Member	Status	No. of Meetings attended
Sh. P.P. Khanna	Member	2
Sh. Anil Kumra	Member	2
Sh. Arun Barar	Member	2
Sh. Prathemesh Barar	Member	2

6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the company were held as under:

Financial Year	Date	Time	Place	Whether Any Spl Resolution Passed
2007-2009	24.09.2009	9.30 A.M.	Faridabad Industries Association, Bata Chowk, Faridabad-121001	N.A.

2006-2007	27.03.2008	9.30 A.M.	-do-	YES
2005-2006	29.03.2007	9.30A.M.	-do-	YES

No special resolution (including through postal ballot) was proposed at last Annual General Meeting and no such proposal is being placed at the ensuing Annual General Meeting.

7. DISCLOSURES

- There are no materially significant transactions with the related parties viz., Promoters, Directors, Senior Management, their Subsidiaries or relatives conflicting with Company's interest at large.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

8. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also normally published in the Pioneer (English edition) and Hari Bhoomi (Hindi edition) newspapers. The presentation as to the Company's performance etc. are made to the Institutional Investors/Financial analysts as and when considered necessary. The Management discussion and analysis report forms part of this annual report.

9. GENERAL SHAREHOLDERS INFORMATION

- Annual General Meeting (AGM): The Company has obtained requisite permission from the ROC for extension of time upto 31.12. 2010 for holding the next AGM. Accordingly, the next AGM will be held on Wednesday, the 29th December, 2010 at 9.30 A.M. at Faridabad Industries Association, Bata Chowk, Faridabad-121001.
- Tentative Financial Calendar 2010-11:
First quarter results : By mid August '10
Half yearly results & Audited Accounts 2009-10: : By mid November 2010
Third quarter results : By mid Feb.'11
Fourth quarter results : By mid May.'11
- Book Closure Dates : From Wednesday, the 22nd December, 2010 to Wednesday, the 29th December, 2010 both days inclusive.
- Dividend Payment Date : Not Applicable
- Listing on Stock Exchanges and Stock Codes :

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited, Mumbai	500311

National Stock Exchange of India Ltd. Nuchem
Mumbai

vi. Market Price Data:

The details of High & Low market price of the shares at The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Ltd., Mumbai are as follows:-

Month	Quotation at Bombay Stock Exchange Ltd.		Quotation at National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	6.92	6.04	6.95	5.75
May 2009	10.55	5.68	10.45	5.80
June 2009	10.00	6.80	10.40	6.85
July 2009	6.82	6.04	7.30	6.10
August 2009	7.20	6.25	7.15	6.30
September 2009	7.62	6.45	7.60	6.40
October 2009	7.15	5.55	7.25	5.50
November 2009	8.28	6.32	8.30	6.40
December 2009	10.23	6.80	10.30	6.80
January 2010	13.72	9.34	13.75	9.30
February 2010	14.65	9.92	14.65	10.10
March 2010	11.71	9.32	11.85	9.30

vii. Registrar and Transfer Agents:

M/s. RCMC Share Registry (Pvt.) Ltd., B-106,
Sector-2, NOIDA-201301

viii. Share Transfer System :

The Board of Directors of the Company has delegated the power of share transfer to a Sub-Committee on share transfer, which generally meets twice a month with a view to effect the transfer of shares expeditiously.

ix. Distribution of Shareholding as on 31.03.2010 is given below:-

No. of Shares	Equity Share-holders	No. of Share-holders	% of Share-holders	No. of Shares held	% of share-holding
Upto - 250	26651	76.828	29192920	9.841	
251 - 500	4066	11.722	16765340	5.651	
501 - 1000	1832	5.282	15895770	5.358	
1001 - 2000	901	2.597	13700460	4.618	
2001 - 3000	270	0.778	7175550	2.419	
3001 - 4000	181	0.522	4818470	1.624	
4001 - 5000	268	0.772	8073750	2.722	
5001 - 10000	229	0.660	16648780	5.612	
10001 & Above	291	0.839	184383670	62.155	
TOTAL	34689	100.00	296654710	100.00	

x. Shareholding Pattern as on 31.03.2010 is given below:-

Sr. No.	Category	No. of Shares	% of holding
1.	Promoters	28,78,090	9.70
2.	FIs, FII's, Banks & Mutual Funds	6,25,758	2.11
3.	Private Corporate Bodies	89,28,222	30.10
4.	NRIs/OCB's	7,93,163	2.67
5.	Indian Public	1,64,40,238	55.42
Total		2,96,65,471	100.00

- xi. Dematerialisation of Shares and Liquidity:
The trading in the Equity Shares of the Company came under compulsory demat category w.e.f. 8.5.2000. The Company's shares are fully available for trading in the depository systems of both NSDL and CDSL. As on 31.3.2010, 2,26,48,968 equity shares of the Company i.e. 76.35% of equity capital has already come under the electronic form. Those shareholders who have still not got their shares dematerialised are advised to do so, as soon as possible, in view of many advantages of the demat system.
- xii. International Security Identification No.:
NSDL and CDSL : INE 946A01016
- xiii. Outstanding GDR/ADR/WARRANTS or any convertible Instruments, conversion date & impact on equity. : Nil
- xiv. Plant Locations
Chemical Division : 54, Industrial Area,
N.I.T. Faridabad-121001
(Haryana)
MDF Division : 66, K.M. Stone,
Hissar - Tohana Road,
Tohana - 126 119
Distt. Fatehabad (Haryana)
- xv. Address for : 54, Industrial Area,
Correspondence N.I.T, Faridabad-121001
(Haryana)

10. Details of Director(s) being re-appointed

Sh. Autar Singh is a post graduate in Political Science from Lucknow University. He is an industrialist and a businessman based in Faridabad for long. He has held position as Managing Director with various industrial companies. He has also held very high position in Sikh religious and educational bodies. He was President of Faridabad Industries Association and remains actively associated with it. He is a director with Sirrocco Pressing (P) Ltd. He does not hold any shares in the company. He is not related to any director of the company.

For and on behalf of the Board

Place : Faridabad (Anil Kumra) (Arun Barar)
Dated : 12.11.2010 Director Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The company for last few years has had 4 business segments in its portfolio: MDF panel boards, Thermoset resins & Moulding powders, Effluent Treatment Plants / Projects and Environment Management Services. The management has been constantly reviewing its business portfolio and looking at growth issues in every business.

MEDIUM DENSITY FIBRE (NUWUD) BOARD DIVISION:

This business has been the main business of the company for nearly 2 decades but has suffered from 1st having to export 25% of its production under industrial licensing conditions and there after since 1996 from massive dumping from 5-6 countries where prices of inputs are far lower than

in India. While NUWUD became a brand synonymous with quality of MDF in the country but due to low realisations because of dumping prices, it suffered. As the size of industry was small i.e. just 2 plants till very recently no relief was forthcoming from GOI for this industry in spite of it being environment friendly business. In recent years after advent of some more plants the industry could move and get Anti Dumping Duty on import of MDF IN Oct 2009. This will help the industry to stabilise its operations in years ahead.

We have over last few years of massive losses due to our inability to increase prices to take care of rising input costs of all raw materials e.g. Wood, Agro fuels and petro based materials like wax, resins etc, not been able to put sufficient money in to R&R of plant whereby our agro fired power plant suffered and went in to major break down in July 2009. While we could repair and restart the plant intermittently by early August 2009 our fuel consumptions remained higher than normal. Further steps taken for replacement of boiler parts have brought them in control in September 2010.

We are constrained due to shortage of working capital where efforts are under way to inject fresh Working Capital to realise full potential of MDF. We expect that with buoyant market conditions we will be able to put this business to profitable path in near future.

CHEMICAL DIVISION :

Chemical division apart from Formaldehyde and Prescol Glue which are internally consumed has Thermoset Moulding Powders used primarily in Electrical Wiring Devices and Melamine tableware etc. In the last few years, the company's volumes had been under threat from small scale moulding powder manufacturers who are exempt from paying central excise duty and consequently enjoy price advantage on company's product. This with ongoing rationalisation of taxes and stricter enforcement should start easing the pressure on us. The Electrical Wiring Devices has progressively started seeing MNCs like Panasonic, Siemens etc coming in to this field where quality of raw materials becomes the main criteria rather than price alone and that should in years to come start giving our moulding powder an edge as it is the only product in the country which is approved by BIS as well as is produced in an ISO certified facility. This should start giving us an advantage which combined with technical support to the customer by the company in use of its product should result in increasing the volumes. These factors should along with booming housing market in mid and low value segments should further give a boost to company's off take in near future. The company has also started marketing its products abroad although in small volumes.

During the past two years, the petroleum products including those used by the company i.e. Methanol have seen wildly fluctuating prices and in the year under review while the company could pass on part of cost increases to market but still had to bear part of it internally. The working capital needs of the division have to be further strengthened to push for aggressive growth in its business volumes.

ENVIRONMENT MANAGEMENT SERVICES DIVISION:

Today, Global Warming and Green and pollution free environment have become the buzz words in industry as well as commercial world and environmental issues such as quality of air, water and ground pollution, waste recycling, solid waste management, industrial and hazardous wastes have become the front rank concerns of policy makers as well as industry and people in general. This has thrown up several new business opportunities for us in the area of testing, providing solutions to the problems. The company has been alive to all such opportunities and has developed a business plan to extend itself beyond testing and certification work of the traditional type to Environment Impact Assessment and Consultancy. These services will not only further strengthen the company's services businesses, but also take it on to a path of growth in the areas of large business opportunities in future.

In line with its growth plans, it has accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) and various pollution control boards at the state level. These combined with plans to further upgrade the technology in this business and market its services aggressively should help this business grow as one of the fast growing businesses in the years to come.

ENVIRONMENT PROJECTS DIVISION:

The company over the last 4-5 years has felt that this business has the potential to become a major business of the company and certainly as large as MDF if not larger. However, with slow down of economy in 2008 & 2009, in view of this business needing increasing amounts of money to stay afloat and grow, we had to take a decision to go slow in this business and to use the available resources to ensure that the other 2 businesses of the company with buoyant markets, where we already have brand leadership, are better supported at this juncture to stabilise the company's margins. Meanwhile, we are in the process to complete the ongoing projects and further course of action will be decided at appropriate time.

FINANCIAL PERFORMANCE

The operations have resulted in higher losses during the year under review. The continuing sharp fluctuation in input cost of materials like Wood, Agro fuels and Petroleum products i.e. Methanol/Wax had increased the pressure on margins during the year under review. This combined with break down in our power plant at MDF division resulted in reduction in production and sales of that division. This resulted in large losses to not only MDF but also to chemical operations, from where resin is sold to MDF, which could not be done to the desired levels.

The company in last few years had settled the debt of most of the term lenders and had also made efforts to do an OTS with Punjab & Sind Bank but could not do so as decision from the bank was not forthcoming. We could finally get approval for OTS of their debt in December'09 and have paid 75% of OTS amounts to them through monetisation of a low yielding asset of the company. The company is looking at various avenues to raise further resources to not only pay off the balance OTS dues of PSB but also to strengthen its working capital resources.

INTERNAL CONTROL SYSTEM

The Company ensures adequate internal control through manualised Policy & Procedures to be followed by the executives at various levels in the organisation. While operating managers ensure compliance within their areas, internal audit carries out audit tests on the selected samples and report non-compliance/weaknesses, if any, through internal audit reports of the respective units/areas. These reports are reviewed by the management and subsequently by the Audit Sub-Committee of the Board. With the objective of improving the systems and removing bottlenecks, if any, periodic systems review is carried out and Policies and Procedure Manuals are continually being revised. The job of internal auditing remains entrusted to M/s. Lodha & Co., a professional firm of Chartered Accountants.

HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATIONS

In today's business environment, the human resource is the most important resource in any company. The Management has always considered that our employees are valuable assets of the organisation. The maximum attention is being given for up-gradation of skills of people working in the company including the technical, managerial/ personnel skills of people. Training is the main focus area and continuous efforts are made to train the employees on continuous basis. The employees at all levels, inspite of tough times the company is passing through, have stood with the company and efforts are constantly made to ensure their well being.

Industrial relations in our units have remained cordial during the year under review. The company has total 551 employees on its roll as on 31.03.2010 as against 617 employees as on 31.03.2009.

SAFETY AND ENVIRONMENT PROTECTION

Safety and health has always been on a priority agenda with the Company as is evident from the past records. The safety trainings and refreshment courses are conducted at regular intervals and the persons concerned with Security and safety are sent outside to learn new techniques. Company has been associated with the Haryana Safety Council since its inception. The health of the employees is also a major concern for the Management, qualified doctors and well equipped dispensaries find the place in all divisions of the company to ensure regular health check-ups of employees at all levels. The Company has been compliant of the environment protection norms and all efforts are made to create an environment friendly atmosphere in the company. Tree plantations are taken up in all units as a regular feature. Systems for pollution control in all aspects i.e. Noise, water, air are constantly monitored and upgraded as and when required.

CAUTIONARY STATEMENTS

Certain statements in the "Management Discussion and Analysis Report" may be "Forward Looking Statements" within the meaning of applicable securities laws or regulations. Many factors may affect the actual results, which could be different from what the management envisages in term of future performance and outlook.

Place : Faridabad
Dated: 12-11-2010

(Arun Barar)
Managing Director

AUDITORS' REPORT

To the Members of Nuchem Limited

1. We have audited the attached Balance Sheet of Nuchem Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have 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.
 3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure 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 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 purpose 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 *except Accounting Standards AS-13 as explained in Clause 4(g) below.*
- (e) *The company has defaulted in repayment of principal amount of fixed deposits and payment of interest thereon in respect of deposits pertaining to earlier years. (Reference is drawn to our comments in clause 6 of Annexure to this report). The company has been legally advised that the defaults related to the period prior to enactment of section 274(1)(g) of the Companies Act, 1956 and, therefore, the present directors of the company do not attract any disqualification under section 274(1)(g) of the Companies Act, 1956. Accordingly on representation of the company based on legal opinion taken by it, and written representations received from the directors of the company, as on 31st March, 2010, none of the directors of the company is disqualified to act as a director under Section 274(1)(g) of the Companies Act, 1956.*
- (f) *Refer note no. B – 13 of Schedule 17, the company has accounted for net deferred tax assets accumulated upto the end of current accounting year of Rs.1542.49 lacs on timing differences arising on unabsorbed losses, depreciation and other matters under Income tax law. The company has incurred losses in the recent past. In view of this, we are unable to comment on the realisation of such assets against future taxable Income.*
- (g) *There is investment of Rs.204.33 lac in Nuchem Infrastructure Limited, a subsidiary company. The company's proportionate share in the losses of subsidiary's accumulated losses is Rs.257.71 lac (Previous year Rs.268.82 lac) as per the latest audited Balance Sheet. Decline in the value of investment in the subsidiary company has not been provided for in terms of Accounting Standard AS-13 'Accounting for Investments' notified pursuant to the Companies (Accounting Standards) Rules, 2006.*
We understand that management has been in the process of disinvestment of subsidiary which includes sale of part of its holding in earlier year. On the basis of report on valuation of assets of subsidiary done by a professional firm and based on this valuation, the management having sold part of its holding in the previous year, the management is of the view that the company's stake in the subsidiary is fully covered by the value of its assets.
- (h) Reference is drawn to note no. B -6 of Schedule 17, wherein it has been stated that in the process of financial restructuring

continuing from the initial relief package and modifications thereof, the company entered into OTS arrangement with most of its term lenders and has already made payment/s as per terms of sanction. Reliefs thereof have been accounted for in earlier years.

During the year, the company has further entered into OTS arrangement with one more Institution and payments are being made in terms of sanction. The company is yet to make balance payment of Rs.185.65 lac. In case of this Institution, relief/s of Rs. 117.57 lac have been considered in earlier years and Rs. 5.78 lac has been considered in the current year. In case of default, leading to revoking of OTS, if any, it would lead to increase in provision for interest for the year of Rs.120.32 lac, total such unprovided for liability up to the end of the year would be Rs.465.09 lac, apart from amounts treated as waived off of Rs.97.07 lac in earlier years.

- (i) The company has made disinvestment of 48.96% shareholding of Nuchem Infrastructure Limited (formerly Nuchem Machine Tools Limited), a subsidiary company, profit of Rs.2352.00 lac thereof was recognised in the previous year. The company had received Rs.200 lac against the sale consideration and realisation of the balance amount of Rs. 2348.00 lac is due from March 2010 upto September 2012. Overdue amount as on 31.03.2010 is Rs.254.80 lac. The management is pursuing the matter and in the opinion of the management, this amount will be realised within the stipulated period. We have relied on the opinion of management in this regard.
- (j) During the year, the company has entered into an agreement to sell in respect of one of its properties at Faridabad. The agreement is subject to necessary approvals and clearances, including from the Banks and Financial institutions, which are yet to be received. Pending the approvals, the sale transaction resulting in a profit of a Rs. 610.68 Lac has not been recognised in this year accounts.
5. *We further report that, had the observations made by us at clause 4(g) above been considered, accumulated losses would increase by Rs.204.33 lac and Investment in subsidiary would reduce by Rs.204.33 lac, the impact of observation at 4(f) is not determinable at this stage.*
6. *Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii. In the case of Profit and Loss Account, of the loss 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 D.S. Talwar & Co. For S. S. Kothari Mehta & Co.
Chartered Accountants Chartered Accountants
Firm Regn.No.- 000993N Firm Regn.No.- 000756N

Sd/- **V. Talwar** Sd/- **Arun K. Tulsian**
Partner Partner
Membership No. 7542 Membership No. 89907

Place : Faridabad

Dated : 12th November, 2010

ANNEXURE TO AUDITORS' REPORT

(Annexure referred to in our report of even date)

- 1.a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of furniture and fixtures as evidenced by the records examined by us and the information made available to us.
- b) The Management has physically verified fixed assets during the period except furniture and fixtures and office equipments. In our opinion, the frequency of such verification is reasonable having regard to size of the company and nature of its assets. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- c) There was no substantial disposal of fixed assets during the year, except that during the year, the company has entered into an agreement to sell in respect of one of its properties at Faridabad (refer clause 4(j) above). This has not affected the going concern assumption.
- 2.a) The inventory, except material lying with third parties, in transit and stock of semi finished goods at MDF Division, has been physically verified by the management during the year. The semi finished stock of MDF Division is physically verified at an interval of two years as per policy. In our opinion, the frequency of such verification is reasonable.
- b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as

compared to book records were not material and have been properly dealt with in the books of account.

- 3.a) The Company has not granted any loans, secured or unsecured, to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) Since there are no such loans, comments on conditions regarding repayment of the principal amount, interest thereon and overdue amounts are not applicable.
- c) The Company has taken unsecured interest free loan of Rs 1.40 Lac (Maximum amount outstanding during the year and year end balance Rs 1.40 Lac) from a director and unsecured loan of Rs 468.83 lac (Maximum amount outstanding during the year and year end balance Rs 468.83 Lac) from its subsidiary company. The Company has not taken any other loan, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- d) The rate of interest where provided and other terms and conditions are, prima facie, not prejudicial to the interest of the company.
- e) Payment of principal amount and interest has not become due as on 31st March 2010 in respect of loan from the subsidiary and in other case, the loan is repayable on demand and no demand has been received.
- f) There is no overdue amount of principal or interest.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
- 5.a) Based upon the audit procedures applied by us and according to the information and explanations given to us by management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion, and according to the information and explanations given to us, each of these transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Act and exceeding the value of Rs. five lac in respect of each party during the year, has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
6. *In respect of deposits accepted from public in earlier years in terms of section 58-A of the Companies Act, 1956 and Rules framed thereunder, the company has not been able to make payments towards principal and interest thereon in accordance with the Order dated 20.05.1997 of the Hon'ble Company Law Board (CLB). The matter is before the Court at the instance of Registrar of Companies in view of non compliance of earlier Order dated 20.05.1997. In view of the liquidity position, the Company approached Hon'ble Company Law Board and had been sanctioned revised Order dated 10.06.2005, effective 01.10.2005 envisaging payments over a period of 4 years. In view of continuing losses and its consequent effect on its liquidity position, the company has not been able to make payments as stipulated, the company has re approached Hon'ble Company Law Board seeking more time for making payment of balance amounts as on 30.09.09. As informed, the company's request is under consideration. The amounts including interest outstanding as on 31.03.2010 is Rs. 222.47 lac.*
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 in respect of two of the products of the company namely Formaldehyde and Brooksite . We are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to carry out a detailed examination of the same.
- 9.a) *According to the records of the company, undisputed statutory dues including Employees Provident fund, Investor Education and Protection fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues, as applicable, have not been regularly deposited with the appropriate authorities during the year. There are arrears of Rs.51.52 lac, Rs.14.65 lac, Rs.0.58 lac, Rs.6.99 lac, Rs.2.01 lac and Rs.4.70 lac in respect of Income tax, FBT, VAT, CST, ESI and Service Tax respectively payable as at the end of the year for a period of more than six months from the date they became payable.*
- b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of income tax, custom duty, excise duty, wealth tax, cess and service tax which have not been deposited on account of any dispute, except the following in respect of disputed sales tax/Income tax alongwith the forum where dispute is pending:

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Delhi Sales Tax Act 1975	Sales Tax	14.58	1984-85	Appellate Tribunal at Delhi
		12.08	1985-86	- do -
		30.17	1986-87	- do -
		0.65	1993-94	Deputy Commissioner, (A) Delhi
Haryana Value Added Tax	VAT	129.79	2006-07	Joint ETC(A) Faridabad
Central Sales Tax Act 1956	CST	5.00	1993-94	Deputy Commissioner, (A) Delhi
Central Sales Tax	CST	0.50	1998-99	Appellate Tribunal at Chandigarh.
		3.98	2003-04	Joint ETC(A) Faridabad.
		5.37	2005-06	-do-
		115.17	2006-07	-do-
Trade Tax		0.02	1995-96	The Trade Tax Officer NOIDA
		0.09	1996-97	-do-
		0.12	1997-98	-do-
		0.03	2001-02	-do-
Income Tax		15.44	1994-95	CIT(A), FBD
		3.28	1997-98	-do-
		0.33	2006-07	-do-
		0.77	2007-08	-do-
		0.76	2008-09	-do-

10. The accumulated losses of the company as at the end of current financial year have exceeded fifty percent of its net worth. The company has incurred cash losses during the current accounting year. There were no cash losses during immediately preceding accounting period.

11. During the year, the company has defaulted in repayment of dues to banks. The total amount of default as on 31.03.2010 has been Rs. 361.23 lac, with date of earliest default in February 2009. The defaults have continued upto the close of the accounting year.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

15. The Company has given corporate guarantee of Rs.112.66 lac to a bank against the working capital facilities taken by a company. The terms and conditions of such guarantee do not, prima facie, appear to be prejudicial to the interest of the company.

16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have

been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.

17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the funds raised by the Company on short term basis have been applied for payment of long term dues under OTS, to the extent of Rs.1938.93 Lac.

18. The Company has not made any preferential allotment of shares, during the year, to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The company does not have any debentures outstanding as at the year end.

20. The Company has not raised any money by way of public issues during the year.

21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For D.S. Talwar & Co. For S. S. Kothari Mehta & Co.
Chartered Accountants Firm Regn.No.-000993N Chartered Accountants Firm Regn.No.-000756N

Sd/- **V. Talwar** Partner Membership No. 7542 Sd/- **Arun K. Tulsian** Partner Membership No. 89907

Place : New Delhi
Dated : 12th November, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-03-2010 (Rs.)	As at 31-03-2009 (Rs.)	As at 31-03-2009 (Rs.)
SOURCES OF FUNDS				
Shareholders' funds				
(a) Share Capital	1	29,65,71,037		29,65,71,037
(b) 10% Cumulative Convertible Preference Shares Suspense Account		-		10,06,920
(c) Reserves & Surplus	2	<u>8,40,44,484</u>		9,41,65,045
			38,06,15,521	<u>39,17,43,002</u>
Loan Funds				
(a) Secured	3	34,00,56,879		39,20,56,851
(b) Unsecured	4	<u>12,70,76,511</u>		12,48,84,619
			46,71,33,390	<u>51,69,41,470</u>
			84,77,48,911	<u>90,86,84,472</u>
APPLICATION OF FUNDS				
Fixed Assets				
(a) Gross Block	5	1,07,49,68,482		1,08,28,75,063
Less : Depreciation		<u>91,63,99,922</u>		87,08,62,680
(b) Net Block		15,85,68,560		<u>21,20,12,383</u>
(c) Capital Work in Progress		<u>91,79,663</u>		1,89,71,663
			16,77,48,223	<u>23,09,84,046</u>
Investments	6		2,04,43,000	2,04,64,000
Deferred Tax Assets			15,42,48,545	13,66,90,531
Current Assets, Loans and Advances	7			
(a) Inventories		24,21,94,073		26,92,22,330
(b) Sundry Debtors		25,36,83,034		28,75,79,925
(c) Cash and Bank Balances		2,34,63,803		3,79,63,736
(d) Other Current Assets		26,87,79,767		27,59,59,758
(e) Loans and Advances		<u>8,11,92,565</u>		9,42,26,474
		86,93,13,242		<u>96,49,52,223</u>
Less : Current Liabilities and Provisions	8	<u>67,70,32,893</u>		58,61,36,082
Net Current Assets			19,22,80,349	<u>37,88,16,141</u>
Profit & Loss Account		42,35,94,558		25,22,95,518
Less : Remission of Principal Amount of Term Loan dues		<u>11,05,65,764</u>		11,05,65,764
			31,30,28,794	<u>14,17,29,754</u>
			84,77,48,911	<u>90,86,84,472</u>

Significant Accounting Policies and Notes on Accounts 17

Sd/- A.K. Sood General Manager (Finance & Accounts)	Sd/- B.J. Shah Sr. Vice-President (Finance & Secretary)	Sd/- Arun Barar Managing Director	Sd/- Prathemesh Barar Sd/- Anil Kumra Directors
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AS PER OUR REPORT OF EVEN DATE ATTACHED

For D.S. Talwar & Co.
Chartered Accountants
Firm Regn.No. - 000993N

For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Regn.No. - 000756N

Sd/-
V. Talwar
(Partner)

Sd/-
Arun K. Tulsian
(Partner)

Place : Faridabad
Dated : 12th November, 2010

Membership No. 7542

Membership No. 89907

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Current Year (Rs.) 12 Months(Rs.)	Previous Period 18 Months (Rs.)
INCOME			
Sales & Services	9	72,75,75,631	1,61,88,42,037
Less : Excise Duty		<u>4,10,71,596</u>	<u>9,96,00,620</u>
		68,65,04,035	1,51,92,41,417
Less : Inter Division Transfer		<u>9,44,16,903</u>	<u>22,86,31,689</u>
Net Sales & Services		59,20,87,132	1,29,06,09,728
Profit on Sale of Investment		-	23,52,00,000
Other Income	10	1,21,73,480	1,54,06,930
Increase(+) / Decrease(-) in stocks of Work-in-process and finished goods	11	<u>- 1,54,06,215</u>	<u>- 3,35,61,134</u>
		58,88,54,397	1,50,76,55,524
EXPENDITURE			
Purchase of Trading Goods		1,71,33,281	6,37,02,289
Materials, Manufacturing & Others	12	50,86,01,362	1,09,48,68,304
Less : Inter Division Transfer		<u>9,44,16,903</u>	<u>22,86,31,689</u>
		41,41,84,459	86,62,36,615
Personnel	13	12,89,11,681	20,84,37,494
Administration	14	5,77,65,718	8,26,60,642
Financial	15	8,43,62,079	13,83,38,508
Selling	16	2,60,87,353	7,12,87,289
Depreciation		5,29,31,448	8,31,04,425
Less : Transfer from revaluation reserve		<u>- 1,01,16,339</u>	<u>- 1,62,49,685</u>
: Transfer from deferred income under subsidy scheme		<u>- 1,07,143</u>	<u>- 1,60,715</u>
		4,27,07,966	6,66,94,025
Bad Debts / Other Amounts Written Off		64,83,123	43,64,396
Provision for Doubtful Debts/ Advances		54,163	11,07,719
Provision for Diminution in Value of Investment		21,000	-
		<u>77,77,10,823</u>	<u>1,50,28,28,977</u>
PROFIT (+) / LOSS (-) Before Tax		- 18,88,56,426	48,26,547
Less : Provision for Tax			
a) Current Tax / Fringe Benefit Tax		-	36,74,108
b) Deferred Tax		<u>- 2,99,41,130</u>	<u>- 4,74,604</u>
		- 2,99,41,130	31,99,504
PROFIT (+) / LOSS (-) AFTER TAX		- 15,89,15,296	16,27,043
Deferred Tax of earlier years		<u>- 1,23,83,116</u>	<u>-</u>
Wealth Tax for earlier years		<u>- 628</u>	<u>-</u>
Debenture Redemption Reserve Written Back		-	25,74,883
Surplus (+) / Deficit (-) brought forward from previous year		<u>- 25,22,95,518</u>	<u>- 25,64,97,444</u>
Profit (+) / Loss(-) Transferred to Balance Sheet		- 42,35,94,558	- 25,22,95,518
Earning Per Share - Basic		- 5.77	0.05
- Diluted		- 5.77	0.05
Significant Accounting Policies and Notes on Accounts	17		
Sd/-	Sd/-	Sd/-	
A.K. Sood	B.J. Shah	Arun Barar	Sd/- Prathemesh Barar
General Manager	Sr. Vice-President	Managing	Sd/- Anil Kumra
(Finance & Accounts)	(Finance & Secretary)	Director	Directors
AS PER OUR REPORT OF EVEN DATE ATTACHED			
	For D.S. Talwar & Co.		For S.S.Kothari Mehta & Co.
	Chartered Accountants		Chartered Accountants
	Firm Regn.No. - 000993N		Firm Regn.No. - 000756N
	Sd/-		Sd/-
	V. Talwar		Arun K. Tulsian
	(Partner)		(Partner)
Place : Faridabad	Membership No. 7542		Membership No. 89907
Dated : 12th November, 2010			

Cash Flow Statement for the Year ended 31st March, 2010

	Current Year (Rs.)	Previous Period (Rs.)
A. Cash Flow from Operating Activities:		
Net Profit before tax and Extraordinary items	- 18,88,56,426	48,26,547
Adjustments for:		
- Depreciation	4,27,07,966	6,66,94,025
- Provision for Diminution in Value of Investment	21,000	-
- Profit/Loss on sale of Assets/Discarded Assets w/off	- 25,28,779	- 7,26,849
- Profit on Sale of Investment	-	- 23,52,00,000
- Interest Income	- 65,50,465	- 78,27,956
- Interest on Borrowings	6,61,77,442	9,78,28,486
- Income from subsidy scheme	1,07,143	1,60,715
	9,99,34,307	- 7,90,71,579
Operating Profit before Working Capital Changes	- 8,89,22,119	- 7,42,45,032
Adjustments for:		
- Trade and Other Receivables	5,41,10,791	- 24,88,10,164
- Inventories	2,70,28,257	4,98,46,991
- Trade Payables and Other Liabilities	8,67,51,636	3,75,21,829
	16,78,90,684	- 16,14,41,344
Cash Generated from Operations	7,89,68,565	- 23,56,86,376
Less : Income Tax / Wealth Tax / FBT Paid	- 628	- 36,74,108
Net Cash from Operating ActivitiesA	7,89,67,937	- 23,93,60,484
B. Cash Flow from Investing Activities		
Purchase of fixed assets	- 7,47,520	- 1,19,63,250
Sale/Adjustment of fixed assets	1,35,76,452	15,62,042
Interest received	65,50,465	78,27,956
Net Cash from Investing ActivitiesB	1,93,79,397	- 25,73,252
C. Cash Flow from Financing Activities:		
Proceeds from issue of share capital	- 10,06,920	-
Proceeds from borrowings (net)	- 4,99,09,926	5,89,77,894
Sales proceed of Investments	-	25,48,00,000
Interest / Compensation against sacrifice of Past year's Interest Paid	- 6,19,30,421	- 9,80,14,394
Net Cash used for Financing ActivitiesC	- 11,28,47,267	21,57,63,500
Net Increase/decrease in Cash and Cash equivalents (A+B+C)	- 1,44,99,933	- 2,61,70,236
Cash and Cash equivalents as at 1st April, 2009 (Opening Balance)	3,79,63,736	6,41,33,972
Cash and Cash equivalents as at 31st March, 2010 (Closing Balance)	2,34,63,803	3,79,63,736

Note:(-) Figures represent outflows

Sd/- A.K. Sood General Manager (Finance & Accounts)	Sd/- B.J. Shah Sr. Vice-President (Finance & Secretary)	Sd/- Arun Barar Managing Director	Sd/- Prathemesh Barar Sd/- Anil Kumra Directors
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AS PER OUR REPORT OF EVEN DATE ATTACHED

For D.S. Talwar & Co. Chartered Accountants Firm Regn.No. - 000993N Sd/- V. Talwar (Partner) Membership No. 7542	For S.S.Kothari Mehta & Co. Chartered Accountants Firm Regn.No. - 000756N Sd/- Arun K. Tulsian (Partner) Membership No. 89907
Place : Faridabad Dated : 12th November, 2010	

SCHEDULES 01 TO 17 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE - 1

SHARE CAPITAL

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
AUTHORISED		
6,80,00,000 Equity Shares of Rs.10/- each	68,00,00,000	68,00,00,000
7,00,000 10% Cumulative Convertible Preference Shares of Rs. 100/- each	7,00,00,000	7,00,00,000
25,00,000 15% Cumulative Redeemable Preference Shares of Rs. 100/- each	25,00,00,000	25,00,00,000
	1,00,00,00,000	1,00,00,00,000
ISSUED AND SUBSCRIBED		
2,96,65,471 (P.Year 2,96,65,471) *		
Equity Shares of Rs.10/- each fully paid up	29,66,54,710	29,66,54,710
Less : Calls in arrear (due from other than Directors)	84,250	84,250
	29,65,70,460	29,65,70,460
404 Fractional certificates each representing 1/7th of equity share of Rs.10/- on conversion of 10% cumulative convertible preference shares of Rs. 100/- each	577	577
	29,65,71,037	29,65,71,037

NOTE : * Of the above Equity Shares 6,49,450 shares were allotted as fully paid up by way of Bonus Shares by capitalisation of reserves.

SCHEDULE - 2

RESERVES & SURPLUS

a) Share Premium Account		
Balance as per last account	3,49,50,893	3,49,50,893
b) Debenture Redemption Reserve		
Balance as per last account	-	25,74,883
Less : Amount not required transferred to Profit & Loss account	-	25,74,883
c) Revaluation Reserve		
Balance as per last account	5,92,14,152	7,54,76,615
Less : Amount credited to Profit & Loss account	1,01,16,339	1,62,49,685
Less : Adjusted for sale of Assets	4,222	12,778
	4,90,93,591	5,92,14,152
	8,40,44,484	9,41,65,045

SCHEDULE - 3

SECURED LOANS

A. FROM BANKS

(a) Working Capital Facilities		
(i) Cash Credits	9,28,06,715	16,85,11,594
(ii) Bills / Cheques Discounting	6,55,21,745	8,62,18,504
(iii) Term Loan	13,15,25,835	7,20,20,891
(b) Other Loans	58,34,449	94,77,062

B. FROM FINANCIAL INSTITUTIONS *

Term loans	4,43,68,135	5,58,28,800
	34,00,56,879	39,20,56,851
Out of above, repayable in one year	3,91,18,610	2,83,08,012

NOTES: (Refer note no. B-6 of Schedule-17)

- (i) The Term Loans marked "" are secured by an equitable mortgage, created or to be created, on immovable properties at Faridabad and Tohana. These loans have also been charged by way of hypothecation of all movable assets, both present and future, of Faridabad and Tohana Units save & except book debts, stock & stores specifically charged to Company's Bankers. The charges created or to be created shall rank paripassu inter-se.
- (ii) The Working Capital facilities mentioned at A(a)(i) & (ii) respectively are secured by hypothecation of stocks & book debts.
- (iii) The working capital facilities mentioned at A(a)(i) & (ii) respectively are further secured by way of second charge created or to be created over the fixed assets of the company both present & future.
- (iv) The Term Loan mentioned at A (a) (iii) is secured by way of first pari passu charge on block / fixed assets of the company.
- (v) The loans from Banks are also guaranteed by Sh. Romesh Chandra Barar, one of the promoters and other Working Directors in their personal capacity.
- (vi) Other loans from banks are secured against specific assets financed through such loans.

SCHEDULE - 4

As at 31-03-2010 As at 31-03-2009

UNSECURED LOANS	(Rs.)	(Rs.)
(A) Fixed Deposits		
(i) Guaranteed by Directors	4,69,619	537,219
(ii) Others	48,01,753	50,86,453
(iii) Interest Accrued and Due	1,21,96,818	1,20,94,972
(B) LOANS FROM SUBSIDIARIES (Repayable within one year Nil, Previous Year Rs.4,44,40,765/-)	4,68,83,111	4,44,40,765
(C) SHORT TERM LOANS AND ADVANCES		
(i) From other than Banks	6,08,90,000	6,08,90,000
(ii) Interest accrued and due	18,35,210	18,35,210
	12,70,76,511	12,48,84,619
NOTE : Out of Fixed deposits, repayable within one year.	-	56,23,672

SCHEDULE - 6

(Face Value) (Rs.) (Rs.) (Rs.)

INVESTMENTS (AT COST, LONG TERM, NON TRADE)	(Rs.)	(Rs.)	(Rs.)
A. INVESTMENT IN SUBSIDIARY COMPANY (UNQUOTED)			
Nuchem Infrastructure Limited (Formerly Nuchem Machine Tools Ltd.)			
Fully paid up Equity Shares #	2,04,33,000	2,04,32,900	2,04,32,900
B. OTHER INVESTMENTS (UNQUOTED)			
Haryana Polysteels Ltd. fully paid up Equity Shares	20,000	20,000	20,000
Haryana Financial Corporation Ltd. fully paid up Equity Shares	10,000	10,000	10,000
Delhi Faridabad Textiles Pvt. Ltd. fully paid up Equity Shares	50,000	50,000	50,000
Nuchem Weir India Ltd. fully paid up Equity shares	50,00,000	50,00,000	50,00,000
Nuchem Agro Products Ltd. fully paid up Equity Shares	1,000	1,000	1,000
Jayshri Arjun Apartment Owners Association	100	100	100
	2,55,14,100	2,55,14,000	2,55,14,000
Less :- Provision for diminution in value of Investment in Haryana Polysteels Ltd., Delhi Faridabad Textiles Pvt. Ltd., Nuchem Weir India Ltd. and Nuchem Agro Products Ltd.		50,71,000	50,50,000
	2,55,14,100	2,04,43,000	2,04,64,000

NOTES:

- (i) # Out of the total holding of 20,43,300 fully paid up Equity Shares, 270 Shares are in the name of Company's nominees.

SCHEDULE - 5
FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 01.04.2009	Additions	Sales/ Adjustments	Cost as at 31.03.2010	upto 31.03.2009	For the Year Adjustments	Total upto 31.03.2010	As At 31.03.2010	As At 31.03.2009	
	(1) (Rs.)	(2) (Rs.)	(3) (Rs.)	(4) (Rs.)	(5) (Rs.)	(6) (Rs.)	(7) (Rs.)	(8) (Rs.)	(9) (Rs.)	(10) (Rs.)
Land	1,96,67,190	-	-	1,96,67,190	-	-	-	1,96,67,190	1,96,67,190	
Building	6,61,71,805	-	-	6,61,71,805	3,89,94,568	19,48,772	-	4,08,93,340	2,52,78,465	2,72,27,237
Plant & Machinery	91,61,32,074	3,050	981,301	91,51,53,823	77,95,15,525	4,60,21,572	9,21,013	82,46,16,084	9,05,37,739	13,66,16,549
Furniture & Fixtures	95,71,466	3,72,936	29,33,252	70,11,150	66,50,363	4,30,673	23,40,711	47,40,325	22,70,825	29,21,103
Office Equipment	1,63,64,669	2,27,877	32,24,315	1,33,68,231	1,26,93,377	9,88,962	28,19,679	1,08,62,660	25,05,571	36,71,292
Vehicles	2,18,94,663	-	-	2,18,94,683	1,09,20,433	28,28,616	-	1,37,49,049	81,45,634	1,09,74,250
Library	1,08,877	-	-	1,08,877	1,08,877	-	-	1,08,877	-	-
R & D Assets	3,29,64,299	1,43,657	15,15,233	3,15,92,723	2,20,29,537	7,12,853	13,12,803	2,14,29,587	1,01,63,136	1,09,34,762
Sub Total	1,08,28,75,063	7,47,520	86,54,101	1,07,49,68,482	8,708,62,680	5,29,31,448	73,94,206	91,63,99,922	15,85,68,560	21,20,12,383
Total (Last Year)	1,07,23,72,867	1,57,94,238	52,92,042	1,08,28,75,063	79,22,02,326	8,31,04,425	44,44,071	87,08,62,680	21,20,12,383	28,01,70,541
Capital Work-in-Progress	1,89,71,663	-	97,92,000	91,79,663	-	-	-	-	91,79,663	1,89,71,663
Grand Total	1,10,18,46,726	7,47,520	1,84,46,101	1,08,41,48,145	87,08,62,680	5,29,31,448	73,94,206	91,63,99,922	16,77,48,223	23,09,84,046

SCHEDULE - 7

	As at 31-03-2010 (Rs.)	As at 31-03-2009 (Rs.)
CURRENT ASSETS, LOANS & ADVANCES		
A. INVENTORIES (As Taken, Valued and Certified by the Management)		
Stores & Spares	1,07,93,048	96,24,991
Loose Tools	6,76,405	6,86,921
Raw Materials	72,47,259	97,03,036
Fuel Materials	1,17,97,649	2,18,46,893
Finished Goods	34,05,375	1,05,79,319
Trading Goods	49,33,463	54,93,447
Goods in Transit	-	2,74,562
Goods In Process	20,33,40,874	21,10,13,161
	<u>24,21,94,073</u>	<u>26,92,22,330</u>
B. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding for a period exceeding six months		
- Considered good	8,83,52,464	9,49,91,554
- Considered doubtful	38,13,835	38,07,572
(ii) Others		
- Considered good	16,53,30,570	19,25,88,371
	<u>25,74,96,869</u>	<u>29,13,87,497</u>
Less : Provision for Doubtful Debts	38,13,835	38,07,572
	<u>25,36,83,034</u>	<u>28,75,79,925</u>
C. CASH AND BANK BALANCES		
Cash in hand	3,91,166	2,00,974
Cheques in hand	1,06,495	2,12,686
With Scheduled Banks		
- in Current Account	13,38,229	19,78,722
- In Fixed Deposits *	1,90,68,161	3,01,70,197
- Cheques sent for collection	25,59,752	54,01,157
	<u>2,34,63,803</u>	<u>3,79,63,736</u>
D. OTHER CURRENT ASSETS (Unsecured, Considered good unless stated otherwise)		
Security Deposits	78,85,858	72,99,887
Earnest Money Deposits	2,00,870	6,65,575
Claims Recoverable **	37,06,686	1,11,54,880
Amount receivable against sale of investment ***	23,48,00,000	23,48,00,000
Interest / Other receivables	2,21,86,353	2,20,39,416
	<u>26,87,79,767</u>	<u>27,59,59,758</u>
E. LOANS AND ADVANCES (Unsecured, Considered good unless stated otherwise)		
(i) LOANS		
- To Others	38,00,000	38,00,000
(ii) ADVANCES (Recoverable in cash or in kind)		
Considered Good		
- To Others	7,71,23,166	900,10,196
- Considered Doubtful	-	1,21,194
Less : Provision for Doubtful Advances	-	1,21,194
(iii) PREPAID LEASE RENT	2,69,399	4,16,278
	<u>8,11,92,565</u>	<u>9,42,26,474</u>

NOTES : * Fixed Deposits Include :

- i) FDRs of Rs.1,66,89,661/- (Previous Period Rs.1,91,35,628/-) pledged against guarantees issued by Banks in favour of Excise Department.
 - ii) FDRs of Rs.23,72,510/-(Previous Period Rs.1,10,28,580/-) pledged against Margin Money for letter of credit and guarantees issued by the Banks, and against earnest money deposit with customers.
 - iii) FDR of Rs. 5,989/- (Previous Period Rs. 5,989/-) pledged with Sales Tax Department.
- ** Refer Note B (3) of Schedule 17.
*** Refer Note B (10.a&c) of Schedule 17.

SCHEDULE - 8As at 31.03.2010 As at 31.03.2009
(Rs.) (Rs.)**CURRENT LIABILITIES AND PROVISIONS****A. CURRENT LIABILITIES**

Advances from Customers	5,59,51,782	4,26,47,840
Sundry Creditors (Includes due to Small and Medium Enterprises Rs.1,64,73,446/- Previous Period Rs.86,90,732/-).	40,21,61,800	33,38,40,304
Due to Subsidiary – Nuchem Infrastructure Limited (Net)	13,62,38,441	13,62,38,441
Interest accrued but not due	48,44,802	6,99,627
Dealer Deposits	4,42,29,855	4,33,04,855
Other Liabilities	2,74,58,502	1,99,71,689
	67,08,85,182	57,67,02,756

B. PROVISIONS

Gratuity	18,89,424	18,25,962
Fringe Benefit Tax	-	22,75,972
Leave Encashments	42,58,287	53,31,392
	61,47,711	94,33,326
	67,70,32,893	58,61,36,082

SCHEDULE - 9Current Year Previous Period
12 Months (Rs.) 18 Months (Rs.)**SALES & SERVICES**

Sale of Goods	87,76,74,020	1,86,71,51,494
Inter Division Transfers	9,91,93,044	24,67,79,428
Less : Excise Duty claimed as CENVAT	47,76,141	1,81,47,739
	9,44,16,903	22,86,31,689
Revenue from Environment Management (Projects & Services)	66,98,611	3,56,31,909
Sale of Others	39,19,884	1,13,59,583
	98,27,09,418	214,27,74,675
Less : Rebate & Discounts	25,51,33,787	52,39,32,638
	72,75,75,631	1,61,88,42,037

SCHEDULE - 10**OTHER INCOME**

Interest		
- From Banks on Fixed Deposits (TDS Rs. 2,91,940/- Previous Period Rs.7,10,409/-)	20,10,502	34,57,049
- From Customers (TDS Rs. Nil, Previous period Rs. Nil.)	6,86,234	31,01,516
- From Others (TDS Rs. Nil, Previous Period Rs. Nil.)	38,53,729	12,69,391
Liabilities no longer required written back	16,28,128	45,32,046
Provision for doubtful debts written back	1,69,094	2,42,983
Profit on Sale of Fixed Assets *	26,21,500	7,26,849
Foreign Exchange Fluctuations	-	81,731
Miscellaneous Income (TDS Rs.1,48,010/-, Previous period Rs.3,20,701/-)	12,04,293	19,95,365
	1,21,73,480	1,54,06,930

* This year profit on sale of fixed assets is for sale of technical know-how of Poly Carbonate Project

SCHEDULE - 11

	Current Year 12 Months (Rs.)	Previous Period 18 Months (Rs.)
INCREASE/DECREASE (-) IN STOCK OF WORK IN PROCESS AND FINISHED GOODS		
Opening Stock		
Finished Goods	1,05,79,319	81,79,358
Goods in Process	21,10,13,161	24,65,89,724
Trading Stock	54,93,447	58,77,979
	<u>22,70,85,927</u>	<u>26,06,47,061</u>
Less :		
Closing Stock		
Finished Goods	34,05,375	1,05,79,319
Goods in Process	20,33,40,874	21,10,13,161
Trading Stock	49,33,463	54,93,447
	<u>21,16,79,712</u>	<u>22,70,85,927</u>
Net Increase (+) / Decrease (-)	<u>- 1,54,06,215</u>	<u>- 3,35,61,134</u>

SCHEDULE - 12**MATERIALS, MANUFACTURING & OTHERS****1. RAW MATERIALS**

Opening Stock	97,03,036	1,53,72,625
Add : Purchases	34,66,82,528	75,34,82,480
	<u>35,63,85,564</u>	<u>76,88,55,105</u>
Less : Closing Stock	72,47,259	97,03,036
	<u>34,91,38,305</u>	<u>75,91,52,069</u>
Less : Value of Internal Transfers shown separately under 12.2	9,44,16,903	22,86,31,689
Raw Material Consumption	<u>25,47,21,402</u>	<u>53,05,20,380</u>

2. INTER DIVISION TRANSFERS

	9,44,16,903	22,86,31,689
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3. MANUFACTURING

Stores & spares consumed	68,22,322	1,18,47,399
Design, Engineering, Erection & Commissioning Expenses	46,87,518	2,16,43,808
Repairs to Plant & Machinery	1,01,50,177	1,58,52,607
Repairs to Building	5,09,238	7,23,606
Power & Fuel	12,45,21,710	25,72,95,957
Freight, Cartage & Handling Charges	63,80,932	1,51,47,833
Lease Rent and Hire Charges	873,301	12,22,028
Manufacturing Expenses - Others	58,79,116	1,19,71,555
Excise Duty on Increase / Decrease in Stocks	- 3,61,257	11,442
	<u>15,94,63,057</u>	<u>33,57,16,235</u>
	<u>50,86,01,362</u>	<u>1,09,48,68,304</u>

SCHEDULE - 13**PERSONNEL**

Salaries, Wages, Bonus & Allowances	11,01,28,098	17,52,95,260
Contribution to Provident & Other Funds	1,20,45,020	2,12,79,515
Employee Welfare Expenses	67,13,050	1,16,46,161
Staff Training Expenses	25,513	2,16,558
	<u>12,89,11,681</u>	<u>20,84,37,494</u>

SCHEDULE - 14

	Current Year 12 Months (Rs.)	Previous Period 18 Months (Rs.)
ADMINISTRATION		
Lease Rental & Hire charges (Net of Recovery)	25,36,121	38,31,413
Travelling & Conveyance	1,14,65,429	2,34,22,786
Repairs & Maintenance - Others	46,34,329	76,35,469
Insurance	20,04,126	36,13,991
Rates & Taxes	5,83,993	6,59,037
Postage, Telegram & Telephones	44,90,229	73,15,956
Charity & Donation	6,601	52,600
Legal & Professional	2,64,13,118	2,61,41,499
Payment to Auditors		
- Audit Fee	6,00,000	9,00,000
- Tax Audit Fee	1,00,000	1,70,000
- Certification & other matters	3,54,750	2,97,500
- Expenses reimbursed	45,055	1,11,151
Loss on Sale / damage of Assets	92,721	-
Foreign Exchange Fluctuations	60,199	-
Miscellaneous Expenses	43,79,047	85,09,240
	<u>5,77,65,718</u>	<u>8,26,60,642</u>

SCHEDULE - 15**FINANCIAL**

Interest		
- On Fixed Loans	2,39,29,680	1,62,41,400
- On Others	4,22,47,762	8,15,87,086
Bank charges	87,88,252	1,65,56,495
Cash Discount	93,96,385	2,39,53,527
	<u>8,43,62,079</u>	<u>13,83,38,508</u>

SCHEDULE - 16**SELLING**

Sales Promotion	9,72,657	29,79,367
Freight & Forwarding	49,40,673	72,11,818
Commission on Sales	1,42,53,681	3,82,59,007
Advertisement/Publicity	1,94,528	11,36,195
Sales scheme incentive	56,66,701	2,13,22,716
Selling Expenses - Others	59,113	3,78,186
	<u>2,60,87,353</u>	<u>7,12,87,289</u>

SCHEDULE - 17**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS.****A. SIGNIFICANT ACCOUNTING POLICIES****1) FIXED ASSETS**

- a) Fixed Assets are accounted for on historical cost of acquisition or construction and are stated net of depreciation except revaluing them from time to time on the basis of professional valuer's certificates
- b) Cost includes borrowing cost, if any, attributable to qualifying asset up to the time of start of production/use.

2) DEPRECIATION

Depreciation is provided on the rates prescribed in Schedule XIV of Companies Act, 1956 on following basis: :

- a) Machineries of Formaldehyde and Research & Development Divisions on SLM basis.
- b) All other Plant & Machinery acquired upto 31.12.1983 on WDV basis & acquired on or after 1.1.1984 on SLM basis.
- c) Other assets of Divisions, other than MDF & Environment Management (Projects & Services) Divisions which are on SLM basis, are on WDV basis.
- d) Assets valuing upto Rs.5000/- are depreciated @ 100% in the year of purchase irrespective of period of use.

3) INVESTMENTS

Long term investments are valued at cost. Any diminution in value, other than temporary, is duly accounted for. Current investments are valued at lower of cost or market price/fair values.

4) INVENTORIES

Stores & spares, loose tools, raw materials, raw material in transit, finished goods, work-in-process and trading goods are valued at " Cost or net realisable value, whichever is lower." Finished goods inventories at the year end include excise duty payable at the time of removal of goods from factory premises. Cost of trading goods in Environment Management (Projects & Services) Division also includes design & drawing costs.

5) FOREIGN-EXCHANGE TRANSACTIONS

- a) Export Sales are accounted for at the exchange rate prevailing at the time of Sale. Exchange differences arising at the time of negotiation of documents and / or actual realisation are recognised in profit & loss account.
- b) Outstanding foreign currency denominated current assets and current liabilities are converted at the exchange rates prevailing at the year end and exchange differences are recognised in profit & loss account.

6) REVENUE RECOGNITION

- a) Revenue is recognised on accrual basis. Income from interest on call money arrears, investment in National Plan and Defence Certificates, is accounted for on receipt basis, in view of uncertainty involved in determining the quantum of accruals.
- b) On construction contracts in Environment Management (Projects & Services) Division under progress where profits or losses can be reasonably ascertained, these are accounted for on percentage of completion method on the basis of work completed upto the close of year, considering overall profits or losses upto the stage of completion.
- c) Government grants are recognised in Profit & Loss statement over the periods to match with related costs.

7) SALES & INTER - DIVISION TRANSFERS

- a) Sales are accounted for at the time of despatch of goods to the customers and in case of construction contracts in Environment Management (Projects & Services) Division on the basis of running/final bills on percentage of completion method. Export sales are recognised at the time of issue of bill of lading.
- b) Gross sales are inclusive of excise duty recovered from customers and net of returns & rebates. Sales net of excise duty is also disclosed separately.
- c) Inter division transfer of goods as independent marketable products produced by separate divisions for captive consumption, is done at approximate costs and reasonable margins thereon. The same is shown as a contra item to reflect the true working of the respective Divisions in the Profit & Loss Account. Any unrealised profit on unsold stocks is eliminated while valuing the inventories. This has no impact on the profits of the Company. Inter-divisional transfer/captive consumption to Fixed

Assets is done at cost. It is also netted off from gross sales and respective expenditure accounts in the statement of Profit & Loss.

8) CAPITAL SUBSIDY

Capital Subsidy relating to:

- a) Depreciable fixed assets is accounted for as deferred income & shown under current liabilities. Proportionate amount of such deferred income based on specified life of the asset is withdrawn yearly from deferred income account & credited to profit & loss account to match with related costs.
- b) Non Depreciable fixed assets is accounted for as Capital Reserve under Reserves & Surplus.

9) RETIREMENT BENEFITS

Contributions to Provident Fund are made to Government Administered Provident Fund towards which the company has no further obligation beyond monthly contributions. The company also provides for retirement benefits in the form of gratuity. For gratuity, the company has taken a policy from LIC of India effective from 1st April 2007 under its Group Gratuity Cash Accumulation Scheme and is making provisions on the basis of valuation as per the scheme done by LIC in accordance with revised Accounting Standard AS-15 issued by The Institute of Chartered Accountants of India.

Other short term benefits are expensed in the year in which services are rendered by the employees.

10) TAXES ON INCOME

Provision for current Income tax is made considering various allowances and benefits available to the company under the Income Tax law. Fringe Benefits Tax (FBT) is provided for and paid in accordance with the provisions contained in Income Tax Law.

In pursuance of Accounting Standard AS-22 'Accounting for Taxes on Income' notified pursuant to the Companies (Accounting Standards) Rules, 2006 deferred tax is recognised on timing differences arising between book income and taxable income to the extent such timing differences are capable of reversal in one or more subsequent periods. Deferred tax assets on account of unabsorbed losses and depreciation are recognised only to the extent that there is a virtual certainty of sufficient future taxable income available to realise such assets

11) MISCELLANEOUS EXPENDITURE

- a) Debenture raising expenses are written off over the life of the Debentures.
- b) Capital raising expenses are written off in 5 equal yearly instalments.

12) INTANGIBLE ASSETS

Intangible Assets are recognised on the basis of recognition criteria as set out in Accounting Standard AS-26 "Intangible Assets" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

13) IMPAIRMENT OF ASSETS

Specified aAssets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the assets carrying amount exceeds its recoverable amount being higher of assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash-flows relating to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-flows (i.e. Cash Generating Unit).

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognised. A reversal of an assets impairment loss is limited to its carrying amount that would have been determined (Net of depreciation or amortization) had no impairment loss been recognised in prior years.

14) CONTINGENT LIABILITIES, CONTINGENT ASSETS & PROVISIONS

Provisions are recognised for present obligations of uncertain timing or amount arising as a result of past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability, unless the possibility of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events are also disclosed as contingent liabilities unless the possibility of outflow of resources embodying economic benefits is remote.

B. NOTES ON ACCOUNTS **As at 31.03.2010 (Rs.)** As at 31.03.2009 (Rs.)

1) Estimated amount of contracts remaining to be executed on capital account not provided for	-	-
2. a) Claims against the company not acknowledged as debts		
- Income Tax matters under appeals	20,58,540	-
- Sales Tax matters under appeals	3,17,28,215	72,32,903
- Legal cases	9,56,266	8,76,757
b) Contingent Liabilities on account of		
- Excise claims	4,01,12,347	4,01,12,347
- Bank guarantee against performance	1,36,56,778	1,71,24,156
- Corporate guarantee for Other than Subsidiary	1,12,66,000	1,12,66,000
3) Claims recoverable includes Rs.Nil (Previous period Rs. 65,70,987/-) being amount recoverable from Banks as part of relief package (Refer Note no.6 below).		
4) Total accumulated dividend on 10% CCPS's converted into Equity Shares on 29.1.94 is Rs.62,600/- (Previous Period Rs.62,600/-) payable before declaring any dividend on equity shares.		
5) During the year, the company has entered into an agreement to sell one of its properties at Faridabad. The agreement is subject to necessary approvals and clearances, including from the banks/financial institutions, which are yet to be received. The consideration received has been shown under current liabilities and profit of Rs.610.68 lac arising from the transaction has not been considered in these accounts.		
6) In the process of financial restructuring continuing from the initial relief package and modifications thereof, the company entered into OTS arrangement with most of its term lenders and has already made payment/s as per terms of sanction. Reliefs thereof have been accounted for in earlier years. During the year, the company further entered into OTS arrangement with one more Institution and payments have been made as per terms of sanction thereof. Balance amount of Rs.185.65 lac is yet to be paid by the company. The net relief of Rs.5.78 lac has been adjusted in provision of interest made during the year in this respect. The management is hopeful of making balance payment against OTS to the said Institution. This in turn will ensure successful completion of the earlier relief packages and relief considered in these accounts.		
7) In accordance with the provisions of Accounting Standard on Impairment of Assets, (AS-28), the management has made assessment of assets in use and considering the business prospects related thereto, no provision is considered necessary in these accounts on account of Impairment of Assets		
8) There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard AS-29 'Provisions, Contingent Liabilities and Contingent Assets', as it is not probable that outflow of resources embodying economic benefits will be required.		
9) Prior period items, adjusted in the relevant head of accounts in the Profit & Loss Account :-		
Prior period items	Current Year (Rs.)	Previous Period (Rs.)
a) Income		
Lease Charges	3,050	Advertisement 2,440
Cash Discount	23,931	
Bank Charges	8,000	
Insurance Charges	59,324	
Electricity	7,224	
Total	1,01,529	2,440
b) Expenses		
Telephone Expenses	3,691	Exhibition Expenses 16,665
Bank Charges	530	Advertisement 5,000
Discount	3,36,366	Telephone Expenses 1,000
Freight Charges	1,50,845	
Water Charges	2,848	
Office Maintenance	4,000	
Electricity Charges	2,500	
Commission on sales	23,802	
Rectification & Replacement Expenses	25,716	
Advertisement	8,000	
Sales Promotion Expenses	49,219	
Fire Tax of Municipal Corporation	20,352	
Education Assistance	33,210	
Total	6,61,079	22,665

10. a) Investment in subsidiary company Nuchem Infrastructure Ltd. is shown at cost of Rs.2,04,32,900/-. The company's proportionate share in the losses of subsidiary's accumulated losses is Rs. 257.71 lac as on 31.03.2010 (Previous period Rs.268.82 lac).

In terms of the requirements of rehabilitation package, modification thereof and OTS/restructuring as aforesaid, the management has been in the process of dis-investment of subsidiary company on a going concern basis. In this context, the valuation of the assets of the subsidiary had been carried out by a professional firm and the company sold 48.96% holding of shares during previous period.

Based on the valuation and the sale consideration of part investment of the holding, the management is of the view that the investment by way of equity in subsidiary is fully covered by the value of subsidiary's assets. Therefore, diminution in the value of investment in subsidiary company is considered temporary in nature and thus not provided for in accordance with Accounting Standard AS-13 on "Accounting for Investments" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

- b) In view of part disinvestment and intention of management for further disposal in future, the control over the subsidiary is considered temporary, and therefore, the consolidation of its accounts with those of the company are not required as enunciated in Accounting Standard AS-21 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.
- c) The amount receivable in respect of above sale of shares is due in instalments beginning from March 2010 up to September 2012. Overdue amount as on 31.03.10 is Rs.254.80 lac.
- 11) A company petition has been filed u/s 397, 398 etc. of the Companies Act 1956 by a party towards end May 2010 before the Hon'ble Company law Board (i.e. CLB) and an ex-parte interim order has been passed, inter-alia directing the company to maintain status quo qua its assets and not to take any major decisions qua its wholly owned subsidiary namely Nuchem Infrastructure Ltd. till further orders. The company has challenged the maintainability of the petition and further actions are under way as considered necessary in the interest of the company.

12) Managerial Remuneration

Description	Current Year (Rs.)	Previous Period (Rs.)
Payment of Managerial Remuneration (Including Managing Director)		
- Remuneration	24,84,000	38,18,000
- Contribution to Provident Fund and other funds.	4,17,503	6,26,912
- Other Perquisites	18,43,752	27,67,983
	<u>47,45,255</u>	<u>72,12,895</u>

In view of losses, commission is not payable to Directors and hence, computation under section 349 of the Companies Act, 1956 are not required.

- 13) The company has accounted for deferred tax assets in accordance with the provisions contained in Accounting Standard AS-22 'Accounting for Taxes on Income' notified pursuant to the Companies (Accounting Standards) Rule, 2006 owing to improved prospects of its MDF product range on account of notification relating to Anti Dumping duty by Government of India, company's plans in near future to invest in value addition facilities and undertake certain cost-reduction measures.

Elements of Deferred Tax	Liabilities (Rs.)	Assets (Rs.)	Net (Rs.)
As at 31/03/2009*			
Unabsorbed losses & allowances	-	12,81,12,943	
Depreciation	2,39,80,989	-	
Provision for doubtful debt/advances	-	12,13,987	
Others	13,54,665	2,03,16,139	
	<u>2,53,35,654</u>	<u>14,96,43,069</u>	<u>12,43,07,415</u>
Current Year			
Unabsorbed losses & allowances	-	1,89,17,094	
Depreciation	(-) 1,11,06,762	-	
Provision for doubtful debt/advances	-	(-) 35,512	
Others	(-) 13,54,665	(-) 14,01,879	
	<u>(-) 1,24,61,427</u>	<u>1,74,79,703</u>	<u>2,99,41,130</u>

As at 31/03/2010

Unabsorbed losses & allowances	-	14,70,30,037	
Depreciation	1,28,74,227	-	
Provision for doubtful debt/advances	-	11,78,475	
Others	-	1,89,14,260	
	1,28,74,227	16,71,22,772	15,42,48,545

* Balance as on 31.03.09 is after reduction in Deferred Tax Assets as at that date, due to reduction of Rs.1,28,11,294/- in Unabsorbed Losses & Allowances, Rs.1,21,399/- in Provision for doubtful debts/ advances and Rs.20,31,614/- in Others and reduction in Deferred Tax Liabilities as at that date due to reduction of Rs.24,45,725/- in Depreciation and Rs.1,35,466/- in Others. The change is mainly on account of reduction in rate of income tax. The amount has been adjusted in profit & loss account.

Deferred tax assets (net) have been recognised in respect of unabsorbed losses and depreciation on the basis of assessment made by the management that there is virtual certainty that the company will have sufficient future taxable income to realise such assets.

- 14) Claims of certain parties are provided for as per best estimates. Further liability, if any, will be accounted for on final settlements.
- 15) Previous period figures have been rearranged or readjusted wherever considered necessary to facilitate comparison.
- 16) There are no Micro, Small and Medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

18) RELATED PARTY DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD AS-18

List of Related Parties **Current Year** Previous Period

A **Subsidiary Company** : Nuchem Infrastructure Limited (Formerly Nuchem Machine Tools Ltd)

B Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Nuchem Weir India Limited	Delhi Faridabad Textiles Pvt.Ltd
Umang India Limited	Nuchem Investments Pvt.Ltd.
Gulian Investments Holdings Pvt. Ltd.	Nufarm Chemicals
Vibha Investments Pvt. Ltd.	Precision Industrial Moulders
B.P.A. Holdings Pvt. Ltd.	Mahavir Powders

C. Key Management Personnel and their relatives

Sh. Arun Barar, Managing Director
Sh. Prathemesh Barar, Executive Director
Sh. Kunal Barar, Sr. Manager

Nature of Transactions	Group A	Group B	Total	Group A	Group B	Total
Sales		503053	503053		2009302	2009302
Purchase		7804212	7804212		42805977	42805977
Services Received		12808305	12808305		14301527	14301527
Services Rendered		1236059	1236059		1673317	1673317
Interest Received						
Interest Paid	3364668		3364668	2169104		2169104
Management Contracts Including for deputation of employees						
Provision made for Doubtful Debts						
Loans Given						
Loans Received						
Investment						
Sale of Investment				19600000		19600000
Amount Outstanding						
Receivable		39099311	39099311		39099311	39099311
Payable	183121552	11058152	194179704	180679206	4632615	185311821
Loan Outstanding						
Investment	20432900		20432900	20432900		20432900
Key Management Personnel and their relatives						
Remuneration		5702200		8651493		
Loans Outstanding - Payable		140000		140000		

17) SEGMENT REPORTING AS REQUIRED BY ACCOUNTING STANDARD AS-17
SEGMENT REVENUES, RESULTS AND OTHER INFORMATIONS

PARTICULARS	CURRENT YEAR			PREVIOUS PERIOD(18 Months)			TOTAL
	CHEMICAL	MEDIUM DENSITY FIBREBOARD & SERVICES	TOTAL	CHEMICAL	MEDIUM DENSITY FIBREBOARD & SERVICES	TOTAL	
(A) SEGMENT REVENUES							
EXTERNAL SALES	117674394	450907811	592087132	200547893	997265363	92796472	1290609728
INTER SEGMENT SALES	56885940	-	56885940	122744422	-	-	122744422
TOTAL	174560334	450907811	648973072	323292315	997265363	92796472	1413354150
(B) SEGMENT RESULTS/OPERATING PROFIT							
INTEREST EXPENSES	370784	-89211220	-111044813	11659327	-61518653	-50003575	-99862901
INTEREST INCOME			-84362079				-138338509
PROFIT FROM ORDINARY ACTIVITIES			650466				7827957
INCOME FROM SALE OF INVESTMENT			-188856426				-230373453
DEFERRED TAX			17558014				235200000
INCOME TAX/WEALTH TAX FOR EARLIER YEARS / FRINGE BENEFIT TAX			-628				474604
NET PROFIT			-171299040				-3674108
(C) OTHER INFORMATIONS							1627043
1. SEGMENT ASSETS	138651244	537076696	88824199	154191177	660168051	92779347	907138575
UNALLOCATED CORPORATE ASSETS			447200876				445952229
TOTAL ASSETS			1211753015				1353090804
2. SEGMENT LIABILITIES	63189585	401280563	50194623	77351380	455317002	46838557	579506939
UNALLOCATED CORPORATE LIABILITIES			678595102				582784765
TOTAL LIABILITIES			1193259873				1162291704
3. CAPITAL EXPENDITURE	133610	299386	282824	1867751	3520191	4887694	
4. DEPRECIATION	1255779	37255844	997297	2192923	56270506	1472538	
(D) RECONCILIATION BETWEEN REPORTABLE SEGMENTS AND FINANCIAL STATEMENTS							
REVENUE AS PER REPORTABLE SEGMENTS			648973072				1413354150
ADD : INTERNAL TRANSFERS			37530963				105887267
EXCISE DUTY			41071596				99600620
REVENUE AS PER FINANCIAL STATEMENTS			727575631				1618842037

NOTES : - The accounting policies of the divisions are same as those described in note to schedule 17(A) to the accounts.
Segment revenue, segment expenses and segment results includes transfers between business segments.
Revenues on inter-segment sales are determined on the basis of selling price / commercial value.

19) Earning per share (EPS) as required by Accounting Standard AS - 20

Description	Unit	Current Year	Previous Period
Nominal value per equity share	Rs.	10.00	10.00
Basic earning per share			
Net Profit (+) / Loss (-) for the Year	Rs.	- 158915296	1627043
Deferred Tax of earlier years	Rs.	- 12383116	-
Wealth Tax for earlier years.	Rs.	- 628	-
Net Profit (+) / Loss (-)	Rs.	- 171299040	1627043
No. of equity shares outstanding	No.	29665471	29665471
404 fractional certificates each representing 1/7 of equity share	No.	58	58
Total no. of shares outstanding	No.	29665529	29665529
Basic earning per share	Rs.	- 5.77	0.05
Diluted earning per share			
Dilutive potential equity shares upon			
Conversion of CCPS suspense account	No.	-	100692
Total no of shares including dilutive potential equity shares	No.	29665529	29766221
Diluted earning per share	Rs.	- 5.77	0.05

20. C) Value of indigenous/imported raw materials, stores and spare parts consumed.

	Current Year(12 months)		Previous Period (18 months)	
	Value (Rs.)	%	Value (Rs.)	%
i) Raw Materials				
Indigenous	34,91,38,305	100	75,82,74,015	99.88
Imported	-	-	8,78,054	0.12
	34,91,38,305	100	75,91,52,069	100
ii) Stores and Spare Parts				
Indigenous	57,23,886	84	92,07,075	78
Imported	10,98,436	16	26,40,324	22
	68,22,322	100	1,18,47,399	100
D) Value of Imports (at C.I.F. Value)				
Raw Materials				
Stores and Spare Parts	16,73,966		46,32,276	
Trading Goods	27,63,919		36,53,564	
E) (i) Earning in Foreign Exchange	16,88,566		36,89,133	
(ii) Technical Know-how	1,24,13,500		-	
(iii) Deemed export under indigenous release scheme & Others Export on Rupee Basis	35,27,474		2,39,53,118	
F) Expenditure in Foreign currency on other matters				
(a) Royalty	-		-	
(b) Know-how	-		-	
(c) Professional Fees	-		-	
(d) Consultation Fees	-		-	
(e) Interest	-		-	
(f) Others	1,10,782		41,556	
G) Non-resident share holders				
a) Number of Non-resident share holders	35		27	
b) No. of share held	7,93,163		7,85,779	
c) Dividend Remitted	-		-	
d) Year to which dividend relates	-		-	

21) Balance Sheet abstract and Company's business profile pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration No. 1694 State Code 05 Balance Sheet date 31.03.2010

II. Capital raised during the Year (Amount in Rs. thousands)

Public Issue	–	Right Issue	–
Bonus Issue	–	Private Placement	–

III. Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	15,24,782	Total Assets	15,24,782
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Sources of funds

Paid up Capital	2,96,571	Reserves and Surplus	(-) 2,28,984
Secured loans	3,40,057	Unsecured loans	1,27,076

Application of funds

Net fixed assets	1,67,748	Investments	20,443
Deferred tax assets	1,54,249		
Net current assets	1,92,280	Misc. expenditure	–

IV. Performance of company

Turnover	604260	Total expenditure	793116
Profit before tax	(-) 188856	Profit after tax	(-) 158915

Earning per share :

Basic & Diluted (Rs.)	(-) 5.77	Dividend rate	–
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V. Generic name of principal products of the company

Item code No.	Product description
i) 441129	MEDIUM DENSITY FIBRE BOARD
ii) 310295009	FORMALDEHYDE
iii) 316205001	UREA FORMALDEHYDE MOULDING POWDER

(Signatures to Schedule 1 to 17)

Sd/- A.K. Sood General Manager (Finance & Accounts)	Sd/- B.J. Shah Sr. Vice-President (Finance & Secretary)	Sd/- Arun Barar Managing Director	Sd/- Prathemesh Barar Sd/- Anil Kumra Directors
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AS PER OUR REPORT OF EVEN DATE ATTACHED

For D.S. Talwar & Co.
Chartered Accountants
Firm Regn.No. - 000993N

For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Regn.No. - 000756N

Sd/-
V. Talwar (Partner)
Membership No. 7542

Sd/-
Arun K. Tulsian (Partner)
Membership No. 89907

Place : Faridabad
Dated : 12th November, 2010

NUCHEM LIMITED

Regd. Office: 54, Industrial Area, NIT, Faridabad – 121001

Statement Regarding Subsidiary Company Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary Company : **Nuchem Infrastructure Limited**
(formerly Nuchem Machine Tools Limited)
2. Holding Company's interest at the end of financial year of the Subsidiary Company as on 31.03.2010. **Holder of 20,43,300 Equity Shares out of subscribed capital of 40,03,300 Equity Shares of Rs.10/- each.**
3. Net aggregate amount, so far it concern members of the Holding Company, of Subsidiary Company's profits, less losses or vice versa and not dealt with in the Company's Accounts:
 - (i) For Subsidiary Company's financial year ended on 31st March, 2010 : **Net Profit of Rs. 11,11,309.59**
 - (ii) For the previous financial years of the Subsidiary since it became Subsidiary. : **Net Loss of Rs. 2,68,80,042.66**
4. Net aggregate amount of Subsidiary Company's profits, less losses or vice versa and dealt with in the Company's Accounts :
 - (i) For Subsidiary Company's financial year ended on 31st March, 2010 **NIL**
 - (ii) For the previous financial years of the Subsidiary since it became Subsidiary. **NIL**
5. (a) Change in the holding of company's interest between the end of financial year of Subsidiary and end of the financial year of the Holding Company. **N.A**
(b) Details of any 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. **N.A**
 - (i) Fixed Assets
 - (ii) Investments
 - (iii) The moneys lent by it
 - (iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities.

Sd/-
A.K. Sood
General Manager
(Finance & Accounts)

Sd/-
B.J. Shah
Sr. Vice-President
(Finance & Secretary)

Sd/-
Arun Barar
Managing
Director

Sd/- Prathemesh Barar
Sd/- Anil Kumra
Directors

Place : Faridabad
Dated: 12th November, 2010

DIRECTORS' REPORT

To, The Members,

Your Directors present the working results of your company together with the audited statement of accounts for the financial year ended 31st March, 2010.

FINANCIAL RESULTS & REVIEW

	Current year (12 Months)	(Rs. in Lacs) Previous Period (18 Months)
Revenue	58.09	137.59
Expenses	36.27	76.77
Profit/(Loss)	21.82	60.82
Profit/Loss before taxation	21.82	60.82
Less : Provision for taxation :		
Fringe Benefit Tax	0.05	0.29
Deferred Tax Assets/(Liability)	-	20.06
Profit/Loss After Taxation	21.77	80.59
B/F Losses from previous years	(526.69)	(607.28)
Amount transferred to Balance Sheet	(504.92)	(526.69)

As you are aware that the company had entered into a joint collaboration Agreement with a reputed developer to develop an Information Technology Park on its land. After obtaining the LOI for developing the IT park and making initial progress in the project, the work has not made any progress due to downturn in the realty business. The company is in dialouge with the developer to prepare a roadmap for early completion of the project as was envisaged.

DIVIDENDS

In the view of the financial results given above, the Directors do not recommend any dividend.

DIRECTORS

Sh. Prathemesh Barar retires by rotation and being eligible offers himself for re-appointment.

AUDITORS' REPORT

Point No.3 vi (a), (b), (c) & (d) : The observation is in the nature of information.

AUDITORS

M/s R.S. Bajaj & Co., Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the annual accounts for the financial year ended 31.03.2010, the applicable accounting standards had been followed alongwith proper explanation relating to material departure;
- ii that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 as on 31.03.2010 and of the profit or loss of the company for the period under review;
- iii) that the Directors had taken proper and sufficient care for 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 had prepared the accounts for the financial year ended 31.03.2010 on a 'going concern' basis.

ENERGY CONSERVATION ETC. PARTICULARS:

The particulars pursuant to Section 217 (1)(e) of the Companies Act, 1956 is appended as Annexure A and forms part of this report.

PARTICULARS OF EMPLOYEES

There are no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude for the help and support provided by the Banks, Government Departments, other agencies and employees.

For and on behalf of the Board

SUDEV BARAR
Director

ARVIND BARAR
Managing Director

Place : Delhi

Date : 25th August, 2010

ANNEXURE (A) TO THE DIRECTORS' REPORT

Particulars required pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the current period ended 31st March, 2010.

CONSERVATION OF ENERGY

All possible measures for conservation of energy in production operations were explored during the year under review.

TECHNOLOGY ABSORPTION

There was no technology absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no use of foreign exchange during the year under review.

For and on behalf of the Board

SUDEV BARAR
Director

ARVIND BARAR
Managing Director

Place : Delhi

Date : 25th August, 2010

AUDITORS' REPORT

To The Members,
NUCHEM INFRASTRUCTURE LIMITED, NEW DELHI
REPORT ON THE ACCOUNTS FOR THE YEAR
ENDING ON 31ST MARCH 2010 IN COMPLIANCE
WITH SECTION 227 (2) OF THE COMPANIES ACT, 1956.

1. We have audited the attached Balance Sheet of Nuchem Infrastructure Limited (formerly Nuchem Machine Tools Limited) as at 31st March, 2010 and the Profit & Loss Account for the accounting year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 (Auditor's Report) Order 2003 (as amended by the companies (Auditor's Report) (amendment) order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the above said order.

Further to our comments in the Annexure referred to 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 those books.
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause(g) of sub-section

- (1) of section 274 of the Companies Act, 1956
- vi) (a) *The Company had entered into a joint collaboration agreement with a developer for development of its land. However, no progress was made during the year as an Industrial Park.*
 - (b) *As certified by the management, Debtors, Loans & Advances and other current assets are fully realisable. No provision is, therefore, made in accounts for the same.*
 - (c) *The balances of Sundry creditors are as per books of accounts and are subject to confirmation/reconciliation*
 - (d) *The company had in the earlier year paid to its holding Company certain amounts for clearing of encumbrances on its land which as per the Legal Opinion obtained is not in the nature of loans.*
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereto & comments in VI a , b, c & d above 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.
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31.03.2010 and
 - b) In the case of the Profit & Loss Account of the Profit for the year ended on that date.

For R.S. BAJAJ & CO.
Chartered Accountants
Firm Regd. No. 000638N
Sd/-

SANJAY KALRA
F.C.A.

PARTNER
M.No. 082295

Place : New Delhi
Date : 25.08.2010

ANNEXURE

- Refer to paragraph 3 of our report of even date,
- (i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) There is a regular program of physical verification of assets by the management which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
 - ii) a) The Company did not have any inventories in hand during the year except work in progress of Industrial Park on its land which company has undertaken to develop in joint collaboration with another Company.
 - b) No discrepancies were observed in Project work in progress held in hand during the year.

- iii) a) The company has not taken any loan from any Companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- b) The Company has not granted any loans to companies covered in the register U/s 301 of the Companies Act, 1956 during the year. However, terms and conditions of the loans are not, prima facie, prejudicial to the interest of the Company.
- c) There is no overdue amount of loans granted to companies, firms or other parties listed 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 is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. No inventories were purchased during the year. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, no transaction has been 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 Rs. 5 lakhs in respect of any party during the said accounting year.
- vi) The company has not accepted any public deposits during the year.
- vii) In our opinion, there is an internal audit system commensurate with the size of the company and nature of its business.
- viii) We have been explained that the maintenance of cost records has not been prescribed by the Central Govt. in the Section 209 (1)(d) of the Companies Act 1956, for the product dealt in by the company.
- ix) a) The company was regular in depositing with the appropriate authorities, undisputed statutory dues in respect of PF, ESI etc. However, there were delays in deposit in few months.
- b) According to the information and explanations given to us, no amount pertaining to statutory dues is outstanding for a period of more than six months from the date they become payable as at 31st March 2010. Tax deducted at source due but not deposited during the year was Rs. 4,03,500/-.
- c) According to the information and explanation given to us, there are no dues of sales tax, income tax, and excise duty which have not been deposited on account of any dispute.
- x) *The Capital of the company has completely eroded due to accumulated losses as on 31.03.2010. The company has earned profits during the accounting year covered by our audit and also in immediate preceding accounting year.*
- xi) In our opinion and according to the information and explanations given to us, the company has not taken any loans from bank, financial institutions or debenture holders. Hence, this clause is not applicable.
- xii) As per explanation given 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 during the accounting year.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) As per information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) As per information given to us the company has not raised any term loans during the accounting year.
- xvii) According to the information and explanations given to us and on 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. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix) According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures.
- xx) According to information and explanations given to us, the company has not raised any funds during the year by public issues.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For R.S. BAJAJ & CO.
Chartered Accountants
Firm Regd. No. 000638N
Sd/-
SANJAY KALRA
F.C.A.
PARTNER
M.No. 082295

Place : New Delhi
Date : 25.08.2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As At 31.03.2010 (Rs.)	(Rs.)	As At 31.03.2009 (Rs.)	(Rs.)
SOURCES OF FUNDS					
Shareholder's Funds					
(a) Share Capital	1	4,05,08,000		4,05,08,000	
(b) Capital Reserve		14,23,852		14,23,852	
		<u>4,19,31,852</u>		<u>4,19,31,852</u>	
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block - Land		4,90,07,278		4,90,07,278	
Less : Depreciation		-		-	
Net Block		<u>4,90,07,278</u>		<u>4,90,07,278</u>	
Investments	2	27,00,000		27,00,000	
Deferred Tax Assets	3	56,59,870		56,59,870	
Current Assets, Loans & Advances	4				
- Project		1,21,63,147		1,21,63,147	
- Sundry Debtors		98,302		-	
- Cash & Bank Balances		36,763		24,032	
- Other Current Assets		14,16,26,932		13,93,79,059	
- Loans & Advances		7,85,90,351		7,63,98,977	
		<u>23,25,15,495</u>		<u>22,79,65,215</u>	
Less : Current Liabilities and Provisions	5	<u>29,84,42,201</u>		<u>29,60,69,235</u>	
Net Current Assets		<u>(6,59,26,706)</u>		<u>(6,81,04,020)</u>	
Profit & Loss Account		<u>5,04,91,410</u>		<u>5,26,68,724</u>	
		<u>4,19,31,852</u>		<u>4,19,31,852</u>	
Accounting Policies and Notes on Accounts	12				

Schedules 1 to 12 form integral part of the Accounts as on 31.03.2010

Sd/-
NEERAJBHATNAGAR
Manager Accounts

Sd/-
ARVIND BARAR
Managing Director

Sd/-
PRATHMESHBARAR
Director

Sd/-
SUDEVBARAR
Director

AUDITORS' REPORT
In terms of our report at the foot of Balance Sheet.

For R.S. BAJAJ & CO.
Chartered Accountants
Firm Regd. No. 000638N

Place : New Delhi
Date : 25.08.2010

Sd/-
SANJAY KALRA
F.C.A.
Partner
M.No. 082295

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Current Year (12 Months) (Rs.)	Previous Period (18 Months) (Rs.)
INCOME :			
Other Income	6	58,08,601	60,82,139
Increase/(Decrease) in Closing Stock	7	–	76,77,304
		58,08,601	1,37,59,443
EXPENDITURE :			
Personnel Expenses	8	20,73,797	33,29,868
Administration Expenses	9	9,42,095	39,37,949
Financial Expenses	10	6,08,863	4,04,247
Selling Expenses	11	2,000	5,240
		36,26,755	76,77,304
Current Year Profit/Loss		21,81,846	60,82,139
Add : Prior Period Adjustments		–	–
Profit (+)/Loss (-) Before Taxation		21,81,846	60,82,139
Less : Provision for Taxation			
Fringe Benefit Tax paid		4,532	29,000
Deferred Tax Asset / (Deferred Tax Liability)		–	20,05,665
Profit (+)/Loss (-) After Taxation		21,77,314	80,58,804
Brought Forward Losses from Previous year		(5,26,68,724)	(6,07,27,528)
Profit (+)/Loss (-) transferred to Balance Sheet		(5,04,91,410)	(5,26,68,724)

Accounting Policies & Notes on Accounts 12
Schedules 1 to 12 form integral part of the Accounts as on 31.03.2010

Sd/- NEERAJ BHATNAGAR Manager Accounts	Sd/- ARVIND BARAR Managing Director	Sd/- PRATHEMESH BARAR Director	Sd/- SUDEV BARAR Director
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AUDITORS' REPORT
In terms of our report at the foot of Balance Sheet.

For R.S. BAJAJ & CO.
Chartered Accountants
Firm Regd. No. 000638N

Sd/-
SANJAY KALRA
F.C.A.
Partner

Place : New Delhi
Date : 25.08.2010

M.No. 082295

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - 1 SHARE CAPITAL	As At 31-03-2010 (Rs.)	As At 31-03-2009 (Rs.)
Authorised		
42,50,000 Equity Shares of Rs.10/- each	4,25,00,000	4,25,00,000
17,50,000 18% Cumulative Redeemable Preference Shares of Rs.10/- each	1,75,00,000	1,75,00,000
Total	6,00,00,000	6,00,00,000
Issued, Subscribed & Paid up		
40,03,300 Equity Shares of Rs.10/- each fully paid	4,00,33,000	4,00,33,000
47,500 18% Cumulative Redeemable Preference Shares of Rs.10/- each	4,75,000	4,75,000
	4,05,08,000	4,05,08,000

NOTE:

- 40,00,000 Equity Shares have been allotted for consideration other than cash.
- 47,500 18% Cumulative Preference Share Capital shall be redeemed at the discretion of the Board on the expiry of three years but not later than ten years from the date of allotment thereof, provided the same are fully paid up.

SCHEDULE -2	Face Value	As At 31-03-2010	As At 31-03-2009
	(Rs.)	(Rs.)	(Rs.)
INVESTMENT (Unquoted)			
Unsecured Loan			
Share Application Money - M/s Luvkush Footwear Pvt. Ltd.	27,00,000	<u>27,00,000</u>	<u>27,00,000</u>
		<u>27,00,000</u>	<u>27,00,000</u>

SCHEDULE -3			
DEFERRED TAX ASSETS/(DEFERRED TAX LIABILITY)			
Net Deferred Tax Assets / (Liability) as on 01.04.2009		<u>56,59,870</u>	36,54,205
Deferred Tax charge/Credit during the year		-	20,05,665
Total net Deferred Tax Assets/ (Liability) as on 31.03.2010		<u>56,59,870</u>	<u>56,59,870</u>

SCHEDULE -4			
CURRENT ASSETS, LOANS & ADVANCES			
A Project			
Project Work in progress (At cost)		<u>1,21,63,147</u>	1,21,63,147
		<u>1,21,63,147</u>	<u>1,21,63,147</u>
B Sundry Debtors (Unsecured) - Considered Good			
- Outstanding for a period exceeding six months		-	-
- Others		<u>98,302</u>	-
		<u>98,302</u>	-
C Cash & Bank Balances			
Cash in hand		157	3,831
Balances with Scheduled Banks			
- In Current Accounts		11,606	20,201
- Cheques in hand		<u>25,000</u>	-
		<u>36,763</u>	<u>24,032</u>
D Other Current Assets			
(Unsecured, Considered good unless stated otherwise)			
Due from Holding Company - Nuchem Limited		13,62,38,441	13,62,38,441
Security Deposit		3,000	3,000
Interest Accrued But not Due		<u>53,85,491</u>	<u>31,37,618</u>
		<u>14,16,26,932</u>	<u>13,93,79,059</u>
E Loans and Advances			
(Unsecured, Considered good unless stated otherwise)			
i) Loans			
To Others		7,66,69,044	7,44,36,241
ii) Advances (Recoverable in cash or in kind)		18,43,168	18,89,129
iii) Advances - Fringe Benefit Tax		<u>78,139</u>	<u>73,607</u>
		<u>7,85,90,351</u>	<u>7,63,98,977</u>

SCHEDULE -5			
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
Advances from Customers		8,77,15,869	8,71,75,869
Sundry Creditors		13,35,033	12,91,210
Other Liabilities		5,11,756	2,55,046
Security Deposit		<u>20,55,03,000</u>	<u>20,55,03,000</u>
Book Overdraft		-	49,997
B. Provisions			
Expenses Payable & Provision		<u>33,76,543</u>	<u>17,94,113</u>
		<u>29,84,42,201</u>	<u>29,60,69,235</u>

SCHEDULE - 6	Current Year (12 Months) (Rs.)	Previous Period (18 Months) (Rs.)
OTHER INCOME		
Sales - Design and Drawings	1,09,225	-
Interest Received	56,57,354	60,82,139
Liabilities no Longer Required	42,022	-
	<u>58,08,601</u>	<u>60,82,139</u>
SCHEDULE - 7		
INCREASE (+)/ DECREASE (-) IN WORK IN PROGRESS		
Opening Stock		
Work-in-Progress	-	-
	<u>-</u>	<u>-</u>
Less : Closing Stock		
Work-in-Progress	-	76,77,304
	<u>-</u>	<u>76,77,304</u>
Net Increase(+)/Decrease(-) in W.I.P.	<u>-</u>	<u>76,77,304</u>
SCHEDULE - 8		
PERSONNEL		
Salaries, Wages, Bonus & Allowances	18,21,179	29,07,022
Contribution to Gratuity Fund	-	52,500
Contribution to Provident & Other Funds	1,46,685	2,20,471
Employees' Welfare Expenses	1,05,933	1,49,875
	<u>20,73,797</u>	<u>33,29,868</u>
SCHEDULE - 9		
ADMINISTRATION		
Printing & Stationery	885	14,957
Legal & Professional	48,000	30,39,110
Travelling & Conveyance	84,320	293,852
Repairs & Maintenance - Others	-	21,620
Insurance Charges	1,251	1,126
Rent, Rates & Taxes	7,22,300	4,28,698
Postage, Telegram & Telephones	17,607	20,633
Miscellaneous Expenses	5,252	10,280
Auditors Remuneration		
- Audit Fees	50,000	75,000
- Others	12,480	32,673
	<u>9,42,095</u>	<u>39,37,949</u>
SCHEDULE - 10		
FINANCIAL		
Interest		
- On Others	6,04,182	3,83,121
Bank Charges	4,681	21,126
	<u>6,08,863</u>	<u>4,04,247</u>
SCHEDULE - 11		
SELLING		
Advertisement	2,000	-
Sales Tax Paid (Additional)	-	5,240
	<u>2,000</u>	<u>5,240</u>

SCHEDULE - 12

ACCOUNTING POLICIES & NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

- 1) **FIXED ASSETS**
Fixed Assets are accounted for on historical cost basis less depreciation.
- 2) **DEPRECIATION**
Depreciation has been provided as per the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956 on straight line basis from the date of acquisition and for the period of usage.
- 3) **INVENTORY**
The cost & expenses incurred by the company on the project are transferred to "Work-in-progress account" and the same is valued at cost or net realisable value whichever is less.
- 4) **REVENUE RECOGNITION**
The revenue of the infrastructure business will be accounted for on taking over the possession from the developer of built up area..
- 5) **ACCOUNTING CONVENTION :**
The accounts are prepared on Going Concern Basis with Revenue and Expenses being recognized on accrual basis. The costs and expenses pertaining to the business of infrastructure (construction, erection, building etc.) are debited to Work in Progress.
- 6) **TAXES ON INCOME**
The Liability of the Company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognized on timing differences, in respect of the difference between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

B. NOTES ON ACCOUNTS

1. Figures have been rounded off to the nearest rupee.
2. Previous period figures have been regrouped, recast and rearranged wherever necessary to make them comparable with current accounting year figures. The previous accounting period was for 18 months. Hence, the previous period figures are not, prima facie, comparable with current accounting year figures.
3. Capital Reserve represents the difference between market value of assets acquired and value of liabilities and consideration paid to holding company, NuChem Limited on acquiring its Engineering Division on "Going Concern Basis".
4. The entire Equity Share Capital of the company was earlier held by NuChem Limited or its nominees. The company has received declaration U/S 187C of the Companies Act, 1956 that NuChem Limited has divested 19,60,000 (i.e. 48.96%) equity shares of the company during March 2009.
5. Amounts paid to Managing Director as remuneration during the year in accordance with Schedule XIII of the Companies Act 1956.

	Current Year (Rs.) (12 Months)	Previous Period (Rs.) (18 Months)
Remuneration	9,00,000	13,50,000
House Rent Allowance	5,40,000	8,10,000
Other Perquisites & Allowance	18,639	26,599
	14,58,639	21,86,599

6. The Company has entered into a Joint Collaboration agreement with a developer for appropriate development of its land.
7. The company had, in the earlier year, arranged to pay to lenders of its holding company, amounts totalling Rs.16,16,84,066/- for clearing the encumbrances on its land. This transaction is not in the nature of loan to the holding company, as per the legal opinion obtained by the company. The balance in this account as on 31.03.2010 is Rs.13,62,38,441/-
8. As per the legal opinion taken by the Company, it has duly complied with the provisions of the section 372 A relating to Loans and Advances made by the Company
9. The Management is taking necessary steps for redemption of the Redeemable preference shares which are already overdue.

10. In view of Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India and made mandatory w.e.f.1st April, 2001, the following are the disclosures in respect of related party transactions for the period ended 31st March, 2010.

I. RELATIONSHIP:

A. Holding Company - Nuchem Limited

B. Enterprises over which key Management Personnel and their relatives are able to exercise significant influence.

- Nufarm Chemicals
- Vibha Investment Pvt. Ltd.
- Nuchem Weir India Ltd.
- Precision Industrial Moulders

C. Key Management Personnel & their relatives -
Sh. Arvind Barar, Managing Director

II. The following transactions were carried out with related parties in the ordinary course of business.

Nature of Transaction	Nuchem Limited	Others (NWIL)	Total
Payment Made	33,64,668	-	33,64,668
Payment Received	9,22,322	2,09,543	11,31,865
Amount Outstanding Payable	-	-	-
Receivable	18,31,21,552	34,61,169	18,65,82,721
Loans Outstanding	-	-	-

11. In compliance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India on "Accounting For Taxes On Income." the Deferred Tax Assets & Liabilities as on 31.03.2010 (with reference to Assessment Year 2009-10) were attributable to the following items :

Particulars	Deferred tax asset/(liability) as on 01.04.2009 (Rs.)	Charge/Credit During the Period (Rs.)	Deferred tax asset/(liability) as on 31.03.2010 (Rs.)
(i). Fixed Assets	(16,33,641)	-	(16,33,641)
(ii). Expenses disallowed u/s 43B			
Bonus Payable	4,851	-	4,851
Gratuity payable	15,988	-	15,988
Leave Encashment	-	-	-
(iii). Unabsorbed Depreciation and Carry forward of loss	72,72,672	-	72,72,672
Total	56,59,870	-	56,59,870

12. In the opinion of the management, the Current Assets, Loans & Advances shall not fetch less than the value as stated in the books, if realised in the open market in ordinary course of business. The provision for liabilities is adequate.

13. The balances of Sundry Creditors, Inter corporate accounts and advances to parties are subject to reconciliation/confirmation.

14. As per the records available with the company, the company does not owe a sum exceeding Rs.1 lac outstanding for more than 30 days to any Small Scale Industrial Undertaking.

15. Additional Information :
Not Applicable

The information regarding C.I.F value of imports, earning in foreign exchange & other expenditure in Foreign currency is nil.

Balance Sheet abstract and company's general business profile

i) REGISTRATIONDETAILS				
Registration No. 10135	State code	55	Balance Sheet date	31.03.2010
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	41,932	Total Assets	41,932	
Source of funds				
Paid- up capital	40,508	Reserve and Surplus	1,424	
Secured Loans	NIL	Unsecured Loans	NIL	
Application of funds				
Net fixed assets	49,007	Investments	2,700	
Deferred Tax Assets	5,660			
Net current assets	(65,926)	Miscellaneous Expenditure	NIL	
Accumulated losses	50,491	Deferred Tax Liability	NIL	
iv) Performance of company (amount in Rs. Thousands)				
Turnover	5,809	Total Expenditure	3,627	
(+)Profit/(-)loss before tax	2,182	(+)Profit/(-)loss after tax	2,177	
Earning per share in Rs.	NIL	Dividend rate %	NIL	
v) Generic names of three principal products/services of Company (as per monetary terms)				
Item Code No. (ITC Code)	-	Product description	-	
Item Code No. (ITC Code)	-	Product description	-	
Item Code No. (ITC Code)	-	Product description	-	

Schedules 1 to 12 form integral part of Balance Sheet as on 31.03.2010

Sd/-
NEERAJBHATNAGAR
Manager Accounts

Sd/-
ARVIND BARAR
Managing Director

Sd/-
PRATHMESH BARAR
Director

Sd/-
SUDEV BARAR
Director

AUDITORS' REPORT
In terms of our report of even date annexed.

For R.S. BAJAJ & CO.
Chartered Accountants
Firm Regd. No. 000638N

Sd/-
SANJAY KALRA
F.C.A.
Partner
M.No. 082295

Place : New Delhi
Date : 25.08.2010

NUCHEM LIMITED

Registered Office: 54, Industrial Area, NIT, Faridabad-121001

Notice to the Members

NOTICE is hereby given that an Extraordinary General Meeting of Nuchem Limited will be held at Faridabad Industries Association, Bata Chowk, Faridabad-121001 on Wednesday, the 29th December, 2010 at 10.30 A.M. or immediately after the conclusion of the 56th Annual General Meeting thereat to transact the following Special Business:-

To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT the erosion of more than fifty percent of the Company's net worth as at the end of the financial year ended on 31st March, 2010, in relation to its peak net worth during the immediately preceding four financial years, be and is hereby considered in accordance with the provisions of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 in all respects and the company may report the fact of such erosion to the Board for Industrial and Financial Reconstruction as required in terms of provisions of Section 23(1)(a)(i) thereof."

By Order of the Board
For NUCHEM LIMITED



(B.J. SHAH)
Sr. Vice-President
Finance & Secretary

Place : Faridabad
Dated : 30.11.2010

NOTES:

1. Explanatory Statement U/s 173(2) of the Companies Act, 1956 is annexed.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxy form duly stamped, completed and signed should reach Registered Office of the Company at least 48 hours before the scheduled time of the meeting. A proxy form is attached.

3. The Register of Members of the Company will remain closed from Wednesday, the 22nd December to Wednesday, the 29th December 2010 (Both days inclusive).

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 (2) of the Companies Act, 1956.

As a result of accumulated losses as on 31st March, 2009 and the loss incurred by the company during the financial year ended on 31st March, 2010, the accumulated losses of the company as on 31st March, 2010 have amounted to Rs.3130.29 lacs. This has resulted in erosion of more than 50% of peak net worth of the company during the immediately preceding four financial years. Consequently, the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) apply to the company upon finalisation of the duly audited accounts of the company as on 31st March, 2010. These accounts will be considered by the members at the Annual General Meeting of the company and subject to the approval of the same by the members, the members will be requested to consider the said erosion of net worth of the company at this Extraordinary General Meeting.

The report, of the Board of Directors of the company, on such erosion with causes of erosion is sent herewith, in terms of Section 23(1) (b) of the SICA. The company is taking necessary steps to report the fact of such erosion to the Board for Industrial and Financial Reconstruction.

The members may consider the proposed resolution as set out in the notice. None of the Directors of the company may be deemed to be concerned or interested in the proposed resolution except as shareholders generally.

By Order of the Board
For NUCHEM LIMITED



(B.J. SHAH)
Sr. Vice-President
Finance & Secretary

Place : Faridabad
Dated : 30.11.2010

DIRECTORS' REPORT

To The Members,

THE DIRECTORS HEREBY PRESENT THEIR REPORT ON EROSION OF NET WORTH PURSUANT TO SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:-

The company's peak net worth during the immediately preceding four financial years as on 31st March, 2010 amounted to Rs. 3866.71 lacs.

As a result of accumulated losses as on 31st March, 2009 and the losses incurred by the company during the financial year ended 31st March, 2010, the accumulated losses of the company as on 31st March, 2010 have amounted to Rs. 3130.29 lacs. This has resulted in erosion of more than 50% of peak net worth of the company during the immediately preceding four financial years.

Causes of Erosion :

The company has primarily been in the business of manufacturing and has had two main businesses i.e. MDF or Medium Density Fibre Board (Panel Board marketed under brand name of NUWUD) which is a substitute of wood and has usage in Panel board applications and Chemical business where Thermoset Moulding Compounds (Branded as PRESRITE) used for manufacture of Electrical Wiring devices, Melamine tableware etc are manufactured. In its Chemical business it also manufactures Glue for use in manufacture of Panel boards and Formaldehyde which is a mother chemical for both the moulding compounds and Glue. Both Glue and Formaldehyde are used for captive consumption, Glue for MDF and Formaldehyde for both the Glue as well as Moulding compounds.

The company also has a DST recognized R&D centre primarily used for development and improvement in its existing products. It also has an Environment Management Centre catering to testing of Air, Water and other effluents which in terms of size is a small business.

In 2004 based on its experience in the above business the company diversified in to Design, Engineering and putting up of Water effluent treatment plants. In the initial phase this business did well by procuring number of orders from Textile, Hospitality and other industries, but due to economic down turn in 2008-09, a large number of ongoing projects got delayed / stopped mid way leading to blockage of funds and further business generation also slowed down. The company in early 2010 as part of its restructuring exercise to cut its costs due to mounting losses has decided not to procure any more orders and concentrate on completing the ongoing projects and thereafter take a view on continuation of this businesses and its format if to continue.

The MDF business, is the main business of the company constituting nearly 70% of its turnover. This business was started in 1992-93, in times of Industrial licensing, strict control on imports and high custom duties apart from that the company was obliged to export 25% of its production for a period of 5 years 1 year after start of production. The export of this voluminous product was not remunerative due to inland freight costs. It had also suffered from Dumping for last 6-7 years from S.E. Asia, China and Srilanka, from where dumping prices were nearly 25% less than the locally produced material. In 1997 the company alongwith the only other producer of MDF applied for Anti Dumping Duty but could not succeed as law on this in India was very new. Further in the last 2 years, it has not been able to keep pace with rising inflation in cost of its main Raw Material i.e. Plantation Wood and Agro waste used in its Boiler for generation of steam and power. This led to heavy losses in this main business and very adversely affected the company's ability to put in sufficient money in to its operations as well as maintenance of its plant. There was a major break down in the boiler, which resulted in intermittent plant running since July 2009. This has largely contributed to lower production in the last 1 year till the boiler equipment could be procured and boiler repaired in September 2010. The plant needs further money in to R&R for continuous upgrade for keeping on par with new plants which have come up in last 2 years.

NUWUD the brand, under which the company sells its MDF, continues to enjoy market leadership because of its quality and professional sales set up inspite of set backs in last 2 years as mentioned above. The company has nation-wide marketing network with its representation in most of the states and has been consistently on DGS&D rate contract for last 3 years. However, in last 2 years due to onslaught of dumping of imports and steep increase in Raw Material costs the company could not increase its selling prices which further got compounded with break-down and intermittent production leading to lower business volumes and higher losses.

CHEMICAL business is the 2nd main business. Its fortunes are partly dependent on MDF revival as about 40% of its turnover comes from production of Glue. The main product of Presrite moulding compounds has been under attack from small producers who enjoy tax advantages by remaining in small scale. While company is the only producer in India having BIS mark, but enforcement on producers of electrical wiring devices to use BIS certified raw materials for their products is very lax. This is despite the fact that electrical wiring devices segment being serviced by the company has to compulsorily take BIS mark for the product i.e. Wiring Devices. This has led to company not being able to

get remunerative prices for its product apart from loss of market share due to higher costs of its product to meet stringent quality parameters of BIS marked products.

STEPS FOR REVIVAL:

In late 2009 the company alongwith other MDF producers could get Anti Dumping Duty levied on imports from Malaysia, Thailand, China and Srilanka for a period of 5 years. This has started helping the company to catch up with higher Raw Material costs and bridge the gap that had developed in last 2 years.

With markets expected to grow up in Reality and Commercial sectors use of raw and pre laminated boards is expected to go up sharply which is also as per the world trend towards mechanisation of wood working and this bodes well for MDF industry in India as it is the most suitable product for mechanized working for conversion to furniture, interiors etc.

The company has over last 3 years through OTS with most of its term lenders, tried to reduce interest costs by way of injection of interest free funds through its subsidiary company entering in to an agreement for Joint Development of property on Mathura Road, Faridabad in to an IT park apart from sale of its low yielding asset. However, after initial inflows in 2007/08, the IT project has gotten stalled due to slow down in real estate market since 2009. Efforts are on to revive the project as the Reality Market in Faridabad has of late started looking up.

Post repair of boiler at MDF in September 2010 the company expects production efficiencies to improve and sales of MDF to increase back to larger volumes as well as improved price realisation and more profitable operations. This will also have salutary effect on Chemical operations with higher Glue and Formaldehyde production for MDF.

Chemical business has in last few months seen the advent of MNCs in to electrical wiring devices manufacture in India and with their quality standards, the company's moulding compound business should see a growth as some of them have post, long and stringent trials started to buy from company recently, although in small lots, which are expected to increase progressively.

Continuous modernisation of the plants on an ongoing basis to improve efficiencies and improve product quality to keep pace with international levels.

The company has plans to add value added line of pre laminated MDF to improve the value of its realisations in MDF. It also has the plans to get in to other Thermoset Resins under Melamine and Phenolic based products which have large markets in India and abroad. Both Pre laminates and Resins are not very high capital intensive and can add large volumes of business for the company.

For and on behalf of the Board

Place : Faridabad (Anil Kumra) (Arun Barar)
Dated : 30.11.2010 Director Managing Director

M/s NUCHEM LIMITED

Regd.Office : 54, Industrial Area, NIT, Faridabad-121001

DP Id _____
Client Id _____
L.F. No. _____

PROXY FORM

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 and on my/our behalf at the 56th Annual General Meeting of the said Company to be held on Wednesday, the 29th December, 2010 at 9.30 A.M and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature



M/s NUCHEM LIMITED

Regd.Office : 54, Industrial Area, NIT, Faridabad-121001

DP Id _____
Client Id _____
L.F. No. _____

PROXY FORM

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 and on my/our behalf at Extraordinary General Meeting of the said Company to be held on Wednesday, the 29th December, 2010 at 10.30 A.M. (or immediately after the conclusion of the 56th Annual General Meeting) and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature



BOOK-POST



If undelivered please return to :



54, Industrial Area, NIT
FARIDABAD-121 001

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