

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

My colleagues on the Board and I have great pleasure in welcoming you to the 56th Annual General Meeting of the company. The Directors' Report and the statements of Annual accounts for the year ended 31st March, 2010 together with the Report of Statutory Auditors and with the comments from CAG of India thereon have already been circulated and with your permission, I take them as read.

HIL has been operating in public health and crop protection segments and has established itself as a dependable supplier for quality products at reasonable prices.

The company continued its relentless pursuit to free the world from the cold pangs of death and suffering due to Malaria by offering the wonderful product DDT – which has been named as 'weapon of mass survival' by Steve Milloy. Apart from meeting the full requirements of Govt. of India for disease vector control using DDT as a prime tool, the company geared up to meet the increasing global requirements through aggressive marketing. Exploratory visits were made by senior officers to sub-Saharan African countries. It is heartening to note that the world at large is realizing that withdrawal of DDT in many countries for vector control purposes was more out of politics than science. Moreover, as DDT was a low profit generating commodity, there was no economic justification for the private manufacturers in promoting the same. HIL being a Govt. owned company believed more in the product than in profit and the persistence is paying off as the resistance against the product is waning. The restrictions on DDT was a loss for public health and for scientific integrity than for the industry.

The publication "The Excellent Powder – DDT's Political and Scientific History" by Donald Roberts, Richard Tren with Roger Bate and Jennifer Zambone published in 2010 and a new documentary "3 Billion and Counting, directed, written and produced by Dr. Rutledge Taylor, MD brought out in September, 2010 which explores the devastating death toll caused by Malaria since the ban on DDT brings out the truth behind demonizing this wonder chemical. The film site explains that the ban of this extraordinary life protecting chemical also has resulted in the "greatest ecological genocide in the known history of man". In terms of carcinogenicity, DDT is classified alongwith coffee and pickles as per the international Agency for Research on Cancer and shatters many myths which are being propagated.

HIL is also exploring the possibility of getting into alternate techniques for vector control especially in the public health segment and shortly your company will be a one-stop shop for all public health requirements for mosquito control.

Your company, which has carved out a niche in the agro chemical segment in the country also believes that generic molecules are absolutely required to make crop protection affordable to the farmers specially in the developing countries.

It is sad but true that generics are coming under more and more attack. HIL believes that it is more out of business than scientific reasons as nothing was wrong with these very molecules, which were invented in the west till they were patented and problems are cropping up when rest of the world started manufacturing them cheap. It is also to be noted that use of agro chemicals is increasing in the developing countries and the only way for the western manufacturers to grow is by making more and more inroads into developing countries by promoting their patented products at high prices by replacing generics. We are of the view that generic molecules have great role to play in increasing agricultural productivity by offering cheap pest solution.

In line with the above, HIL has already initiated action to manufacture technicals like Acephate, Chlorpyrifos, Aceyamiprid, Imidachloprid, Triazophos, Buprofezin for which adequate funds have been received from Govt. of India.

Coming to the performance of the previous year, it is a matter of great pride that HIL surpassed all previous records in terms of turnover inspite of the country facing one of the worst ever droughts in the last couple of decades.

Your company improved its performance over the previous year and posted a gross profit of Rs.9.20 crores by achieving all time highest gross turnover of Rs.243.88 crores compared to Rs.215.35 crores of previous year. The net profit of Rs.3.06 crores achieved during the year has brought down the accumulated losses of the company to Rs.7.49 crores only. The net worth of the company has increased to Rs.83.50 crores as on 31st March, 2010.

The performance of the company, as per self-evaluation, entitles for a MOU rating of 'Excellent'.

The philosophy of your company in relation to Corporate Governance is to fully conform with laws, regulations, guidelines and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders value. The company is committed to conforming to the highest standards of Corporate Governance in the country. Report on Corporate Governance has been

brought separately in the Directors' Report. Code of Conduct affirmation has been duly received from Directors and Senior Management employees.

The industrial relations in the company remained cordial during the year. Cost cutting measures, reduction and rationalization of manpower efforts are continuing. Your company continued its efforts in corporate social responsibility initiatives to provide education to the underprivileged, drinking water, infrastructure development, etc.

It is a matter of great pride that BRPSE has declared that only 11 PSUs have posted profit consecutively for 3 years out of 36 PSUs for which restructuring has been done and HIL is one among them.

I also take this opportunity to express my sincere thanks and gratitude to my colleagues on the Board of Directors for their valuable guidance and advice in the management of the company.

I am also thankful for the whole-hearted support received from Ministry of Chemicals & Fertilizers, Ministry of Health & Family Welfare, Cost Accounts Branch, Ministry of Finance, Company's Bankers, Auditors and all the shareholders and look forward for their continued support. My sincere thanks to the employees of HIL at all levels. I would like to place on record that but for their contribution and dedication the results achieved would not have been possible. I expect the same determination and spirit to continue in future to further improve the performance of the company.

Thanking you all.

New Delhi
September 28,2010

(K Harikumar)
Chairman & Managing Director

DIRECTORS' REPORT

To
The Members

On behalf of the board of Directors, I am privileged to present the 56th Annual Report on the business and operations of the Company together with the Audited Accounts and Auditor's Report thereon for the financial year ended 31st March, 2010.

1. FINANCIAL PERFORMANCE:

The year 2009-2010 witnessed one of the worst ever droughts faced by India during last two decades. In spite of the above, your company improved its performance and posted operational profits for yet another year. The company achieved an all time record gross turnover of Rs.243.88 crores (Previous year Rs.215.35 crores) and recorded a gross profit of Rs.9.20 crores (previous year gross profit of Rs.7.61 crore) before providing for depreciation and interest. The net profit for the year after providing for depreciation and interest was at Rs.3.06 crore (previous year net profit of Rs.2.71 crore). The current year's financial results are summarized as under:-

(Rs. in crores)

Description	2009-10	2008-09
Gross Profit (Profit before depreciation, interest and tax)	9.20	7.61
Less: Depreciation	3.55	3.43
Interest	2.54	1.29
Profit before tax	3.11	2.89
Income Tax/Fringe Benefit Tax	0.05	0.18
Net Profit for the year	3.06	2.71
Add: Brought forward loss	(-) 10.55	(-) 13.26
Profit/Loss carried forward	(-) 7.49	(-) 10.55

The accumulated losses of the company have been brought down to Rs.7.49 crores from Rs.10.55 crores the previous year and the net worth of the company has increased to Rs.83.50 crores as against net worth of Rs. 79.99 crores the previous year.

2. PRODUCTION PERFORMANCE:

The total production achieved during the current year was 18253 MT/KL against 16415 MT/KL during the previous year, thus achieving a growth of more than 11%.

3. SALES PERFORMANCE:

The Company could increase the turnover to Rs.243.88 crores including Excise Duty and Education Cess during the year as against Rs.215.35 crores during last year,

thereby posting a growth of more than 13% over the previous year. The turnover achieved is highest since inception.

4. EXPORTS:

The company achieved an export turnover of Rs.14.29 crores (previous year Rs.13.48 crores)

5. RESEARCH AND DEVELOPMENT:

The Company continued its in-house R&D activities to reduce the cost of production and improve the product quality.

6. MOU RATING:

The Company got "Very Good" rating for the performance for the year 2008-09.

7. ACCREDITATION :

All the manufacturing units of the Company are ISO certified. The unit at Rasayani has been assessed and registered as complying with the requirements of International Standards of ISO 9001:2000, ISO 14001:2004 and ISO 18001:2007.

8. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

As part of its CSR initiatives, HIL continued its effort in thrust areas like education, infrastructure development, employment for Project affected etc. HIL is a contributor to the scheme of providing drinking water to the residents of Eloor Gram Panchayat in Kerala and Community Health Insurance Scheme. The Company also contributed to laying a drinking water pipe line to Sawla Gram Panchayat in Maharashtra.

9. HUMAN RESOURCE DEVELOPMENT:

The Company has made onerous efforts and thrust towards development and optimum utilization of manpower to build up a healthy work culture & to achieve higher goals in productivity as well as to meet the challenges of the future.

Reduction of Manpower: The Company currently operates the Voluntary Retirement Scheme only for unqualified/excessive employees of Bathinda Unit.

Manpower: The total manpower as on 31.03.2010 was 1462 employees, comprising of 297 executives and 1165 non-executives compared to 1518 employees comprising of 302 executives & 1216 non-executives during the previous year.

Industrial Relations: The industrial relations in the Company remained cordial during the year under report.

SC/ST/OBC: The Presidential Directives on Reservation for Scheduled Caste/Scheduled Tribes/OBC were continued to be implemented during the year. The total number of SC/ST/OBC employees as on 31.03.2010 was :-

	<u>No.</u>
Scheduled Castes	232
Scheduled Tribes	89
OBC	479

Total	800

The Activities/Steps taken for the Welfare of SCs & STs by the Company : The Company has undertaken the following Welfare measures for the benefit of Scheduled Castes/ Scheduled Tribes Communities in the neighboring areas of our units:-

- i). Distribution of text/note books and uniforms to the school going children belonging to SCs & STs communities every year.
- ii) Assist local bodies in the supply of drinking water, in setting up of Primary Health Centres etc. as and when such requirements arose. The majority of beneficiaries belong to SCs & STs communities.

10. PARTICULARS OF EMPLOYEES:

Particulars of employees as required under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of employees) Rules, 1975 may be read as 'NIL' for the year.

11. IMPLEMENTATION OF OFFICIAL LANGUAGE HINDI:

Your company conducted quarterly meetings of Official Language Implementation Committee regularly to discuss and review the progress in Hindi and to achieve the targets of Annual Programme issued by the Department of Official Language (Ministry of Home Affairs).

The website of the company is also bilingual. Leaflet of the all products and Labels on the all products manufactured by the company are not only issued in English and Hindi but also in regional languages.

During the year, the Company's Head Office and its Units organized "Hindi Pakhwara" and various Hindi Competitions were organized such as Hindi Essay, Noting & Drafting in Hindi, Debate, Hindi Hand Writing, Hindi Anuvad and Hindi Speech competitions. Successful candidates were also given cash & kind awards under the incentive scheme introduced in the Company. Hindi workshops were also organized during the year where employees were trained and inspired to do Noting & Drafting in Hindi to promote the use of Hindi in their Official Work. In the Annual Sales Meeting, Senior Officers of the Marketing Department and Regional Sales Offices were acquainted with the Official Languages Act 1963 and the Official Languages Rules, 1976 and the targets of Annual Programme of Hindi.

During the year, the Udyogamandal Unit got Third Prize for excellent performance of Official Language by Ministry of Home Affairs, Department of Official Language, Regional Implementation Office (South-West). Udyogamandal Unit also got Third Prize for implementation of Official Language from the Tolic.

18 employees of the company got cash awards and certificates in the various Hindi Competitions conducted by the Kendriya Sachivalaya Hindi Parishad.

12. REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

In terms of Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and notification No. 1029 dated 31.12.88 particulars relating to a) Conservation of Energy b) Technology Absorption and c) Foreign Exchange Earning and Out-go are annexed to this Report.

13. RESPONSIBILITY STATEMENT :

Pursuant to section 217 (2AA) of Company's Act 1956, your Directors hereby confirm that :-

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the period under review;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) the Directors have prepared the Annual Accounts on a “going concern” basis.
- v) Proper systems are in place to ensure compliance of all laws applicable to the Company.

14. COMPLIANCE WITH CORPORATE GOVERNANCE:

Hindustan Insecticides Limited is a Government Company, the entire shareholding is held by Govt. of India. HIL has been continuously making efforts towards raising the standards of Corporate Governance. Report on Corporate Governance is annexed as Annexure-I.

15. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT:

In accordance with the provisions of the Corporate Governance, a Code of Conduct for the Board members and senior management has been framed and made effective by the Board.

16. BOARD OF DIRECTORS:

Shri B. P. Pandey and Ms. Asha Rani Rungta retired and were re-appointed as part time official Directors at the conclusion of 55th Annual General Meeting held on 24.9.2009.

Shri B. P. Pandey ceased to be part-time official Director w.e.f. 7.1.2010, Board place on record its deep appreciation for the valuable contribution made by him during his tenure of Directorship of HIL.

Shri Suresh Chandra Gupta was appointed as part-time official Director in place of Shri B. P. Pandey and joined the Board of Directors of your Company w.e.f. 7.1.2010.

Shri V. Sekar joined as Director (Finance) on the Board of Directors of your Company w.e.f. 24.06.2010

17. AUDIT COMMITTEE:

As per the provisions of Section 292-A of the Companies Act 1956, the Company is having an Audit Committee consisting of the following Directors:-

1. Shri Suresh Chandra Gupta, Chairman.
2. Shri K. Hari Kumar, Member.
3. Ms Asha Rani Rungta, Member.

The Committee functions in accordance with the provisions of the Companies Act, 1956.

18. AUDITORS:

The following firms of Chartered Accountants were appointed by C&AG of India as Statutory Auditors/Branch Auditors of your Company for the year 2009-10 in respect of the units/offices shown against each:

M/s.AVA & Associates, New Delhi.	Bathinda Unit, Regional Sales Office at Delhi, R&D Centre at Gurgaon & Head Office and consolidated accounts.
M/s.Jayesh Sanghrajka & Co., Mumbai.	Rasayani Unit and Regional Sales Offices at Akola and Ahmedabad.
M/s.George & Sebastian, Kochi	Udyogamandal Unit and Regional Sales Office at Hyderabad and Coimbatore
M/s.S.S.Sen & Co., Kolkata	Regional Sales Office at Kolkata

The Statutory Auditors' Report and replies of the Directors to their comments/ observations are annexed to Accounts.

The Board of Directors would like to place on record their sincere thanks for valuable services rendered by the auditors.

19. COST AUDITORS:

The following were appointed as Cost Auditors of the Company for the year 2009-10 in terms of Section 233-B of the Companies Act, 1956.

- | | | |
|--|---|--------------------|
| 1. M/s Rajendran Mani & Varrier, Kochi. | - | Udyogamandal Unit. |
| 2. Shri B.C. Patel, Kalyan. | - | Rasayani Unit. |
| 3. M/s Jugal K. Puri & Associates, Gurgaon | - | Bathinda Unit. |

20. SUBSIDIARY COMPANY (SPCL) :

The Subsidiary Company i.e. Southern Pesticides Corporation Limited was ordered to be wound up on 2.4.2002. The Company was officially handed over to Official Liquidator attached to A. P. High Court, Hyderabad. Since, the Company is under liquidation, permission is not required from Ministry of Company Affairs, hence Annual Accounts of SPEC are not enclosed. However, a statement on the holding of interest in the said Company as required under Section 212 of the Companies Act, 1956, is annexed to the Annual Accounts of the Company. Board in its 295th meeting accorded approval for Write-off of total amount of investment, loans and debts in respect of SPEC, subsidiary of HIL amounting to Rs. 3631.89 lacs in the year 2009-10.

21. ACKNOWLEDGEMENTS:

Your Directors wish to acknowledge the continued support and guidance received from various wings of Govt. of India and more particularly from Ministry of Chemical and Fertilizers. Your Directors also wish to thank Ministry of Health, Cost Accounts Branch of Ministry of Finance, State Governments and the Company's Bankers for their continued support and co-operation. The Directors also express their thanks to various suppliers and valued customers for their continued support and co-operation. The Directors also wish to place on record the valuable contribution made by each member of HIL family during 2009-10.

For and on behalf of the Board of Directors.

(K. HARIKUMAR)
CHAIRMAN & MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance.

The philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with laws, regulations, guidelines and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders value. The Company is committed to conforming to the highest standards of Corporate Governance in the country.

Board of Directors

Composition of Board: The Board of HIL comprises five Directors out of which three are functional Directors including the Chairman & Managing Director and two non-executive Directors who are nominees of the Administrative Ministry, Government of India.

During the financial year 2009-10, the following Directors were on the Board of HIL.

Executive Directors:

Shri K. Harikumar. - Chairman & Managing Director.

Shri R. P. Khandelwal - Director(Finance)*

Shri R. R. Sharma. - Director(Marketing).

* Ceased to be Director w.e.f 11.05.2009

Non-Executive Directors:

Shri B. P. Pandey - Joint Secretary

Shri Suresh Chandra Gupta - Joint Secretary,
Ministry of Chemicals & Fertilizers.

Ms. Asha Rani Rungta - Director (Finance),
Ministry of Chemicals & Fertilizers.

Administrative Ministry has taken up the matter regarding appointment of independent Directors.

Number of Board Meetings/Attendance of each Directors at Board Meeting and the last AGM held during the year 2009-10.

Date of Meeting	Place of Meeting	Directors present.
21.5.2009	New Delhi	3 Nos
24.6.2009	New Delhi	3 Nos
14.7.2009	New Delhi	3 Nos
2.12.2009	New Delhi	3 Nos
16.3.2010	New Delhi	4 Nos

Sl. No.	Name of Directors	Number of Board meetings attended.	Attendance at last AGM held on 24.9.2009	No. of other Directorship in other companies as on 31.3.2010.
1.	Shri K. Harikumar	5	Yes	1#
2.	Shri B. P. Pandey*	1	No	1 \$
3.	Shri Suresh Chandra Gupta**	1	-	1 \$
4.	Ms Asha Rani Rungta	5	Yes	Nil
5.	Shri R.P. Khandelwal***	Nil	Nil	Nil
6.	Shri R. R. Sharma	4	Yes	Nil

* Ceased to be Director w.e.f. 07.01.2010.

** Appointed as Director w.e.f 07.01.2010

*** Ceased to be Director w.e.f 11.05.2009

\$ Hindustan Organics Chemicals Ltd.

Crop Care Federation of India.

Audit Committee.+

As per the provisions of Section 292-A of the Companies Act 1956, the Company is having an Audit Committee consisting of the following Directors. The Audit Committee has the powers, roles and functions in accordance with the Companies Act 1956.

1. Shri Suresh Chandra Gupta, Chairman.
2. Shri K. Harikumar, Member.
3. Ms Asha Rani Rungta, Member.

During the year 2009-10, three Audit Committee meetings were held on 14.07.2009, 2.12.2009 & 16.3.2010.

Name	No. of meetings held during the year.	Meetings attended.
Shri B. P. Pandey.	3	Nil *
Shri Suresh Chandra Gupta.	3	1 No.**
Shri K. Harikumar.	3	3 Nos
Ms Asha Rani Rungta.	3	3 Nos

* Ceased to be Director w.e.f. 07.01.2010

** Appointed as Director w.e.f. 07.01.2010

Remuneration committee.

Remuneration and allowances payable to Directors are determined by the President of India. Hence no committee is required to be constituted for the purpose.

Part-time non-official Directors are paid sitting fees for attending Board & Audit committee meetings.

Details of remuneration of functional Directors of the Company for the year, 2009-2010.

S. No.	Name	Salary & allowances Rs.	Other benefits Rs.	Bonus commi- ssion Rs.	Perfor- mance link incentives Rs.	Total Rs.
1.	Shri K. Harikumar.	11,12,278	19,716	-	2,000	11,33,994
2.	Shri R.P. Khandelwal	1,14,525	2,356	-	-	1,16,881
3.	Shri R. R. Sharma.	8,48,651	15,115	-	-	8,63,766

Share holders/investors grievance committee.

Hindustan Insecticides Limited is a Government Company and the entire share capital is held by President of India and his nominees. Hence, no such committee is required to be constituted.

Annual General Meetings.

Sl. No.	Year	Location	Date & Time	Whether any special resolution passed.
1.	2006-07	New Delhi	30.08.2007 (12.30 PM)	No
2.	2007-08	New Delhi	29.08.2008 (12.00 Noon)	No
3.	2008-09	New Delhi	24.09.2009 (12.00 Noon)	No

Disclosures

There were no material transactions with the Directors on the management or their relatives that may have potential conflict with interest of the Company at large. There has been no related party transaction also.

There have been no instances of non-compliance by the Company to any matter related to capital market since HIL is a non-listed Company and any matter related to any guidelines issued by Government during the last three years.

In reference to Whistle Blower Policy no personnel has been denied access to the Audit Committee.

Means of communication

Annual financial performance are posted in the Company's website www.hil.gov.in

General shareholders information

The entire paid up share capital of the company is held in the name of President of India and his nominees. AGM details are furnished at above. The Company shares are not listed in any stock exchange.

ANNEXURE TO DIRECTORS' REPORT

FORM A

Form for Disclosure of particulars with respect to Conservation of Energy

	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
A	POWER AND FUEL CONSUMPTION			
1	ELECTRICITY			
	Total Units	KWH	13065319	12731311
	Total Amount	Rs.	63697760	61288602
	Rate/Unit	Rs.	4.88	4.81
2	FURNACE OIL			
	Quantity	KL	4759.40	3741.90
	Total Amount	Rs.	117550449	88899618
	Rate/KL	Rs.	24698.59	23757.91
3	FUEL OIL (HSD)			
	Quantity	KL	105.41	146.83
	Total Amount	Rs.	3728696	9377042
	Rate/Unit	Rs.	35374.94	63863.26
B.	Consumption per unit of production			
	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
1	DDT TECHNICAL			
	Electricity	KWH	1076	1269
	Furnace Oil	LTR	978	857
2	DDT FORMULATION			
	Electricity	KWH	612	633
3	MALATHION TECHNICAL			
	Electricity	KWH	1605	1139
	Furnace Oil	LTR	229	225
4	MALATHION FORMULATION			
	Electricity	KWH	89	96

5	ENDOSULFAN TECHNICAL			
	Electricity	KWH	1184	1191
	Furnace Oil	LTR	409	391
6	ENDOSULFAN FORMULATION(HILDAN)			
	Electricity	KWH	25	25
B.	Consumption per unit of production (Contd...)			
	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
7	MONOCROTOPHOS TECHNICAL			
	Electricity	KWH	1380	1340
	Furnace Oil	LTR	296	367
8	MONOCROTOPHOS FORMULATION			
	Electricity	KWH	33	38
9	BUTACHLOR TECHNICAL			
	Electricity	KWH	675	539
	Furnace Oil	LTR	760	1081
10	BUTACHLOR FORMULATION			
	Electricity	KWH	32	33
11	DICOFOL TECHNICAL			
	Electricity	KWH	9358	4081
	Furnace Oil	LTR	1242	788
12	DICOFOL FORMULATION			
	Electricity	KWH	25	25
13	MANCOZEB			
	Electricity	KWH	1710	1332
	Furnace Oil	LTR	61	22
	Fuel Oil (HSD)	LTR	198	176

FORM B

Form for Disclosure of particulars with respect to technology absorption

Research and development (R&D)

1.	Specific areas in which R&D is being carried out by the Company.	a)	Replace wet analysis by instrumentation methods for analysis of pesticides and their formulations.
		b)	Development of safe, economical and environment friendly recipes for the existing pesticide formulations, to improve cost efficiency by using locally available indigenous raw-materials and inerts.
		c)	Improvement in the existing processes to enhance efficiency, use of less toxic and eco-friendly raw-materials, and to minimize environmental pollution.
		d)	Assist manufacturing units in plant trails for commercial scale implementation of technologies developed by in-house R&D at laboratory and pilot plant levels.
2.	Benefits derived as a result of the above R&D	a)	Tackled process related problems at Units.
		b)	Replaced higher cost inputs with suitable low cost alternatives.
3.	Future Plan of Action	a)	To develop recipe for Deltamethrin 2.5% WP from indigenously available eco-friendly raw-materials and scale up the same to 5 kg. level. Conduct the shelf-life studies of the product and to make plant trials at 500 kg. level to be able to make commercial production.
		b)	Conducted studies on various wettable powder formulations such as DDT 75% WP, Alfa Cypermethrin 5% WP and Deltamethrin 2.5% WP by incorporating various cost effective defoamers/antifoamers and surfactants.

		c)	To continue the study for the search of new solvents, fillers, emulsifiers and other raw materials used in various agro formulations, which are eco-friendly and cost effective in order to make our products competitive in the market.
		d)	To tackle periodical process related problems in our different units, for quality maintenance and to give technical assistance for commercial level scale up activities of various products as and when needed.
4.	Expenditure on R&D:		
	a) Capital		Rs. Nil
	b) Recurring		Rs. 1,27,25,674/-
	c) Total		Rs. 1,27,25,674/-

FORM C

FOREIGN EXCHANGE EARNING & OUTGO:

- i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products & services and export plans.

During the year, the Company exported 553.250 MT of Endosulfan Technical, 41.375 MT of DDT 75% WP, 10 MT of Malathion Technical, 150.800 KL of Hildan and 1.800 MT DDT Technical (Research Purposes).

- ii) Total foreign exchange earnings & outgo:

(Rs./Crore)

Foreign Exchange Earnings	11.69
Foreign Exchange Outgo	16.92

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HINDUSTAN
INSECTICIDES LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2010**

The preparation of financial statements of Hindustan Insecticides Limited, New Delhi for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 August 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Hindustan Insecticides Limited, New Delhi for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounts records. Based on my supplementary audit, I would like to highlight following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments	Management's Replies
<p>A. Comments on Profitability:</p> <p>1) Profit and Loss account: Income: Net Sales (Schedule - 14): Rs. 228.84 crore:</p> <p>Above does not include Rs. 6.27 crore being the difference arising out of final prices fixed by the Government of India in June 2010 and prices adopted by the Company for sale of DDT during 2008-09 which is in contravention to the provisions of Accounting Standard 4 prescribed under section 211 (3) (C) of the Companies Act, 1956.</p> <p>This has resulted in understatement of 'Sales' and</p>	<p>The final sale prices of DDT for the year 2008-09 were not received till 31.3.2010 as disclosed in Notes of Accounts. As per existing Accounting Policy of the company which is being followed consistently for many years, the impact of the price difference arising out of the final sales price fixed by Govt. of India was not taken in the accounts for the year 2009-10 as the advice of final price was received only in</p>

'Profit' each by Rs. 6.27 crore.	June 2010. However, noted for future compliance.
<p>2) Profit and Loss account: Other Income (Schedule – 15): Misc. Income: Rs. 2.14 crore.</p> <p>Above includes an unspent amount of Rs. 56.80 lakh out of the amount received from United Nations Industrial Development Organisation for development of a National Implementation Plan in India on Persistent Organic Pollutants which should have been accounted for as current liabilities.</p> <p>This has resulted in understatement of 'Other Liabilities' and overstatement of 'Income' as well as 'Profit' by Rs. 56.80 lakh.</p>	Noted.

for and on behalf of the Board of Directors

(Naina A. Kumar)
Principal Director of Commercial Audit & ex-officio Member Audit Board-II
New Delhi

(V. Sekar)
Director (Finance)

(K. Harikumar)
(Chairman & Managing Director)

Place: New Delhi
Date: 24.09.2010

AUDITORS' REPORT

To,

The Members of Hindustan Insecticides Limited

1. We have audited the attached Balance Sheet of HINDUSTAN INSECTICIDES LIMITED having its Registered Office at Second Floor, Core 6, Scope Complex 7, Lodhi Road, New Delhi – 110003 as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto; and the Cash Flow Statement for the year ended on that date, in which are incorporated:
 - A. Accounts of Head Office as well as Bathinda Plant, Regional Sales Office, Delhi and Research and Development Complex audited by us in accordance with the letters of appointment of Comptroller and Auditor General of India, Government of India.
 - B. Accounts of Rasayani Plant, Always Plant, Regional Sales Offices at Kolkata, Ahmedabad, Akola, Hyderabad and Coimbatore audited by other Auditors, whose reports have been considered by us.

These financial statements are the responsibility of the Company's management. Our responsibility is to express our 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 amount 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) (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 paragraphs 4 and 5 of the said Order (to the extent applicable to the Company.)
4. We further report as under:
 - A. **In regard to revenue:**
 - I. **Note No. 7 read with Accounting Policy No. 13 in Schedule 23 with regard to the accounting practice followed, for recognizing/accounting for sales and corresponding debtors at**

rates/prices for the time being adopted; and consequently affecting the excise duty, sales-tax or VAT thereon. Upon recognizing the price differentials at the time of final determination thereof, the consequential excise-duty, sales tax or VAT are also considered; and such differentials in price, excise-duty, sales-tax or VAT have not been accounted for up to the year-end in respect of products sold, pending determination of price, duty or tax; and, consequently the effect thereof on the accounts for the year is not ascertained.

- II. The Company earned interest of Rs. 2.18 Lakhs on advance payment to a service provider for turnkey solution of ERP that was netted with the related capital cost incurred, resulting into understatement of income and capital work in progress.

B. In regard to Liabilities and Provisions:

- I. Against the balance of the Government Grant to the extent of Rs. 88 Lakhs for implementation of Enterprises Resource Planning (ERP) project, the company expended Rs. 107.75 Lakhs during the year against which liability to the extent of Rs. 69.62 Lakhs after adjusting the interest charged for Rs. 2.18 Lakhs as stated in preceding paragraph, has not been provided for against the capital work done on the project during the year. Consequently, the effect of transactions, after adjusting with the Government Grant, resulted into understatement of Current Liabilities by Rs. 17.69 Lakhs.
- II. The Company has not made the provision for current tax under section 115JB of Income Tax Act, 1961 to the extent of Rs. 81 Lakhs. Consequently, Net Profit after tax is overstated and Provisions are under stated by the said amount.

C. In regard to Fixed Assets:

- I. Capital work in progress includes Rs. 69,783 in relation to construction of Effluent Treatment Plant at Company's R&D Unit that has been put to use since long. In the absence of adequate evidence and information the eventuality of its capitalization or otherwise could not be ascertained.
- II. Capital Work in Progress on account of ERP project has been understated by Rs. 19.87 Lakhs on account of income netted with capital cost and liabilities not provided for as referred to in para 'a.ii' and 'b.i' supra.
- III. Plant and Machinery include assets having WDV of Rs. 10.95 Lakhs that have been removed from the production line and on which depreciation is not being charged, in one of the units. Pending investigations regarding their serviceability, the consequential effect is not ascertainable.

D. In regard to Current Assets

I. Sundry Debtors

I.i. Sundry debtors include Rs. 1361.87 Lakhs outstanding for more than 3 years out of which in certain branches and units, Rs. 93.76 Lakhs have been identified to be doubtful of recovery by the respective branch auditors and thus requires provision. Consequently Sundry Debtors and net profit are overstated by the said amount.

I.ii. For the rest, the total provision made by the company is Rs. 44.34 Lakhs. In absence of details produced for verification, adequacy of the provision towards bad and doubtful debts could not be assessed.

II. Sundry Debtors includes Rs. 53.73 Lakhs as purported reimbursement of excise duty on one of the product supplied during 2004-05 under NVBDCP, which is not recoverable under the facts and circumstances presented to us and should have been written off during the year. Consequently, Net Profit for the year and Sundry Debtors are overstated by the said amount.

III. Loans and Advances

III.i. Loans and Advances include Rs. 365.41 Lakhs outstanding for more than 3 years out of which in certain branches and units, Rs. 58.12 Lakhs have been identified to be doubtful of recovery by the respective branch auditors and thus requires provision. Consequently Loans and Advances and net profit for the year are overstated by the said amount.

III.ii. For the rest, the total provision made by the company is Rs. 134.20 Lakhs. In the absence of details produced for verification, adequacy of the provision towards bad and doubtful advances could not be assessed.

IV. Inventories include Stores and Spares worth Rs. 260.40 Lakhs and Packing Material worth Rs. 12.71 Lakhs which have not moved for over three years. No provision has been made as the same is considered usable and serviceable by the Company. In the absence of relevant information and details the necessity of and the quantum of provision could not be assessed.

V. CENVAT Credit Account, Service Tax Receivable Accounts are not reconciled with the accounts books in certain units. The effect of the outcome of reconciliation, if any, on the net profit of the company and state of affairs of the company as on the date of financial statement is not ascertainable.

VI. Loans and Advances include Claim of refund from Sales Tax Department is Rs. 20.30 Lakhs. In the absence of details, the assessment of recoverability of claim is not ascertainable.

E. In regard to presentation

I. Sales made to NVBDCP for one of the products in the previous years were recorded in the current year. Consequently, the figures of net sales have been overstated by Rs. 133.92 Lakhs and Prior Period Adjustments (net) by the corresponding amount.

II. Prior Period Adjustment includes Rs. 89.30 Lakhs clubbed with 'Others', on account of income tax paid for the previous year as warranted to be disclosed separately under Schedule VI, Part II, para 3 and clause (vi).

III. Capital commitments net of advances and not provided for, on account of Implementation of Enterprises Resource Planning (ERP) project to the extent of Rs. 257.29 Lakhs, has not been disclosed under Contingent Liabilities.

IV. The Company has not separately disclosed in Cash Flows from Operating Activities, the cash flow of taxes on income as warranted by Accounting Standard – 3 (Cash Flow Statement).

V. Non disclosure of revenue as well as assets and liabilities as per business segments as warranted by Accounting Standard – 17 (Segment Reporting) despite Company dealing in products (Agro Products and DDT) having different risk – return profiles. Note No. 19 therefore is inconsistent.

VI. Non disclosure of basic and diluted earnings per share as warranted by Accounting Standard – 20 (Earning Per Share).

VII. Non disclosure of movement of Provisions as warranted by Accounting Standard – 29 (Provisions, Contingent Liabilities and Contingent Assets).

F. In absence of adequate information, we are unable to comment on the possible impact of items, 4.A.I, 4.C.I, 4.C.III, 4.D.I.ii, 4.D.III.ii, 4.D.IV, 4.D.V and 4.D.VI on the profit for the year as per Profit and Loss Account or the state of affairs as per the Balance Sheet as at 31st March 2010.

G. We further report that without considering the items mentioned in paragraph 4.F supra, the effect of which could not be determined, had the observation made by us in paragraph 4 above, been considered, the Profit for the year would have been Rs. 50.92 Lakhs (as against reported figure of Rs. 388.27 Lakhs), Profit Before Tax for the year Rs. 196.93 Lakhs (as against reported figure of Rs. 311.06 Lakhs) after providing for Income Tax Rs. 170.30 Lakhs (current year Rs. 81 Lakhs and Past year Rs. 89.30 Lakhs) Net Profit for the year stands at Rs. 22.02 Lakhs (as against reported figure of Rs. 306.45 Lakhs). Prior Period adjustment (Net) would have been Rs. 146.01 Lakhs credit (as against reported figure of Rs. 77.21 Lakhs debit), Net Sales Rs. 22749.96 Lakhs (as against reported figure of

Rs. 22883.88 Lakhs), Other Income Rs. 228.26 (as against reported figure of Rs. 226.08 Lakhs).

Capital Work in progress would have been Rs. 113.69 lakhs (as against reported figure of Rs. 93.82 Lakhs), Sundry Debtors Rs. 12372.69 lakhs (as against reported figure of Rs. 12520.18 Lakhs), Loans and Advances would have been Rs. 2666.24 Lakhs (as against reported figure of Rs. 2724.36 Lakhs), Current Liabilities Rs. 12888.52 Lakhs (as against reported figure of Rs. 12789.83 Lakhs) and Profit & Loss Account Rs. 1033.17 Lakhs (as against reported figure of Rs. 748.74 Lakhs).

5. Further to our comments in the Annexure referred to in paragraph 3 above , we report that:
1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 2. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 3. Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts maintained at the Head Quarters at New Delhi and at respective Branches and Units.
 4. 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 **except AS – 3 Cash Flow Statement (Para 4.E.IV above), AS – 17 Segment Reporting (Para 4.E.V above), AS – 20 Earning Per Share (Para 4.E.VI above) and AS – 29 Provisions, Contingent Liabilities and Contingent Assets (Para 4.E.VII above).**
 5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Accounting Policies and Notes on Accounts and subject to our comments described in Paragraph 4 above, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:-
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - ii) in the case of Profit and Loss Accounts of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For AVA & Associates
Chartered Accountants
FRN 004017N**

**Avineesh Matta
Partner
M. No. 083054**

**Dated: 16th August 2010
Place: New Delhi**

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Hindustan Insecticides Limited on the accounts for the year ended 31st March 2010

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management on annual basis except those at R&D Division. No material discrepancies were noticed on such verification.
- (c) On the basis of information and records given to us, during the year the Company has not disposed off any substantial part of the fixed assets.
- (ii) (a) As explained to us the Raw Material, Packing Material and Finished Goods except work in process, stores and spares in certain units have been physically verified on reasonable basis by the management.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. **However Stores and Spares have not been physically verified during the year in certain units.**
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. **However in certain units shortage / excess noticed and long pending, even though material, are not so far adjusted in the accounts.**
- (iii) (a) The Company has not granted any loan - secured or unsecured during the year, to companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except the Company had granted loan of Rs.2,863.98 Lakhs (including interest) upto 31.03.2003 as per Govt. of India directions, to Southern Pesticides Corporation Ltd., which has been declared as a sick company and for which notice of winding up has been issued by BIFR. Full amount has been provided as 'Doubtful' till 31st March 2009 but in current year this amount has been written off as loss assets.
- (b) The Company has not taken any loans-secured or unsecured, from Companies, Firms or other parties covered in the register maintained Under Section 301 of the Companies Act, 1956.
- (iv) Internal Control procedure is adequate commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. **However in respect of Accounts Receivables, Loans and Advances, security deposits and Accounts Payable, internal**

control in relation to constant monitoring, reconciliation and confirmations is considered weak.

- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company did not enter into any contracts or arrangements referred to in section 301 of Companies Act, 1956.
- (b) Accordingly, this para is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the direction issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business. **However our review in the internal audit procedure brings forth the immediate and imminent need for strengthening the system; and the management's attention as to responsiveness to the findings in such internal audit reports of various units is warranted.**
- (viii) The Company has maintained cost records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for the products manufactured by it.
- (ix) (a) According to the records of the Company and the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other statutory dues applicable to it with appropriate authorities. No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding, as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of a dispute except Rs.6,09,376 as Kerela Govt. Sales Tax with the Deputy Commissioner (Appeals) and Rs. 2,80,807 as Central Sales Tax with the Assistant Commissioner(Asst.) in respect of Udyogmandal Unit.
- (x) The accumulated losses of the Company are not more than 50% of its net worth as on 31st March, 2010. The Company has not incurred cash losses during the

- financial year covered by our audit and in the financial year immediately preceding such financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions and banks. There are no debentures in the Company.
 - (xii) In our opinion and according to the information and explanation 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.
 - (xiii) The company is not a Chit Fund/Nidhi/ Mutual Fund/Society to which the provisions of special statute relating to chit fund are applicable.
 - (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments.
 - (xv) As explained to us by the management of the Company, the Company has given guarantees to the extent of Rs. 3659.77 Lakhs as counter guarantees backed by Government of India's support in case of those being invoked, for loans taken by the employees of the Company and for subsidiary company "Southern Pesticides Corporation Ltd" in liquidation.
 - (xvi) The Company has taken Rs. 2493 Lakhs fresh term loan from Government of India during the year. According to the information and explanations given to us and records of the Company examined by us the term loans were applied, to the extent utilized, for the purpose for which the loans were obtained. The management has represented that the balance shall also be utilized in accordance with the laid down conditions.
 - (xvii) According to the information and explanations given to us we report that during the year short term funds have not been used for long term investment and vice versa.
 - (xviii) The Company has not made any preferential allotment of shares during the year.
 - (xix) The Company has not issued any debentures during the year.
 - (xx) The Company has not raised money by way of public issue during the year.
 - (xxi) A fraud of cheque for Rs. 1.47 Lakhs having been stolen and cleared by the bank against the operating instructions of joint signatures. The management is of the view that there exists strong possibility to recover the said amount from the bank.

**For AVA & Associates
Chartered Accountants
FRN 004017N**

**Avineesh Matta
Partner
M. No. 083054**

**Dated: 16th August 2010
Place: New Delhi**

**COMMENTS OF THE STATUTORY AUDITORS AND REPLIES OF THE
MANAGEMENT ON THE ACCOUNTS OF THE HINDUSTAN INSECTICIDES
LIMITED FOR THE YEAR ENDED 31ST MARCH 2010**

	COMMENTS	MANAGEMENT REPLIES
1	The effect of excise duty, sales tax or VAT not ascertained on price differential of provisional and adopted price (refer to para A (I) of the report).	The effect of excise duty, sales tax or VAT are accounted for in the year in which final price are fixed as per Accounting Policy No. 13 (d).
2	With reference to ERP Interest of Rs..2.18 lakhs earned on advance payment not shown separately, Non provision of liabilities of Rs.17.69 lakhs against pending bills, understatement of Capital Work in Progress by Rs.19.87 lakhs and non disclosure of Contingent Liabilities (refer to para A (II), B (I), C (II) & E(III) of the report).	Noted.
3	Non capitalization of CWIP of Rs.0.70 lakhs of at R&D Centre (refer to para C (I) of the report).	Suitable action will be taken in current year.
4	Provision have not been made/considered in respect of Sundry Debtors, Loans & Advances, Inventories (refer to para No. D(I, III, IV, V & VI of the report).	Necessary disclosures/ clarifications regarding points raised by Auditors have been given suitably in Notes on Accounts. For the Sundry Debtors and Loans & Advances wherever company is doubtful about its recovery, necessary provisions have already been made in the Accounts.
5	Provision/Write off has not been made on account of Excise Duty for the sales made in the year 2004-05 (refer para No. D (II) of the report).	The matter is pending for a decision at Ministry level. Adjustment in the Books will be made after the same.
6	Non provision for current Income tax under section 115JB (refer to para B (II) of the report).	Due to availability of accumulated losses/ unabsorbed depreciation the income tax liability u/s 115JB is Nil.

7	Sales of Rs.133.92 lakhs made to NVBDCP during previous year has recorded in current year (refer to para E (I) of the report).	The decision was taken by Ministry in the year 2009-10 and accordingly sale has been recorded in the year 2009-10.
8	Regarding presentation of Income Tax paid in prior period and non-disclosure with reference to Accounting Standards – 3, 17, 20 & 29 (refer to para E (II, IV, V, VI & VII) of the report).	Noted.

for and on behalf of the Board of Directors

(V. Sekar)
Director (Finance)

(K. Harikumar)
(Chairman & Managing Director)

TEN YEARS AT GLANCE

(Rs. in crores)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
SOURCES OF FUNDS										
Equity Shares	91.33	91.33	91.33	91.33	59.78	59.78	59.78	58.28	55.68	54.68
Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advance for Share Capital	-	-	-	31.55	-	-	-	-	-	-
Loan Funds	35.07	20.49	11.72	7.50	22.76	218.56	196.34	182.97	153.27	126.03
Total	126.40	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95	180.71
USE OF FUNDS										
Net Fixed Assets (Including Project under Erection)	28.45	29.73	31.40	32.60	36.95	54.01	53.27	48.65	47.16	42.82
Investment	0.01	0.05	0.05	0.05	0.05	0.05	0.01	4.97	4.97	4.97
Net Current Assets	90.11	70.70	56.79	44.58	47.12	80.33	83.61	89.68	80.47	77.54
Misc. Expenditure & Profit & Loss Account	7.83	11.34	14.81	21.60	29.97	143.95	119.23	97.95	76.35	55.38
Total	126.40	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95	180.71
NET WORTH	83.50	79.99	76.52	69.73	61.36	-84.17	-59.46	-39.67	-20.67	-0.70
INCOME										
Sales	228.84	195.58	185.84	172.65	149.35	155.58	156.54	145.39	114.76	120.49
Other Income/Interest written back	8.93	22.61	10.97	20.35	88.72	1.43	10.93	5.72	1.59	1.61
Total	237.77	218.19	196.81	193.00	238.07	157.01	167.47	151.11	116.35	122.10
EXPENDITURE										
Raw-Material & Mfg. Expenditure	134.03	127.67	115.00	119.05	103.69	99.12	114.88	102.20	83.08	83.15
Employees Remuneration and Benefits	76.58	70.05	55.81	52.70	47.10	54.90	45.42	47.22	38.41	37.72
Overheads	17.19	13.76	15.32	13.37	40.18	13.33	14.90	8.37	8.65	8.87
Interest	2.54	1.29	1.26	1.83	1.72	13.33	12.44	7.28	5.79	5.28
Depreciation	3.55	3.43	3.31	3.23	24.36	3.18	2.82	2.21	1.61	1.73
Total	233.89	216.20	190.70	190.18	217.05	183.86	190.46	167.28	137.54	136.75
PROFIT/LOSS										
For the year	3.88	1.99	6.11	2.82	21.02	-26.85	-22.99	-16.17	-15.39	-15.52
Prior Period Adj.(Net)	-0.77	0.90	0.95	3.12	0.39	0.38	1.07	0.69	-0.02	0.07
Net Profit/Loss(-) Before tax	3.11	2.89	7.06	5.94	21.41	-26.47	-21.92	-15.48	-15.41	-15.45
Tax for the Year	0.05	0.18	0.54	0.28	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit/Loss (-) after tax	3.06	2.71	6.52	5.66	21.41	-26.47	-21.92	-15.48	-15.41	-15.45

HINDUSTAN INSECTICIDES LIMITED.**BALANCE SHEET AS AT 31ST MARCH, 2010.**

	SCHEDULE	AS AT 31.3.2010		AS AT 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	913,324,000		913,324,000	
Reserves & Surplus	2	-		-	
			913,324,000		913,324,000
LOAN FUNDS					
Secured Loans	3	0		113957652	
Unsecured Loans	4	350,676,752		90,900,000	
			350,676,752		204,857,652
TOTAL			1,264,000,752		1,118,181,652
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	1,140,755,725		1,124,568,886	
Less : Depreciation		865,581,102		831,819,919	
Net Block		275,174,623		292,748,967	
Capital Work-in-Progress		9,381,807		4,147,089	
			284,556,430		296,896,056
NEW PROJECTS UNDER ERECTION	6		-		438,599
INVESTMENTS	7		20,000		20,000
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	8	582,633,756		645,882,496	
Sundry Debtors	9	1,252,017,915		815,630,151	
Cash and Bank Balances	10	73,032,529		61,662,270	
Loans and Advances	11	272,435,928		265,518,365	
			2,180,120,128		1,788,693,282
Less: Current Liabilities & Provisions	12	1,278,982,982		1,081,244,030	
Net Current Assets			901,137,146		707,449,252
Miscellaneous Expenditure	13		3,412,953		7,858,931
Profit & Loss Account			74,874,223		105,518,814
Deficit as per Accounts annexed					
Total			1,264,000,752		1,118,181,652

Accounting Policies and Notes on Accounts 23

As per our report of even date
For AVA & Associates(S.R. Sahoo)
Co. Secretary(G. Nath)
General Manager (F&A)(V. Sekar)
Director (Finance)(K. Harikumar)
Chairman & Managing Director(Avineesh Matta)
Partner
Membership No.083054
FRN :004017N
Dated: 16.08.2010Place : New Delhi
Dated: 28.07.2010

HINDUSTAN INSECTICIDES LIMITED.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.**

	SCHEDULE	YEAR ENDED 31.03.2010 Rs.	YEAR ENDED 31.03.2009 Rs.
INCOME			
Gross Sales	14	2,438,841,008	2,153,507,274
Less: Excise Duty		<u>150,453,263</u>	<u>195,631,919</u>
Net Sales		2,288,387,745	1,957,875,355
Terminal Benefits for Delhi Unit		25,066,361	49,216,083
Subsidy on Sale of DDT		50,000,000	50,000,000
Export Benefits		6,664,071	2,218,980
Other Income	15	22,608,313	23,348,698
Increase/(Decrease) in Stock	16	-14,974,642	99,264,104
		<u>2,377,751,848</u>	<u>2,181,923,220</u>
EXPENDITURE			
Materials Consumed	17	989,232,027	967,533,251
Manufacturing Expenses	18	351,117,454	309,223,033
Employees' Remuneration and Benefits	19	765,789,738	700,494,244
Sales, Administration and Other Expenses	20	169,181,140	132,744,514
Interest	21	25,446,699	12,933,123
Depreciation		35,492,035	34,335,084
Miscellaneous Expenditure Written off		2,665,847	4,805,518
		<u>2,338,924,940</u>	<u>2,162,068,767</u>
Profit for the year		38,826,908	19,854,453
Prior Period Adjustments (Net)	22	-7,721,317	9,047,669
Profit Before Tax for the year		31,105,591	28,902,122
Income Tax / Fringe Benefit Tax		461,000	1,822,590
Net Profit for the year		30,644,591	27,079,532
Add: Deficit Brought Forward		-105,518,814	-132,598,346
Balance (Deficit) Carried to Balance Sheet		<u><u>-74,874,223</u></u>	<u><u>-105,518,814</u></u>
Accounting Policies and Notes on Accounts	23		

As per our report of even date
For AVA & Associates

(S.R. Sahoo)
Co. Secretary

(G. Nath)
General Manager (F&A)

(V. Sekar)
Director (Finance)

(K. Harikumar)
Chairman & Managing Director

(Avineesh Matta)
Partner

Place : New Delhi
Dated: 28.07.2010

Membership No.083054
FRN :004017N
Dated: 16.08.2010

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2010**

SCHEDULE 1 - SHARE CAPITAL:	AS AT 31.3.2010		AS AT 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
10,00,000 Equity Shares of Rs.1,000/- each		1,000,000,000		1,000,000,000
Issued, Subscribed and Paid-up:				
9,13,324 (Previous year 9,13,324) Equity Shares of Rs.1,000/- each fully paid-up (Note: Out of above 2,847 Equity Shares have been allotted as fully paid-up Shares pursuant to a contract for consideration other than cash)		913,324,000		913,324,000
		<u>913,324,000</u>		<u>913,324,000</u>

SCHEDULE 2 - RESERVES AND SURPLUS:	As on 31.03.2009	Additions During 2009-10	Deductions During 2009-10	As on 31.03.2010
Capital Reserve:	-	-	-	-
GENERAL RESERVE	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE 3 - SECURED LOANS:	AS AT 31.3.2010		AS AT 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
From Bank (Secured by hypothecation of raw-materials, work-in-progress, finished goods and book debts)		-		113,957,652
		<u>-</u>		<u>113,957,652</u>

SCHEDULE 4 - UNSECURED LOANS:				
Term Loans:				
- Govt of India	340,200,000		90,900,000	
Interest Accrued and due	<u>10,476,752</u>		-	
		350,676,752		90,900,000
(Note: Amount due within 12 months Rs.14,90,12,000/- Previous year Rs. 3,97,78,000/-)				
TOTAL		<u>350,676,752</u>		<u>90,900,000</u>

HINDUSTAN INSECTICIDES LIMITED.
SCHEDULE 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	COST AS AT 01.04.2009	ADDITIONS INCLUDING TRANSFER DURING THE YEAR	SALES/ TRANSFER & WRITE OFF DURING THE YEAR	TOTAL COST AS AT 31.03.2010	RATE OF DEPRN. (%)	UPTO 01.04.2009	DURING THE YEAR	WRITTEN BACK ADJUSTED DURING THE YEAR	TOTAL UPTO 31.03.2010	AS AT 31.03.2010	AS AT 01.04.2009
1. LAND											
a) FREEHOLD	19,756,501	0	0	19,756,501		0	0	0	0	19,756,501	19,756,501
b) LEASEHOLD	25,024,370	00,000	0	25,024,370	1	2,604,851	252,402	0	2,857,253	22,167,117	22,419,519
2. BUILDING											
a) FACTORY BUILDING	131,609,599	109,443	-1738190	129,980,852	3.34	60,466,207	3,138,752	-1669984	61,934,975	68,045,877	71,143,392
b) OFFICE BUILDING	13,332,752	0	0,000	13,332,752	1.63	6,920,550	259,652	0,000	7,180,202	6,152,550	6,412,202
c) TOWNSHIP	25,389,131	0	0	25,389,131	1.63	20,488,275	270,238	0	20,758,513	4,630,618	4,900,856
d) TUBEWELL	279,656	0	0	279,656	1.63	199,755	3,593	0	203,348	76,308	79,901
3. PLANT, MACINERY AND EQUIPMENTS											
a) PLANT & MACHINERY	825,984,941	16,374,661	0	842,359,602	10.34	683,765,825	28,692,965	3,203	712,461,993	129,897,609	142,219,116
b) LAB.FIRE SAFETY EQUIPT.	24,160,191	691,339	0	24,851,530	4.75	17,104,473	575,476	-3204	17,676,745	7,174,785	7,055,718
c) SERVICE EQUIPMENT	1,359,676	0	0	1,359,676	9.5	1,217,920	38,451	0	1,256,371	103,305	141,756
d) COMPUTER	11,375,865	349,325	0	11,725,190	16.21	9,579,713	714,853	-7782	10,286,784	1,438,406	1,796,152
4. RAILWAY SIDING	3,535,736	0	0	3,535,736	4.75	3,535,735	0	0	3,535,735	1	1
5. FURNITURE, FIXTURES AND OFFICE EQUIPMENTS											
a) FURNITURE & FIXTURES	6,749,965	395,363	0	7,145,328	6.33	6,380,269	146,732	0	6,527,001	618,327	369,696
b) OFFICE EQUIPMENT	7,623,571	157,690	-164750	7,616,511	4.75	4,875,817	234,347	-53085.00	5,057,079	2,559,432	2,747,754
d) TYPEWRITER & DUPLICATOF	731,234	1860	0	733,094	4.75	716,081	3,543	0	719,624	13,470	15,153
e) LIBRARY BOOKS	963,545	10,098	0	973,643	10	921,695	14,542	0	936,237	37,406	41,850
6. VEHICLES	4,527,295	0,000	0	4,527,295	9.5	3,227,506	260,866	0	3,488,372	1,038,923	1,299,789
7. STREET YARD LIGHTING	22,094,050	0	0	22,094,050	4.75	9,765,831	880,617	0	10,646,448	11,447,602	12,328,219
8. MEDICAL EQUIPMENT	70,808	0	0	70,808	7.07	49,416	5,006	0	54,422	16,386	21,392
TOTAL	1,124,568,886	18,089,779	-1,902,940	1,140,755,725		831,819,919	35,492,035	-1,730,852	865,581,102	275,174,623	292,748,967
PREVIOUS YEAR	1,099,088,456	25,761,414	-280,984	1,124,568,886		797,770,345	34,335,084	-285,510	831,819,919		
CAPITAL WORK IN PROGRESS									9,381,807	4,147,089	
TOTAL									284,556,430	296,896,056	
The Depreciation has been charged as under:-									Current	Previous	
									Year	Year	
(a) Profit & Loss Account.....									35,492,035	34,335,084	
(b) Capital Project Adjustments.....											
Total									35,492,035	34,335,084	

01.04.2009

31.03.2010

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2010**

SCHEDULE 7- INVESTMENTS(Long Term-Unquoted)	AS AT 31.3.2010		AS AT 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
a) Shares in Subsidiary Company (Trade):				
49666 Equity Shares of Rs.1000/- each in the SPCL	-		49,666,000	
Less : Provision for fall in value	-	-	49,666,000	-
b) Shares in Co-Operative Societies (Non-trade):				
(Fully paid Equity Shares of Rs.100 each)				
100 Shares in HIL Employees Co-operative Credit Society Ltd.,Udyogamandal	10,000		10,000	
100 Shares in HIL Consumer Co-operative Stores Ltd., Udyogamandal	10,000	20,000	10,000	20,000
TOTAL		20,000	20,000	

SCHEDULE 8 - INVENTORIES:

(As taken, valued and certified by the Management)

A. Stock-in-trade (including in transit)				
i) Raw Materials	94,197,834		112,483,296	
ii) Work-in-Progress	113,985,286		69,193,680	
iii) Finished Goods	276,689,397		352,200,989	
	484,872,517		533,877,965	
Less: Provision for non-saleable finished goods	-17,509,991	467,362,526	-	533,877,965
B. By-Products		35,494		11,791
C. Stores and Spares		115,091,287		111,887,519
D. Loose Tools		144,449		105,221
TOTAL		582,633,756		645,882,496

SCHEDULE 9 - SUNDRY DEBTORS (Unsecured):

(Considered good, unless otherwise stated below):

(A) Debts Outstanding for a period exceeding Six Months:

i) Considered Good	633,135,793		288,772,724	
ii) Considered Doubtful	4,434,136		31,557,648	
(Includes Rs. Nil, Previous Year Rs.2,71,23,513/- from the Southern Pesticides Corporation Ltd. -Subsidiary Company)	637,569,929		320,330,372	
Less: Provision	4,434,136	633,135,793	31,557,649	288,772,723
(B) Other debts :		618,882,122		526,857,428
TOTAL		1,252,017,915		815,630,151

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2010**

	AS AT 31.3.2010		AS AT 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10 - CASH AND BANK BALANCES				
a) Cash Balance on hand (including Cheques/Drafts)		569,712		1,234,287
b) Remittances in Transit		381,159		1,712,157
c) Balances with Scheduled Banks:				
- In Cash Credit Accounts	22,813,791		-	
- In Current Accounts	47,444,258		56,937,426	
- In Margin Money /Fixed Deposit Accounts	1,804,181		1,758,972	
- In Saving Bank Accounts	19,428	72,081,658	19,428	58,715,826
TOTAL		<u>73,032,529</u>		<u>61,662,270</u>
SCHEDULE 11 - LOANS AND ADVANCES				
(Unsecured-considered good except as otherwise stated)				
a) Loan to HIL Co-operative Society		30,000		30,000
b) Interest Accrued on Deposits /Advances		4,223,256		5,198,968
c) Advances and Other amounts recoverable in cash or in kind or for value to be received:				
- Staff Advances *				
Considered good (of which Secured Rs.4,63,196/- : Previous year Rs.5,39,019/-)	17,777,357		11,710,467	
Considered Doubtful	1,811		1,811	
	<u>17,779,168</u>		<u>11,712,278</u>	
Less: Provision	1,811	17,777,357	1,811	11,710,467
Export Incentive receivable				
i) Considered good	-		-	
ii) Considered Doubtful	1,348,900		1,348,900	
	<u>1,348,900</u>		<u>1,348,900</u>	
Less: Provision	1,348,900	-	1,348,900	-
- Others:				
i) Considered good	74,883,186		98,422,793	
ii) Considered Doubtful	3,454,352		3,454,352	
	<u>78,337,538</u>		<u>101,877,145</u>	
Less: Provision for Bad and Doubtful Advances	3,454,352	74,883,186	3,454,352	98,422,793
d) Due from Govt. of India /IPFT)		16,589,482		15,620,862
e) Due from the Southern Pesticides Corporation Ltd. (Subsidiary Company)			286,398,664	
Less: Provision			286,398,664	
f) Security/Other Deposits		15,205,897		14,344,539
g) Balance with Customs,Port Trusts and Central Excise		14,696,049		16,210,615
h) Claims Receivable:				
- Considered good	128,530,701		103,480,121	
- Considered Doubtful	8,615,311		8,561,901	
	<u>137,146,012</u>		<u>112,042,022</u>	
Less: Provision	8,615,311	128,530,701	8,561,901	103,480,121
i) Advance against share money to Kerala Enviro Infrastructure Ltd.		500,000		500,000
TOTAL		<u>272,435,928</u>		<u>265,518,365</u>
* includes due from:				
-Directors Rs.1,10,869/- (Previous year Rs.1,31,021)				
-Officers Rs.8,75,041/- (Previous year Rs.13,55,967)				
(Maximum Balance due:				
Directors Rs.2,92,121/- (Previous year Rs.1,34,992)				
Officers Rs.17,65,016/- (Previous year Rs.23,99,862)				

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2010**

	AS AT 31.3.2010		AS AT 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS				
(A) CURRENT LIABILITIES:				
a) Sundry Creditors:				
* Micro and Small Enterprises	-		510,307	
Others	368,579,924	368,579,924	301,362,043	301,872,350
b) Advances from Customers		29,972,253		22,382,734
c) Statutory Liabilities:				
- Contributory Provident Fund	7,359,174		2,400,300	
- Liability for TDS	53,500	7,412,674	33,634	2,433,934
d) Security Deposits/Earnest Money		52,091,003		49,442,962
e) Other Liabilities		328,014,965		254,804,009
f) Interest Accrued but not due on Unsecured Loans		8,701,845		3,870,049
Total (A)		794,772,664		634,806,038
(B) PROVISIONS:				
- For Half Pay Sick Leave		31,154,750		25,466,114
- For Gratuity		296,853,416		288,189,036
- For Leave Salary		156,122,515		132,537,709
- For Bonus		79,637		245,133
Total (B)		484,210,318		446,437,992
TOTAL (A+B)		1,278,982,982		1,081,244,030

(* as identified by Management)

SCHEDULE 13 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Research and Development Expenditure		-		2,665,847
Deferred Revenue Expenditure (V.R.S.)		3,412,953		5,193,084
TOTAL		3,412,953		7,858,931

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010**

	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 14 - SALES				
* Gross Sales		2,438,841,008		2,153,507,274
Less: Excise Duty		150,453,263		195,631,919
Net Sales		2,288,387,745		1,957,875,355
		=====		=====
* includes (Refer Note No.7)				
- Sale at provisional prices pending final determination thereof; and				
- Price differential upon final determination of sales effected in earlier years				
SCHEDULE 15 - OTHER INCOME				
a) Interest:				
- From Banks		156,845		895,162
- From Staff and Others		595,965		742,223
		-----		-----
		752,810		1,637,385
b) Rent (including on staff quarters)		412,454		436,461
c) Proceeds of Experimental Farm Produce		-		-
d) Profit on Sale of Assets		678		353,515
e) Excess Provisions and Unclaimed Credit Balances written back		76,009		1,367,160
f) Miscellaneous Income		21,366,362		19,554,177
		-----		-----
TOTAL		22,608,313		23,348,698
		=====		=====
SCHEDULE 16 - INCREASE/(DECREASE) IN STOCK				
A) OPENING STOCK:				
Finished Goods		352,200,989		215,984,836
By-Products		11,791		39,496
Work-in-Progress		69,193,680		123,452,660
		-----		-----
		421,406,460		339,476,992
Less : Excise duty adjusted		15,721,641		17,334,636
Total		405,684,819		322,142,356
B) CLOSING STOCK:				
Finished Goods		276,689,397		352,200,989
By-Products		35,494		11,791
Work-in-Progress		113,985,286		69,193,680
		-----		-----
Total		390,710,177		421,406,460
		-----		-----
Increase/(Decrease) (B-A)		-14974642		99264104
		=====		=====

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010**

SCHEDULE 17 - MATERIALS CONSUMED:	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
Opening Stock	96,812,316		57,081,002	
Purchase	989,938,509		1,014,312,511	
	-----	1,086,750,825	-----	1,071,393,513
Less:				
Adjustments and transfers	313,807		3,688,081	
Consumed in other Departments	4,015,473		3,359,865	
	-----	4,329,280	-----	7,047,946
		1,082,421,545		1,064,345,567
Less : Closing Stock		93,189,518		96,812,316
Total		989,232,027		967,533,251
		=====		=====

SCHEDULE 18 - MANUFACTURING EXPENSES:

Repacking, Formulation and Drying Charges		1,072,686		1,601,340
Packing Materials Consumed		80,522,872		67,201,226
Stores & Spares Consumed		2,912,489		2,214,345
Carriage Inward		1,709,026		3,060,370
Water Charges		6,583,884		6,302,386
Power & Fuel		182,220,486		155,078,952
Laboratory Expenses		1,595,105		1,573,179
Research & Development Expenses		127,595		98,055
Other Work Expenses		18,251,302		17,471,516
Excise Duty		12,512,749		15,721,641
Repairs & Maintenance:				
Plant & Machinery	31,690,070		31,309,776	
Building	11,919,190		7,590,247	
	-----	43,609,260	-----	38,900,023
TOTAL		351,117,454		309,223,033
		=====		=====

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010**

	Year Ended 31.03.2010	Year Ended 31.03.2009
	Rs.	Rs.
<u>SCHEDULE 19 - EMPLOYEES' REMUNERATION AND BENEFITS:</u>		
Salaries, Wages & Allowances	591,836,076	511,970,914
Contribution to Provident Fund	50,164,802	38,808,683
Staff Welfare Expenses	92,292,628	87,200,714
Contribution to Employees State Insurance	18,224	101,751
Contribution to HIL Employees Welfare Fund	16,746	21,538
Bonus	79,637	471,091
Gratuity	31,337,469	61,872,084
Contribution to Kerala and Maharashtra Welfare Fund	44,156	47,469
Total	765,789,738 =====	700,494,244 =====
<u>SCHEDULE 20 - SALES, ADMINISTRATION AND OTHER EXPENSES:</u>		
Rent (Net)	2,816,609	3,150,901
Rates & Taxes	5,210,214	4,402,070
Insurance	1,437,741	2,077,522
Electricity & Water Charges	1,286,681	1,983,430
Advertisement	4,735,811	5,346,900
Publicity	2,702,826	1,840,978
Printing & Stationery Expenses	1,841,421	1,978,158
Postage and Communications	2,969,473	2,951,710
Travelling Expenses:		
- C M D	129,063	190,206
- Directors	376,661	290,423
- Others	8,886,437	9,734,739
	9,392,161	10,215,368
Vehicle Expenses:		
- Repairs & Maintenance	490,033	584,352
- Running	789,116	706,091
	3,803,658	5,361,916
Legal & Professional Charges	3,803,658	5,361,916
PAYMENT TO AUDITORS (Including Branch Auditors)		
- Audit Fees	150,000	120,000
- Tax Audit Fees	75,000	67,500
- Reimbursement of Expenses	113,442	90,784
	338,442	278,284
Security Expenses	16,388,580	13,411,150
Staff Training Expenses	669,561	796,729
Balance C\F	54,872,327 =====	55,085,559 =====

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010**

	Year Ended 31.03.2010	Year Ended 31.03.2009
	Rs.	Rs.
<u>SCHEDULE 20-SALES, ADMINISTRATION AND OTHER EXPENSES (CONTD.)</u>		
Balance B/F	54,872,327	55,085,559
Bank Charges	3,737,489	5,659,643
Repairs & Maintenance- others	2,930,577	2,255,580
Freight, Cartage & Handling Expenses	35,566,735	27,781,413
Miscellaneous Expenses	10,421,600	13,126,691
Computer Expenses	877,691	786,000
Entertainment Expenses	1,112,455	1,080,007
Discount on Sales	39,008,837	23,820,960
Loss on Sale/write off Assets	107,342	-
Provision for Irrecoverable/Doubtful Debts, Claims & Others	18,744,660	1,399,957
Township Expenses	1,801,427	1,748,704
Total	<u>169,181,140</u>	<u>132,744,514</u>

SCHEDULE 21 - INTEREST

On Term Loans	10,500,760	12,357,049
On Others	14,945,939	576,074
	-----	-----
	25,446,699	12,933,123
Less : Considered attributable and transferred to: - Miscellaneous Expenditure (Schedule 13)	-	-
Total	<u>25,446,699</u>	<u>12,933,123</u>

HINDUSTAN INSECTICIDES LIMITED.

SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010

<u>SCHEDULE 22 - PRIOR PERIOD ADJUSTMENTS (NET)</u>	AS AT 31.3.2010		AS AT 31.3.2009	
	Debit	Credit	Debit	Credit
Sales	66,990	4,172,304	212,611	-
Interest	-	36,417	208,431	80,293
Materials	949,013	7,118,184	5,000	9,141,862
Manufacturing Expenses	5,521,047	-	39,772	-
Personnel Expenses	290,696	590,572	224,004	29,453
Sales & Admn. Expenses	367,513	340,349	1,801,013	157,255
Depreciation	-	7,782	-	4,530
Others	13,012,111	220,445	722,478	2,847,585
Total	<u>20,207,370</u>	<u>12,486,053</u>	<u>3,213,309</u>	<u>12,260,978</u>
Net Balance		<u><u>-7721317</u></u>		<u><u>9047669</u></u>

HINDUSTAN INSECTICIDES LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2009-10.
SCHEDULE 23 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1) **Accounting Concepts:**

The Company prepares its accounts on accrual basis under the historical cost convention.

2) **Fixed Assets:**

All fixed assets are stated at historical cost reduced by depreciation provided.

3) **Expenditure on Project under Erection:**

- a) All direct expenditure incurred by the company during the construction of projects is capitalised.
- b) Interest paid on long term loans, allocable to the project is capitalised.

4) **Depreciation:**

- a) Depreciation is provided on straight line method based on estimated useful life of assets as per the rates prescribed in Schedule XIV of the Companies Act, 1956.
- b) Cost of leasehold land is amortised over the period of the lease.
- c) Items, each costing Rs.5,000 or less, are fully depreciated in the year of acquisition.

5) **Investments:**

Investments categorised as "Long Term" are carried at cost.

6) **Inventory Valuation:**

- a) Stock-in-trade:
 - Inventories are valued at lower of cost and net realisable value.
 - Cost of conversion includes cost directly related to units of production such as direct labour and systematic allocation of fixed and variable overheads incurred in converting raw materials into finished goods.
 - The cost of finished goods includes liability towards excise duty paid/payable on excisable finished goods held as inventory, such liability being considered on the basis of provisional/ known sale price where the final prices are not determined.
- b) Stores and Spares are valued at cost.
- c) The costs are based on the weighted average cost.

7) **Redundant/Damaged Equipment/Materials:**

The Profit/Loss on redundant/damaged equipments/materials is accounted for in the year of disposal of such equipments/materials.

8) **Retirement Benefits:**

Provision is made as at the end of each financial year on the basis of actuarial valuation to cover the liability in respect of employees towards:

- a) Gratuity on death / retirement; and
- b) Accumulated leave.

9) **Grant-in-aid:**
The grants received from Govt. of India are deducted from the related expenditure.

10) **Deferred Revenue Expenditure:**
The expenditure (net of Grant in Aid, if any) incurred on account of Ex-gratia/compensation paid on Voluntary Retirement of employees under the Voluntary Retirement Scheme is amortised in equal instalments over a period of five years beginning from the year of relieving.

11) **Foreign Currency Transactions:**
a) Transactions in foreign exchange, are accounted at the exchange rate prevailing on the date(s) of the transaction(s).
b) Exchange difference arising out of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except those arising on repayment of liability incurred for acquiring of fixed assets.

12) **Intangible Assets**

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

13) **Revenue Recognition:**
a) The supplies to the NVBDCP (formerly NAMP) are valued at the adopted prices worked out by the company keeping in view the parameters followed by the Cost Accounts Branch, Ministry of Finance.
b) The closing stocks of products meant for NVBDCP (formerly NAMP) are valued at lower of cost of production or adopted prices.
c) The difference arising out of final prices fixed by CAB and the adopted prices are adjusted in the sales for the year in which the prices are fixed.
d) Excise Duty & Sales Tax are provided at provisional price(as per purchase order) in the year of supply. The impact of excise duty and sale tax on account of difference between provisional and final price is provided for in the year in which the final prices are fixed.

HINDUSTAN INSECTICIDES LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2009-10
SCHEDULE 23 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(Contd.):

B. NOTES ON ACCOUNTS:

	As at <u>31.03.2010</u>	As at <u>31.03.2009</u>
1) Claims against the company not acknowledged as debts.	2,09,56,401	2,21,64,037
2) Contracts on Capital Account not provided for (net of advances).	57,52,607	68,90,383
3) Contingent Liabilities:		
a) Bank Guarantees issued on behalf of the company.	59,40,695	89,82,870
b) Letters of Credit outstanding.	23,48,000	-
c) Penal Interest on Govt. Loans	19,37,173	-
d) Counter Guarantees given by the Company in favour of:		
i) Financial Institutions for House Building Loans taken by the employees of the Company.	1,30,46,050	1,42,62,075
ii) IDBI/IFCI/ICICI/LIC for Loans Sanctioned to the Southern Pesticides Corpn Ltd. (Subsidiary Company).	36,59,77,000	37,90,23,050
	-----	-----
e) VRS Compensation	45,52,261	45,52,261

4) a) In case the Counter Guarantees given by the Company in favour of Southern Pesticides Corporation Ltd. (shown above as Contingent Liability), are invoked by Financial Institutions, Govt. of India will provide support, as approved by Cabinet Committee on Economic Affairs (CCEA) on 27th July,06.

b) The amount of VRS compensation shown as contingent liability, is the amount recoverable as per Govt./DPE guidelines for which company has filed an appeal before Kerala High Court.

5) No provision has been made in the accounts of the company as at 31.3.2010 respect of the following amounts which are considered good and recoverable:

a) Sundry Debtors:

Outstanding for more than three years amounting to Rs.1361.87 lakhs.

b) Loans and Advances:

Outstanding for more than three years amounting to Rs 365.41 lakhs.

6) a) The balances of some of the Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation/ reconciliation/ adjustments.

- b) Sundry Debtors include a sum of Rs. 12.95 lakhs payable by a debtor who has filed a petition to the effect that he is insolvent. The petition has been challenged by the Company. Sundry Debtors also includes a company which has been referred to BIFR with balance outstanding of Rs.9.18 lakhs.
- c) Stores & Spare parts worth Rs.260.40 lakhs and raw material and packing material worth Rs.12.71 lakhs have not moved for more than three years. No provision has been made for the same since these are considered as serviceable / usable.
- d) Pending investigation, the finished goods of Rs.1.99 lakhs were found short and stores items(packing material) on physical verification as on 31.03.2010 have not been adjusted in the accounts.
- 7) Difference in the prices adopted in the accounts for 2009-10 over the provisional prices at which supplies to NVBDCP have been made amounts to Rs.3989.09 lakhs. Further, sales for the year includes Rs.388.18 lakhs towards price difference for the year 2006-07 and 2007-08. Final price for the year 2008-09 were not received till 31.3.2010.
- 8) The balance amount of pay revision arrears for the period 1.1.1997/1.4.1997 to 31.12.2001 which was shown as Contingent Liability last year has been provided during the year considering the improved productivity/profitability of the Company.
- 9) **Related Party Disclosures:**

Key Management Personnel:

- a) Shri K. Harikumar, Chairman & Managing Director
b) Shri R.P.Khandelwal, Director (Finance) (upto 11th May, 2009)
c) Shri R.R.Sharma, Director (Marketing) (w.e.f. 12th June,2009)

Transactions with the Related Parties is given below:

Key Management Personnel:

Name of the Director	Nature of Transaction	Amount (Rs.)
Shri K.Harikumar	Remuneration	8,10,525
Shri R.P.Khandelwal	Remuneration	92,112
Shri R.R.Sharma	Remuneration	6,90,074

- 10) During the year Company has modified its Accounting Policy for Prior Period Expenses. From the year 2009-10 the limit for such expenses has been increased from Rs.1500/- to Rs.20,000/- . The financial impact due to change in the policy is Rs. 1.04 lakh (Dr.).
- 11) The amount of exchange difference included in the Profit & Loss Account for the year comprises Rs. 54.77 lakhs (Cr.) for Imports and Rs.15.96 lakhs (Dr.) for Exports.

- 12) (a) The company has equity investment of Rs. 496.66 lakhs (49,666 shares of Rs.1,000 each) in the Southern Pesticides Corporation Ltd. (SPCL) as on 31.03.2008. SPCL was referred to BIFR and BIFR issued order for winding up of SPCL. The Hon'ble High Court of Andhra Pradesh has issued orders for closure of SPCL w.e.f. 2nd April 2002 and all the assets and liabilities have been handed over to Official Liquidator. As any return/payment against the Investment, Sundry Debtors and Loan & Advances is doubtful, the investment in SPCL and the full amount of Sundry Debtors and Loan & Advances have been written off.
- (b) Since the Subsidiary Company, SPCL is under winding-up and all its assets and liabilities have been handed over to Official Liquidator, there is no probability of its operations and it significantly impairs its ability to transfer funds to its parent company i.e. HIL. Accordingly, accounts of SPCL are not being consolidated with the accounts of the company as per AS-21.
- 13) Out of the township land (leasehold), 2,158 square yards were acquired by Delhi Municipal Corporation. A claim of Rs.4.32 lakhs for compensation was lodged by the company. The claim has not yet been settled for want of 'No Objection Certificate' from Delhi Development Authority. Delhi Development Authority has demanded Rs.1.10 lakhs towards transfer levy charges for issuance of 'No Objection Certificate'. Adjustments on this account will be made in the accounts on settlement of the issue.
- 14) On production of 6694 MT of DDT (supplied to NVBDCP), provision of subsidy of Rs.5 crore from Ministry of Health & Family Welfare, has been made during the year as per policy for subsidy approved by CCEA.
- 15) Income Tax Assessment has been completed up to Financial Year 2006-2007 (Assessment Year 2007-08). Appeals have been preferred by the company in respect of some of the assessments. No provision for contingent liability including penalty if any, arising out of the disposal of such appeals has been made.
- 16) For DDT manufactured at Delhi Unit and supplied to NVBDCP (NAMP) against Rs.742.82 lakhs receivable from Ministry of Health towards reimbursement of terminal benefits to the employees of the erstwhile Delhi Unit, which was closed as per the directions of Hon'ble Supreme Court, Rs.492.16 lakhs were provided during the year 2008-09. The balance amount has been shown separately in the Profit & Loss Account.
- 17) Particulars/Break-up of R&D Expenditure as shown in Schedule No.13 is as per Schedule No.23(C).
- 18) The Company is not creating deferred tax asset as there is no viable certainty that the company will earn sufficient income against which such assets will be realized.

b) Changes in Present value of Obligation during the period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Present value of Obligation as at the beginning	28,81,89,036	13,25,37,709	2,54,66,114
Acquisition adjustment	-----	-----	-----
Interest Cost	2,06,05,516	94,76,446	18,20,827
Past Service Cost	-----	-----	-----
Current Service Cost	1,20,56,395	1,58,75,753	31,33,313
Curtailement Cost/ Credit	-----	-----	-----
Settlement Cost / Credit	-----	-----	-----
Benefit Paid	(2,20,19,669)	(1,26,89,659)	(16,80,985)
Actuarial (gain) / loss on obligations	(19,77,862)	1,09,22,266	24,15,481
Present value of Obligation as at the end of the period	29,68,53,416	15,61,22,515	3,11,54,750

c) Changes in the Fair value of Plan Assets during the period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Fair Value of Plan Assets at the beginning of the period	-----	-----	-----
Acquisition adjustment	-----	-----	-----
Expected Return on Plan Assets	-----	-----	-----
Contributions	-----	-----	-----
Benefits Paid	-----	-----	-----
Actuarial Gain / (loss) on Plan Assets	-----	-----	-----
Fair Value on Plan Assets at the end of the period	-----	-----	-----

d) Fair Value of Plan Assets

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Fair Value of Plan Assets at the beginning of the period	-----	-----	-----
Acquisition adjustment	-----	-----	-----
Actual return on plan assets	-----	-----	-----
Contributions	-----	-----	-----
Benefits Paid	-----	-----	-----
Fair Value on Plan Assets at the end of the period	-----	-----	-----
Funded Status	(29,68,53,416)	(15,61,22,515)	(3,11,54,750)
Excess of actual over estimated return on plan assets	-----	-----	-----

e) Actuarial Gain / Loss Recognized for the period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Actuarial gain / loss for the period - Obligation	19,77,862	(1,09,22,266)	(24,15,481)
Actuarial gain / loss for the period – Plan Assets	-----	-----	-----
Total (gain)/ loss for the period	(19,77,862)	1,09,22,266	24,15,481
Actuarial (gain)/ loss recognized in the period	(19,77,862)	1,09,22,266	24,15,481
Unrecognized actuarial (gain) / losses at the end of period	-----	-----	-----

f) Amount to be recognized in balance sheet and statements of profit and loss

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Present value of Obligation as at the end of the period	29,68,53,416	15,61,22,515	3,11,54,750
Fair value of plan assets as at the end of the	-----	-----	-----
Funded Status	(29,68,53,416)	(15,61,22,515)	(3,11,54,750)
Unrecognized Actuarial (gains)/losses	-----	-----	-----
Unrecognized Past service cost (non vested benefits)	-----	-----	-----
Net liability recognized in Balance sheet	29,68,53,416	15,61,22,515	3,11,54,750

g) Expense recognized in the statement of profit and loss for the period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Current service cost	1,20,56,395	1,58,75,753	31,33,313
Past service cost	-----	-----	-----
Interest Cost	2,06,05,516	94,76,446	18,20,827
Expected return on plan assets	-----	-----	-----
Curtailment Cost/ (Credit)	-----	-----	-----
Settlement Cost / (Credit)	-----	-----	-----
Net actuarial (Gain)/ loss recognized in the period	(19,77,862)	1,09,22,266	24,15,481
Expenses recognized in the statement of profit & loss	3,06,84,049	3,62,74,465	73,69,621

h) Amount for the current period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Present value of Obligation	29,68,53,416	15,61,22,515	3,11,54,750
Plan assets	-----	-----	-----
Surplus (deficit)	(29,68,53,416)	(15,61,22,515)	(3,11,54,750)
Experience adjustments on plan liabilities –(loss) / Gain	(31,66,005)	(1,29,38,554)	(28,58,328)
Experience adjustments on plan assets –(loss) / Gain	-----	-----	-----

i) Major categories of plan assets (as percentage of total plan assets)

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Government of India Securities	-----	-----	-----
State Government Securities	-----	-----	-----
High Quality Corporate Bonds	-----	-----	-----
Equity Shares of listed Companies	-----	-----	-----
Property	-----	-----	-----
Special Deposit Scheme	-----	-----	-----
Funds managed by Insurer	-----	-----	-----
Bank Balance	-----	-----	-----
Fixed Deposit	-----	-----	-----
Other Assets	-----	-----	-----

j) Other Details

Number of Employees	1443
Normal Retirement Age	58 years
Limit on Amount of Gratuity	Rs. 3,50,000/- Maximum
Limit for leave salary(EL)	300 days Maximum
Limit for leave salary (HPSL)	180 days

25) Previous years figures have been re-grouped / re-arranged wherever necessary.

C. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31.03.2010 (Rupees)	Year ended 31.03.2009 (Rupees)
Opening Balance	26,65,848	74,71,366
Expenditure during the year	--	--
Amount Written off/adjusted	26,65,848	48,05,518
Closing Balance	Nil	26,65,848

D. ADDITIONAL INFORMATION

1. Information pursuant to the provisions of Clauses 3, 4, 4C & 4D of Part II of Schedule VI of the Companies Act,1956:-

A. Expenditure on Personnel includes payment to Chairman & Managing Director and Directors.

S.No.	Particulars	2009-10		2008-09	
		C.M.D.	Directors	C.M.D.	Directors
		(Rupees)		(Rupees)	
1.	Salary & Allowances	8,12,525	7,82,186	6,88,021	12,93,488
2.	Co. Contribution to P.F.	83,733	78,330	69,240	1,29,341
3.	<u>Perquisites:</u>				
	Medical	8,556	7,582	8,556	16,399
	Canteen	11,160	9,889	11,160	21,390
4.	<u>Provisions/Payments:</u>				
	Gratuity	66,995	39,439	66,227	51,350
	Leave Encashment	1,07,482	54,783	68,320	3,06,956
	Half Pay Sick Leave	43,543	8,438	13,905	36,899
	Total	11,33,994	9,80,647	9,25,429	18,55,823

Note : The Chairman & Managing Director and Directors have been allowed the use of staff car including for private journey upto a ceiling of 1000 K.M. per month on payment of prescribed amount in accordance with the provisions of Govt. of India, Ministry of Finance, Bureau of Public Enterprises O.M.No.2(18)/PC/64 dated 20th Nov.,64 as amended from time to time.

B. QUANTITATIVE DETAILS IN RESPECT OF CAPACITIES, SALES AND STOCK DURING THE YEAR 2009-2010. (Rs. in lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock				Production		Sales				Closing Stock			
			Current Year		Previous Year		Current Year Quantity	Previous Year Quantity	Current Year		Previous Year		Current Year		Previous Year	
			Quantity	Value	Quantity	Value			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
DDT Technical	MT	6344	209.200	0.00	488.229	0.000	3610.400	3295.000	1.800	1.59	0.000	0.000	379.760	0.00	209.200	0.000
DDT Formulation	MT	12688	295.000	417.68	286.000	364.630	6706.000	6830.000	6694.000	11022.66	6821.000	9992.650	307.000	434.96	295.000	417.680
DDT 75% WP	MT		43.930	79.81	57.161	101.110	13.765	168.071	41.525	133.93	181.302	354.360	16.170	30.52	43.930	79.810
Mancozeb	MT	1000	136.571	248.01	93.371	80.880	800.400	655.650	112.300	181.58	84.200	176.460	140.366	226.44	136.571	248.010
Malathion Technical	MT	1800	116.140	189.01	118.675	133.380	468.000	356.900	170.580	257.99	142.050	224.100	72.460	114.25	116.140	189.010
Malathion Formulation	MT	3200	8.350	0.00	538.350	254.230	824.000	327.000	824.000	488.47	857.000	439.690	8.350	0.00	8.350	0.000
Butachlor Tech.	MT	500	87.200	118.95	18.150	33.640	238.000	129.000	35.800	61.12	1.100	1.980	28.880	53.57	87.200	118.950
Hiltaklor 50% EC	KL	905	48.846	73.33	3.821	5.450	488.590	160.500	474.590	613.03	114.297	162.040	62.915	101.01	48.846	73.330
Monocrotophos Technical	MT	300	48.390	123.19	13.070	27.050	284.000	183.000	86.410	255.54	5.000	15.490	19.660	54.74	48.390	123.190
Hilcron 36% SL/Saimono	KL	255	55.647	157.14	40.146	86.260	390.000	243.000	369.238	1023.15	227.538	650.510	76.374	193.39	55.647	157.140
Dicofol Tech	MT	150	48.550	202.78	27.300	116.030	20.700	89.000	33.000	153.89	48.500	220.080	23.500	93.67	48.550	202.780
Hilfol 18.5% EC	KL	-	35.506	63.41	17.827	30.790	65.380	111.770	83.437	132.69	73.202	118.860	23.433	43.45	35.506	63.410
Endosulfan Technical	MT	1600	273.880	622.60	73.855	143.120	1505.775	1262.670	1322.750	2718.36	604.275	1410.480	98.854	230.19	273.880	622.600
Endosulfan Formulation	KL	1910	165.657	292.21	164.245	282.330	872.064	1138.440	910.413	1569.90	1136.901	1964.230	127.243	222.00	165.657	292.210
Hilban 20% EC	KL	-	51.436	75.10	48.281	67.340	566.000	369.445	534.922	708.61	363.853	538.820	82.402	117.01	51.436	75.100
Hilcopper	MT	-	6.804	22.28	3.877	12.220	11.950	9.990	21.009	56.58	27.083	79.910	3.665	9.52	6.804	22.280
Hilcyperin 10% EC	KL	-	4.523	7.36	7.213	11.150	7.160	2.330	6.738	10.81	5.067	7.010	4.945	8.15	4.523	7.360
Hilcyperin 25% EC	KL	-	1.053	2.62	5.123	13.200	8.215	0.000	6.271	17.12	3.927	9.490	3.001	8.49	1.053	2.620
Hilfen 20% EC	KL	-	1.003	2.04	1.015	1.870	0.000	0.000	0.000	0.00	0.000	0.000	1.003	2.04	1.003	2.040
Hilmala 50% EC	KL	-	51.257	78.67	55.259	64.060	222.000	233.140	223.585	321.60	234.246	335.430	49.776	70.78	51.257	78.670
Hilphate	MT	-	12.837	58.57	7.430	24.310	63.080	77.800	59.712	218.55	72.438	316.880	16.201	55.56	12.837	58.570
Hilquin 25% EC	KL	-	13.150	11.55	17.535	16.360	11.830	0.000	9.240	21.55	0.130	0.220	15.760	20.96	13.150	11.550
Hilthane M-45	MT	-	107.512	201.26	24.875	10.600	18.090	9.931	615.535	1087.69	440.838	875.190	156.392	249.86	107.512	201.260
PPDDT	MT	-	5.100	10.07	9.800	18.970	39.200	105.200	0.000	0.00	0.000	0.000	21.020	4.38	5.100	10.070
Hilnate	MT	-	2.999	14.16	1.423	6.060	2.700	4.956	4.658	26.09	3.422	18.010	1.005	4.25	2.999	14.160
Hilzim	MT	-	4.152	15.13	4.408	11.790	21.030	18.960	23.448	73.18	19.219	58.930	1.744	5.19	4.152	15.130
Hilmite 50 EC	KL	-	3.205	5.34	3.253	5.570	11.550	0.000	3.460	9.40	0.047	0.090	11.295	30.55	3.205	5.340
Hilzaphose	KL	-	12.531	27.61	7.777	15.040	19.650	8.080	18.382	49.99	11.268	32.500	22.319	51.64	12.531	27.610
Hilcartap 4% G	KL	-	17.594	7.59	6.686	2.950	614.200	193.000	588.585	229.34	182.092	87.130	55.234	21.80	17.594	7.590
Hilmida	KL	-	12.941	90.05	9.896	49.640	53.660	71.715	53.716	326.70	68.864	496.120	12.860	64.71	12.941	90.050
Hilphorate	MT	-	0.000	0.00	21.095	6.470	0.000	0.000	0.000	0.00	25.814	7.980	0.000	0.00	0.000	0.000
Hilfos	MT	-	4.468	10.83	4.659	12.070	0.000	0.000	12.502	37.54	0.180	0.520	6.796	18.36	4.468	10.830

B. QUANTITATIVE DETAILS IN RESPECT OF CAPACITIES, SALES AND STOCK DURING THE YEAR 2009-2010. (Rs. in lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock				Production		Sales				Closing Stock				
			Current Year		Previous Year		Current Year Quantity	Previous Year Quantity	Current Year		Previous Year		Current Year		Previous Year		
			Quantity	Value	Quantity	Value			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
Hilapha 10 EC	KL	-	2.862	6.35	3.688	8.030	0.000	0.000	0.000	0.00	0.130	0.260	2.862	6.36	2.862	6.350	
Hilpride	KL	-	11.031	78.00	1.951	9.890	16.890	26.524	24.819	146.30	17.719	140.110	3.084	18.28	11.031	78.000	
Hilvos	KL	-	11.055	28.53	7.285	15.720	9.370	10.060	12.631	37.85	6.321	17.580	7.795	22.65	11.055	28.530	
Hilhunter	KL	-	9.112	32.52	10.448	35.290	46.700	61.860	46.946	147.93	63.232	210.070	9.069	31.79	9.112	32.520	
Hilzole	KL	-	8.200	18.34	9.670	20.380	22.490	16.615	23.690	53.01	18.045	36.190	7.010	16.01	8.200	18.340	
Trinsahi	KL	-	8.119	25.03	2.371	5.690	36.200	10.000	36.617	71.11	4.272	10.280	7.863	15.06	8.119	25.030	
DDVP	KL	-	4.300	7.37	4.300	6.950	0.000	0.000	0.000	0.00	0.000	0.000	4.300	7.51	4.300	7.370	
Hilambada 5 EC	KL	-	5.136	14.61	5.269	20.510	20.600	37.540	23.500	59.23	37.654	92.730	2.428	6.63	5.136	14.610	
Hilambada 2.5 EC	KL	-	4.526	9.590	3.310	0.000	11.340	25.000	10.095	19.72	23.803	41.600	5.771	12.44	4.526	9.590	
Hilfuron	KL	-	0.270	0.05	49.140	8.740	0.000	0.000	0.000	0.00	48.870	8.690	0.270	0.05	0.270	0.050	
Hilmil	KL	-	0.428	1.85	0.923	4.620	0.000	0.360	0.130	0.84	1.014	6.330	0.308	1.26	0.428	1.850	
Hilblast	KL	-	0.919	6.87	1.334	10.670	12.906	9.516	13.517	125.71	9.931	91.580	0.282	2.03	0.919	6.870	
Hilsulf	KL	-	3.590	3.52	1.660	1.400	43.000	10.000	42.015	30.36	8.070	8.610	4.575	3.39	3.590	3.520	
Marchlore	KL	-	0.000	0.00	2.350	2.520	0.000	97.520	0.000	0.00	99.870	108.380	0.000	0.00	0.000	0.000	
Hilpriti	KL	-	10.221	31.43	0.000	0.000	16.000	34.880	19.083	52.95	24.652	69.020	7.129	20.23	10.221	31.430	
Hilpunch	MT	-	1.732	6.56	0.000	0.000	21.672	8.937	17.745	57.53	7.218	25.020	5.658	19.91	1.732	6.560	
Hilgrow 35%	KL	-	11.910	22.17	0.000	0.000	1.410	12.080	7.350	14.79	0.170	0.340	5.970	11.89	11.910	22.170	
Vijay BT MRC6304	MT	-	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.00	4.230	44.530	0.000	0.00	0.000	0.000	
Hildan Plus	KL	-	0.000	0.000	0.000	0.000	30.030	0.000	21.218	61.940	0.000	0.000	8.882	26.350	0.000	0.000	
Hilpendi	KL	-	0.000	0.000	0.000	0.000	7.000	0.000	5.940	14.200	0.000	0.000	1.060	2.740	0.000	0.000	
Cotton Seeds	KL	-	0.000	0.000	0.000	0.000	0.000	0.000	4.841	32.430		0.000	0.000	0.000	0.000	0.000	
Others	MT/KL	-	53.545	0.87	53.545	0.87	0.000	0.000			0.000	0.000	53.545	0.87	53.545	0.870	
By Products	KL	-	0.000	0.00	0.000	0.00	0.000	0.000	0.000	149.33	0.000	72.270	0.000	0.00	0.000	0.000	
Total			30652	2032.389	3522.01	2337.047	2159.85	18252.997	16415.440	13651.741	22883.88	12130.053	19578.75	1988.243	2766.89	2032.389	3522.01

1. Sales as on 31.03.2010 is after taking into consideration sales return of Rs.67.96 lakhs.
2. Closing stock as on 31.03.2010 includes material worth Rs. 175.10 Lakhs awaiting reprocessing.

C. QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIALS CONSUMED

S.NO.	ITEM	(Qty./MT/KL- Rs./lakhs)			
		Current Year		Previous Year	
		Quantity	Value	Quantity	Value
A.	<u>MAJOR RAW MATERIALS</u>				
	<u>a) For DDT</u>				
	ii) MCB	3189.747	1454.27	2925.883	1344.86
	ii) Chloral	1530.944	1043.09	1377.796	1069.08
	iii) Oleum	4394.235	252.70	4046.116	360.39
	iv) Others	721.747	95.78	706.098	96.83
	b) For other Technical Products.	1378.491	718.16	1054.020	749.60
B.	SOLVENT & SURFACTANTS	5365.084	1448.47	3798.134	1289.00
C.	MAJOR IMPORTED RAW MATERIALS	2306.418	2334.26	1878.054	2060.66
D.	TECHNICAL & OTHER MATERIALS CONSUMPTION FOR AGRO PRODUCTS	305.11	928.76	42.808	653.11
E.	OTHERS	4321.54	1616.83	3155.700	2051.80
	TOTAL	23513.32	9892.32	18984.609	9675.33

D. BREAK-UP OF CONSUMPTION OF RAW MATERIAL COMPONENTS AND SPARE AND PERCENTAGE THEREOF

S.NO.	ITEM	IMPORTED		INDIGENOUS		TOTAL Rs. in Lakhs
		Rs. in Lakhs	Percentage	Rs. in Lakhs	Percentage	
1	RAW MATERIAL *	1922.08 (2036.20)	19.43 (21.05)	7970.24 (7639.13)	80.57 (78.95)	9892.32 (9675.33)
2	COMPONENTS STORE AND SPARE PARTS **	0.00 (0.00)	0.00 (0.00)	430.52 (398.22)	100.00 (100.00)	430.52 (398.22)

* Includes for trial runs.

** Includes for repairs & maintenance and capital work.
(figures in brackets relate to previous year)

E. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2009-2010	2008-2009
1	RAW MATERIALS & FINISHED GOODS	1689.91	1934.01
2	COMPONENTS AND SPARE PARTS AND CAPITAL GOODS	0.00	0

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2009-2010	2008-2009
1	TRAVELLING	2.24	2.89

G. EARNING IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	ITEMS	2009-2010	2008-2009
1	EXPORT (CALCULATED ON FOB BASIS)	1169.08	1299.17

EXPENDITURE ON MAINTENANCE OF THE TOWNSHIP AS REQUIRED BY GOVT.OF INDIA, MINISTRY OF FINANCE O.M. NO.8(1)F.67 DATED 18.09.1967 (AS FURNISHED BY MANAGEMENT AND NOT VERIFIED BY AUDITORS)

S.NO.	EXPENDITURE ITEM	AS AT 2009-2010 (Rupees)	AS AT 2008-2009 (Rupees)
1	SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES	446600	401256
2	LEASE RENT	98820	98820
3	PROPERTY TAX	572293	532474
4	ELECTRICITY CHARGES	942335	936500
5	WATER CHARGES	638846	728010
6	REPAIRS & MAINTENANCE OF BUILDING	1442650	1508763
7	GUEST HOUSE EXPENSES	1251544	541860
8	DEPRECIATION ON FIXED ASSETS	261900	262680
		<u>5654988</u>	<u>5010363</u>

EXPENDITURE ON SOCIAL OVERHEADS AS REQUIRED BY GOVERNMENT OF INDIA, MINISTRY OF FINANCE O.M.NO.BPE(17)/ADV(F)/69 DATED 05.03.1969 (AS FURNISHED BY MANAGEMENT AND NOT VERIFIED BY AUDITORS).

S.NO.	EXPENDITURE ITEMS	AS AT 2009-2010 (Rupees)	AS AT 2008-2009 (Rupees)
1.	MAINTENANCE OF SCHOOL & EDUCATION FACILITIES	1042283	2851634
2.	MEDICAL FACILITIES	33458103	32176297
3.	SUBSIDISED TRANSPORT	9097011	6954663
4.	SOCIAL & CULTURAL ACTIVITIES	357894	345484
		<u>43955291</u>	<u>42328078</u>

EXPENDITURE ON PUBLICITY AS REQUIRED BY GOVT. OF INDIA, MINISTRY OF FINANCE O.M. NO.BPE/GL-642/78-BPE(I&R) 12(1) 78 DATED 18.12.1978 (AS GIVEN BY MANAGEMENT AND NOT VERIFIED BY AUDITORS)

S.NO.	EXPENDITURE ITEMS	AS AT 2009-2010 (Rupees)	AS AT 2008-2009 (Rupees)
1	EXPENDITURE ON PUBLICITY	2702826	1840978

As per our report of even date
For AVA & Associates

(S.R. Sahoo)
Co. Secretary

(G. Nath)
General Manager (F&A)

(V. Sekar)
Director (Finance)

(K. Harikumar)
Chairman & Managing Director

(Avineesh Matta)
Partner
Membership No.083054
FRN: 004017N

Place: New Delhi
Date : 28.07.2010

Date : 16.08.2010

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH 2010

	Rs.	Rs.
I		
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit/(Loss) before taxation, and extraordinary item.		31105591
A. Adjustment for:		
<u>Add:</u>		
I Miscellaneous expenditure written off	6513038	
II Depreciation	35492035	
III Interest Paid	25446699	
	67451772	
<u>Less:</u>		
I Interest Income	752810	
III Excess provision written back	76009	
IV Profit on sale of Fixed Assets	678	
	<u>829497</u>	
Operating Profit Before Working Capital Changes	97,727,866	
B. (Increase)/Decrease in Current Assets		
I Increase in Debtors	(436,387,764)	
II Decrease in Stock	63,248,740	
III Increase in loans and advances	(7,893,275)	
C. Increase / (Decrease) in Current Liabilities		
I Increase in Current Liabilities	197,817,461	
II Miscellaneous Expenditure Incurred	<u>(2,067,060)</u>	
Cash generated from operations	(87,554,032)	
Less: Income Tax paid	461,000	
Net Cash Flow from Operating Activities		(88,015,032)
II		
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
I Purchase of Fixed Assets	(22,885,898)	
II Expenditure on New Projects	-	
III Proceeds from Sale of Fixed Assets	172,766	
IV Interest Received	<u>1,728,522</u>	
	<u>(20,984,610)</u>	
Net Cash Flow from Investing Activities		(20,984,610)

III	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
	I Decrease in secured loan	(113,957,652)	
	II Increase In Unsecured Loans	249,300,000	
	III Interest Paid	(14,969,947)	
		<u>120,372,401</u>	
	<i>Net Cash Flow from Financing Activities</i>		120,372,401
	NET INCREASE IN CASH AND CASH EQUIVALENTS		11,372,759
	CASH AND CASH EQUIVALENT AS ON 01.04.2009 (See Note)		61,662,270
	CASH AND CASH EQUIVALENT AS ON 31.03.2010 (See Note)		<u>73,035,029</u>

Note to Cash Flow Statement:-

Cash & Cash equivalents consist of cash in hand, remittances in transit & Balances with Scheduled Banks. Cash & cash equivalents included in the Cash Flow Statement comprise of the following Balance Sheet amount.

	31.03.2009	31.03.2010
CASH IN HAND	1,234,287	569,712
REMITTANCES IN TRANSIT	1,712,157	381,159
BALANCES WITH BANK	58,715,826	72,084,158
TOTAL	<u>61,662,270</u>	<u>73,035,029</u>

As per our report of even date
For AVA & Associates
FRN: 004017N

(S.R. Sahoo)	(G. Nath)	(V. Sekar)	(K. Harikumar)	(Avineesh Matta)
Co. Secretary	General Manager (F&A)	Director (Finance)	Chairman & Managing Director	Partner
				Membership No.083054

Dated: 16.08.2010

Place: New Delhi.
Dated:28.07.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0	0	2	3	7	7
---	---	---	---	---	---

 State Code

5	5
---	---

 (Refer Code list)

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

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

Public Issue								Rights Issue								Govt.									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus Issue								Private Placement																	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								

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

Total Liabilities								Total Assets							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	1	2	6	4	0	0	1		1	2	6	4	0	0	1

92 c Inserted by Notification NO. GSR 388(E) , dated 15.05.1995.

Sources of Funds

Paid-up Capital								Reserves & Surplus							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		9	1	3	3	2	4								

Secured Loans								Unsecured Loans							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
										3	5	0	6	7	7

Application of Funds

Net Fixed Assets (Including new projects under erection)								Investments							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		2	8	4	5	5	6							2	0

Net Current Assets								Misc. Expenditure							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		9	0	1	1	3	7					3	4	1	3

Accumulated Losses							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			7	4	8	7	4

IV. Performance of Company (Amount Rs. in Thousand):

Turnover							Total Expenditure (Net)										
		2	2	8	8	3	8	8			2	3	3	8	9	2	5
Profit/Loss before tax							Profit/Loss after tax										
+			3	1	1	0	6	+			3	0	6	4	5		

(Please tick Appropriate box + for profit, - for Loss)

Earning per Share in rupees during the year										Dividend % rate			
									3	6	N	I	L

V. Generic Names of five principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	3	8	0	8	.	1	0			
Product Description	D	D	T							
Item Code No. (ITC Code)	3	8	0	8	.	1	0			
Product Description	M	A	L	A	T	H	I	O	N	
Item Code No. (ITC Code)	3	8	0	8	.	1	0			
Product Description	B	U	T	A	C	H	L	O	R	
Item Code No. (ITC Code)	3	8	0	8	.	1	0			
Product Description	E	N	D	O	S	U	L	F	A	N
Item Code No. (ITC Code)	3	8	0	8	.	1	0			
Product Description	D	I	C	O	F	O	L			

Note : For ITC Code of Products please refer to the Publication of India Trade Classification based on harmonized commodity description and coding system by Ministry of Commerce, Directorate of Commercial Intelligence & Statistics, Calcutta-700 001.

(S.R. Sahoo) (G. Nath) (V. Sekar) (K. Harikumar)
 Co. Secretary General Manager (F&A) Director (Finance) Chairman & Managing Director

Place : New Delhi
 Dated: 28.07.2010

STATEMENT OF SUBSIDIARY COMPANY

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO THE SUBSIDIARY COMPANY THE SOUTHERN PESTICIDES
CORPORATION LIMITED, HYDERABAD.

(Rs. in thousand)

Sl.No.	Items	As on 31.3.2010	As at 31.3.2009
1.	The Financial Year of the Subsidiary Company ended on	31.3.2010	31.3.2009
2.	Shares of the Subsidiary Company held by HIL on the above date		
	(i) Number	49,666 of Rs. 1000/- each	49,666 of Rs. 1000/- each
	(ii) Extent of Holding	76%	76%
3.	The net aggregate amount of profit of the Subsidiary Company for the Financial year so far as it concerns HIL		
	(i) Dealt with the accounts of HIL for the year	Nil	Nil
	(ii) Not dealt with in the accounts of HIL for the year	(-)11,34,92	(-)11,34,92
4.	The Net Aggregate amount of Profit (+)/Loss(-) of the Subsidiary Company cumulative till end of the Year so far as it concerns HIL		
	(i) Dealt with in the accounts of HIL for the year	Nil	Nil
	(ii) Not dealt with in the accounts of HIL for the year	(-) 32,45,02	(-)32,45,02

Note: The above information is based on Annual Accounts of the subsidiary company for the year 2001-02 (last audited accounts). Since the subsidiary company is under liquidation, the accounts for the year 2009-10 are not available.