

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

My colleagues on the Board and I have great pleasure in welcoming you to the 57th Annual General Meeting of the company. The Directors Report and the statements of Annual Accounts for the year ended 31st March, 2011 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. I am pleased to state that CAG has cleared the accounts of HIL with 'NIL' comments.

Before getting into the performance aspects, I will touch upon the broader context in which the company is operating, because the future of the company is shaped by changes in the macro environment.

Your company has an equal footing both in public health and crop protection segments and has carved out a niche in both the spheres.

On the public health front, HIL continues its relentless pursuit of keeping the nation healthy from the clutches of Malaria by remaining perhaps as the sole supplier of DDT in the globe. Though DDT has been surviving the onslaught of negative criticism by environmentalists and suppliers of alternate products and their governments, more and more countries, especially in sub-Saharan Africa are coming forward to use DDT as alternative mechanisms have not delivered the desired results. However, the fact remains that developed nations are not sparing any tool to tarnish this "weapon of mass survival" and initiate a phase out plan though no viable, cost effective alternatives are in sight.

In line with the above, your company, with the support of the Government, has initiated a study on Development of Chemical Alternatives to DDT and has awarded the work to Institute of Chemical Technology (ICT)(formerly UDCT). Mumbai. Our team of scientists are working in close association with ICT and the project is expected to take three years to reach a logical conclusion.

During the year, your company was associated with the National Implementation Programme of Stockholm Convention, which was carried out to the utmost satisfaction of UNIDO and it is a matter of great pride that UNIDO is considering us to undertake other projects as well.

Your company bagged orders of DDT from Eritrea, Zimbabwe, South Africa, Mozambique and Gambia in 2010-11 and is aiming to increase the number of countries in the year 2011-12. It is satisfying to report that even UNDP procured DDT during 2010-11 to supply to Malaria infested Zimbabwe.

With respect to crop protection sector, we are extremely euphoric that the nation is putting more and more thrust on improving the food production. The world at large and India in particular are short of food. Our GDP growth has been to the tune of 8-9%

for last few years, which means our trillion dollar GDP will double every eight years resulting in increased food consumption. The increasing population also is likely to put pressure on food requirements and there is no option for the nation but to give more thrust on food production which can happen only by concentrating on quality inputs of seeds, fertilizers, pesticides, etc.

The year 2010-11 saw HIL surpassing all previous records with respect to turnover and it also saw us achieving highest production in respect of certain products like Endosulfan, Monocrotophos, etc.

Your company achieved a turnover of Rs.271.04 crores compared to Rs.243.88 crores during previous year. The company posted a PBT of Rs.3.33 crores. The accumulated losses came down to Rs.5.91 crores and the net worth of the company increased to Rs.85.13 crores.

Though the event happened after closure of the financial year 2010-11, I feel it prudent to report that the production of Endosulfan, which was our highest selling crop protection product, has been temporarily suspended by the Hon'ble Supreme Court of India. The Industry Association is actively pursuing the case, but the fact remains that the production is suspended from May,2011 onwards which is likely to have an impact on the turnover, as Endosulfan constituted about Rs.47 crores out of our gross turnover of Rs.271.04 crores and also used to contribute to the profitability. The Management is trying its best to overcome by giving a renewed thrust on other products.

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

It is also a great pride for us that HIL was awarded the Turnaroud Trophy by BRPSE.

During the financial year, the company commissioned a new crop protection product 'Acephate' at our Rasayani Unit by retrofitting the Malathion plant. Other diversification projects reported last year are also at various stages of implementation.

The philosophy of your company in relation to Corporate Governance is to fully conform to 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.

The industrial relations in the company remained cordial during the year. Cost cutting measures, reduction and rationalization of manpower efforts are continuing. Your company successfully signed the Wage Settlement for 10 years (2007-2017) with the Employees' Unions of various Units and this has been implemented. The revision of scales of pay of officers is pending approval of the Govt.

Your company continued its efforts in corporate social responsibility initiatives to provide education to the under-privileged, drinking water, infrastructure development, etc.

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 would urge them to work harder with more determination and spirit to overcome the setback caused by the suspension of Endosulfan production to further improve the performance of the company.

Thanking you all.

(K Harikumar)
Chairman & Managing Director.

New Delhi,
September 28,2011.

DIRECTORS' REPORT

To
The Members

On behalf of the Board of Directors, I am privileged to present the 57th 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, 2011.

1. FINANCIAL PERFORMANCE:

In the year 2010-2011, your company maintained its growth trajectory and posted operational profits for yet another year. The company achieved an all time record gross turnover of Rs.271.04 crores (Previous year Rs.243.88 crores) and recorded a gross profit of Rs.8.02 crores (previous year gross profit of Rs.9.20 crore) before providing for depreciation and interest. The net profit for the year after providing for depreciation and interest was at Rs.3.33 crores (previous year net profit of Rs.3.11 crores). The current year's financial results are summarized as under:-

(Rs. in crores)

Description	2010-11	2009-10
Gross Profit (Profit before depreciation, interest and tax)	8.02	9.20
Less: Depreciation	3.60	3.55
Interest	1.09	2.54
Profit before tax	3.33	3.11
Income Tax	1.75	0.05
Net Profit for the year	1.58	3.06
Add: Brought forward loss	(-) 7.49	(-) 10.55
Profit/Loss carried forward	(-) 5.91	(-) 7.49

The networth of the company has increased to Rs.85.13 crores as against net worth of Rs. 83.50 crores the previous year.

2. PRODUCTION PERFORMANCE:

The total production achieved during the current year was 17473 MT/KL against 18253 MT/KL during the previous year. The reduction in production is mainly due to lower order quantity of DDT 50% WP by Ministry of Health.

3. SALES PERFORMANCE:

The Company could increase the turnover to Rs.271.04 crores including Excise Duty and Education Cess during the year as against Rs.243.88 crores during last year, thereby posting a growth of more than 11% over the previous year. The turnover achieved is highest ever since inception of HIL.

4. EXPORTS:

The company achieved the highest export turnover of Rs.28.96 crores as against export turnover of Rs.14.29 crores during the previous year.

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" MOU rating for its performance for the year 2009-10.

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 near Rasayani 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 31.03.2011 was 1371 employees, comprising of 287 executives and 1084 non-executives compared to 1462 employees comprising of 297 executives & 1165 non-executives during the previous year.

Industrial Relations: The industrial relations of 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 31.03.2011 was :-

	<u>No.</u>
Scheduled Castes	214
Scheduled Tribes	85
OBC	445

Total	744

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 Centers 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. Leaflets 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, a training programme of translation for five days was organized at our Rasayani Unit by Central Translation Bureau. An Official language seminar was also organized in Head Office.

Besides organizing Hindi workshops, the Company's Head Office and its Units also organized "Hindi Pakhwada" during which various Hindi competition were organized such as Hindi Essay, Noting Drafting, Debate, Hindi Writing, Translation and Public Speech. Successful candidates were awarded prizes in cash and kind under the incentive scheme introduced in the company. In the Annual Sales meeting, Senior Officers of the Marketing Department and Regional Sales Offices were acquainted with the Official Language Act, 1963 and the Official Language Rules, 1976 and the targets of the Annual Programme.

The Sub-Committee of the Parliament on Official language inspected the Udyogmandal Unit and the performance of the company was appreciated. During the year various employees of the company participated in 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 Suresh Chandra Gupta and Ms. Asha Rani Rungta retired and were re-appointed as part time official Directors at the conclusion of 56th Annual General Meeting held on 28.9.2010 and ceased to the Directors w.e.f. 4.8.2011. Smt. Neelkamal Darbari and Shri Pawan Gupta are appointed as part time official Directors w.e.f. 4.8.2011.

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. Harikumar, 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 2010-11 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. JVR & Associates, Ernakulam	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 2010-11 in terms of Section 233-B of the Companies Act, 1956.

- | | | |
|--|---|--------------------|
| 1. M/s N.P.Gopalakrishnan & Co., Kochi. | - | Udyogamandal Unit. |
| 2. M/s V.J. Talati, 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.

21. MANAGEMENT DISCUSSIONS & ANALYSIS:

A report on Management Discussions and Analysis is placed at Annexure-II.

22. 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 2010-11.

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 2010-11, the following Directors were on the Board of HIL.

Executive Directors:

Shri K. Harikumar.	-	Chairman & Managing Director
Shri R. R. Sharma.	-	Director(Marketing)
Shri V. Sekar	-	Director (Finance)

Non-Executive Directors:

Shri Suresh Chandra Gupta (upto 4.8.2011)	-	Joint Secretary, Ministry of Chemicals & Fertilizers.
Ms. Asha Rani Rungta (upto 4.8.2011)	-	Director (Finance), Ministry of Chemicals & Fertilizers.
Smt. Neelkamal Darbari (w.e.f. 4.8.2011)	-	Joint Secretary, Ministry of Chemicals & Fertilizers.
Shri Pawan Gupta (w.e.f. 4.8.2011)	-	Deputy Secretary, Ministry of Chemcals & 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 2010-11.

Date of Meeting	Place of Meeting	Directors present.
28.6.2010	New Delhi	5 Nos
23.7.2010	New Delhi	5 Nos
25.8.2010	New Delhi	5 Nos
13.12.2010	New Delhi	5 Nos
1.2.2011	New Delhi	5 Nos
25.2.2011	New Delhi	5 Nos.

Sl. No.	Name of Directors	Number of Board meetings attended.	Attendance at last AGM held on 28.9.2010	No. of other Directorship in other companies as on 31.3.2011.
1.	Shri K. Harikumar	6	Yes	1#
2.	Shri Suresh Chandra Gupta	6	-	1 \$
4.	Ms Asha Rani Rungta	6	Yes	2*
5.	Shri R.R. Sharma	6	Yes	Nil
6.	Shri V. Sekar	6	Yes	Nil

\$ Hindustan Organics Chemicals Ltd

Crop Care Federation of India

* IPDL & KAPL

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 2010-11, five Audit Committee meetings were held on 28.6.2010, 23.7.2010, 13.12.2010, 1.2.2011 & 25.2.2011.

Name	No. of meetings held during the year.	Meetings attended.
Shri Suresh Chandra Gupta.	5	4
Shri K. Harikumar.	5	5
Ms Asha Rani Rungta.	5	5

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, 2010-2011.

S. No.	Name	Salary & allowances Rs.	Other benefits Rs.	Bonus commission Rs.	Performance link incentives Rs.	Total Rs.
1.	Shri K. Harikumar	983743	330724	-	-	1314467
2.	Shri R.R. Sharma	966343	278564	-	-	1244907
3.	Shri V. Sekar	529047	151682	-	-	680729

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.	2007-08	New Delhi	29.08.2008 (12.00 Noon)	No
2.	2008-09	New Delhi	24.09.2009 (12.00 Noon)	No
3.	2009-10	New Delhi	28.9.2010 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussions and analysis aims to elucidate the developments in the business environment and assess the performance of the company in comparison to the last report and present the future outlook. Statements in the management discussion and analysis describing the company's objectives, projections, estimates, expectations may be "forward looking statements". It is cautioned that factors like climatic conditions, economic conditions affecting the demand/supply and price conditions in the domestic and overseas markets, changes in Govt. regulations and other incidental factors would have an impact on the actual results.

HIL incorporated in 1954 to manufacture and supply DDT to Govt. of India has grown manifold, diversified and transformed into a total solution provider both for the public health and crop protection segments. The company has an equal foothold in both the segments and expect to further consolidate its position in its sphere of activities.

The company has contributed perhaps more than any other Public Sector Undertaking to improve the rural health and agricultural productivity thereby aiming at bringing in prosperity to rural India.

As is known, rural health has a direct co-relation with agricultural productivity as agriculture is the main source of livelihood for rural India and loss of wages due to ill health has a direct linkage to rural prosperity.

INDUSTRY STRUCTURE, MARKET SCENARIO, OPPORTUNITIES AND THREATS

a) Public Health segment

HIL is today the only major manufacturer and supplier of DDT in the world DDT is perhaps one of the most misunderstood products though it has saved more lives than penicillin and saved millions from Malaria, which probably has killed more people than both world wars put together. The product, once dumped to the dustbin, after the controversial book "The Silent Spring" by Richael Carsol got published is bouncing back because the world at large is recognizing that human lives are more important than untested, unproven, hypothetical environmental concerns. In line with the above, more and more countries have come forward and expressed their desire to the Stockholm Convention to use DDT for their vector control operations.

Procurement of DDT by UNDP for supply to Zimbabwe has renewed the confidence India and many African countries have been posing on the product and it is expected that more countries will come forward as Malaria remains to be the major killer specially in Sub-Sahara Africa where every second a child dies due to Malaria. HIL exported DDT in the last financial year to countries like South Africa, Botswana, Eriteria, Zimbabwe, Myanmar, Gambia, etc. and is today the leading supplier of DDT to the globe.

HIL also manufacture Malathion 25% WDP and supplies to various State Govts. for vector control purposes.

HIL has also taken up venturing into alternate methods of disease vector control like manufacture of synthetic pyrethroids, etc. apart from looking at other emerging options, so that the company can maintain itself as key supplier to the public health segments not only in India but also abroad as we believe that committed relevant public sector is required to keep up the health of rural poor and contribute to rural prosperity.

b) Crop protection segment

Pesticides are one of the most maligned products in the world and the manufacturers are even called as 'murderers' by the environment activists without realizing and recognizing its contribution in improving agricultural productivity. Emergence of India from a food deficient to a food surplus state is also due to the contributions made by the crop protection industry.

Though India has 161 million hectares of arable land next only to USA which has the largest at 176 million hectares and India tops when it comes to irrigated area of 155.4 million hectares, our agricultural productivity still remains low. This can further be increased only by judicious use of all elements of agricultural production like seeds, fertilizers and pesticides.

The company is engaged in manufacture of agro chemicals comprising of insecticides, weedicides, herbicides, fungicides, acaricide and fumigants.

Though India so far had a skewed demand pattern in favour of insecticides, the demand shift is towards weedicides and fungicides because of increasing cost of farm labour. The non-availability of farm labour partially due to successful implementation of NREGA was also reported in the newspapers.

The industry is highly fragmented with diverse players ranging from multi national corporates with their patented products, big Indian corporates, middle of the road players and even spurious manufacturers vying for a piece of the pie.

The industry has large capacities and has many manufacturers specially in the formulation business and has a very high level of competition. With entry barriers low, the competition is also unfair especially to large public sector units which has the legacy of high overhead costs. The margin on generic products are shrinking and the company often finds it difficult to pass on increasing costs to the market.

As consumption of pesticides in India still remains very low, the domestic market has been attracting multi-nationals who visualize very good growth opportunities. Though CMIE projects the growth of around 5% for agro chemical market, the demand is inter-woven with the fortunes of agriculture with relatively slow pace of growth in agriculture the Indian industry also is growing at a low rate.

The company with its wide product range and pan-India presence has been taking steps in launching new molecules, introducing combination products and looking at other growth options.

HIL has been growing at a rate higher than the industry growth and has plans to further consolidate its growth in years to come. The company has already put up a manufacturing facility to manufacture Acephate in its Rasayani unit and many more products are at various stages of implementation.

c) Risks and concerns

Though Indian economy has been posting spectacular growth, growth of agriculture which supports 70% of the population has been very low. As the growth of crop protection segment has a very close inter-linkage with agriculture, any ups and downs in this segment will have a direct co-relation with the prospects of crop protection segment.

The agro chemical industry is directly affected by complex needs, requirements, demand for different products as pest attacks are often region/crop./specific and calls for very quick response. This calls for higher level of inventory, resulting in higher credit period to push the stocks and at times even expiry of the shelf life of short expiry products.

The company, over the years, has established itself as a quality supplier of pesticides at reasonable prices and is often used as a benchmark in evaluating prices, specially in a market where the spurious business has been unofficially valued at more than Rs.1000 crores. As a responsible supplier, HIL also believes in educating the community about the safe and judicious use and has organized many camps for its target market both in the crop protection and the public health segments which has been widely appreciated.

With the negative perception on pesticides looming large and a recent temporary ban on one of the key products viz. Endosulfan, both from within and outside the country, HIL is looking at alternate products for sustaining the growth.

With more and more states declaring themselves to be organic and many organic products getting distributed under the garb of organic, the company is putting its best to safeguard its terrain and grow by adopting innovative methods like tie-ups with Fertilizer companies, venturing into seed market, take up contract manufacturing etc.

HIL today supplies its pesticides through the distribution channels of RCF, KRIBHCO, NFL, RAJFED, etc. and has drawn up ambitious plans for future.

Sales performance

The company could increase the turnover to Rs.271.04 crores including Excise duty and Education Cess during the year as against Rs.243.88 crores during last year, thereby posting a growth of more than 11% over the previous year. The turnover achieved is highest ever since inception of HIL.

Corporate social responsibility

Directors Report 2010-11 may kindly be referred and its contents and details in respect of Items No. 8 and 9 may be seen.

Internal control system and adequacy

The company has a proper and adequate system of internal controls. The internal audit function has been assigned to professional firm of Chartered Accountants. All major findings are reported and discussed.

A strong internal audit system and effective Audit Committee has contributed to a strong and adequate internal control system. The company is also implementing an Enterprise Resource Planning(ERP) package to further streamline the internal control. This is expected to 'go-live' in the financial year 2011-12.

As stated in the opening paragraph, extraneous conditions including vagaries of monsoon can have an impact on the actual operating results of the company.

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	12465219	13065319
	Total Amount	Rs.	64242231	63697760
	Rate/Unit	Rs.	5.15	4.88
2	FURNACE OIL			
	Quantity	KL	4733.873	4759.40
	Total Amount	Rs.	135320313	117550449
	Rate/KL	Rs.	28585.54	24698.59
3	FUEL OIL (HSD)			
	Quantity	KL	116.382	105.41
	Total Amount	Rs.	4630462	3728696
	Rate/Unit	Rs.	39786.75	35374.94
B.	Consumption per unit of production			
	DESCRIPTION	UNIT	Current Year	Previous Year
1	DDT TECHNICAL			
	Electricity	KWH	1222	1076
	Furnace Oil	LTR	1050	978
2	DDT FORMULATION			
	Electricity	KWH	674	612
3	MALATHION TECHNICAL			
	Electricity	KWH	902	1605
	Furnace Oil	LTR	247	229
4	MALATHION FORMULATION			
	Electricity	KWH	89	89
5	ENDOSULFAN TECHNICAL			
	Electricity	KWH	1006	1184
	Furnace Oil	LTR	370	409
6	ENDOSULFAN FORMULATION(HILDAN)			
	Electricity	KWH	25	25
	Furnace Oil	LTR		
7	MONOCROTOPHOS TECHNICAL			
	Electricity	KWH	810	1380
	Furnace Oil	LTR	321	296
8	MONOCROTOPHOS FORMULATION			
	Electricity	KWH	24	33

B. Consumption per unit of production

	DESCRIPTION	UNIT	Current Year	Previous Year
9	BUTACHLOR TECHNICAL			
	Electricity	KWH	470	675
	Furnace Oil	LTR	1761	760
	Coal	MT		
10	BUTACHLOR FORMULATION			
	Electricity	KWH	44	32
11	DICOFOL TECHNICAL			
	Electricity	KWH	6006	9358
	Furnace Oil	LTR	2143	1242
	Coal	MT		
12	DICOFOL FORMULATION			
	Electricity	KWH	25	25
	Furnace Oil	LTR		
	Coal	MT		
13	MANCOZEB			
	Electricity	KWH	1002	1710
	Furnace Oil	LTR	107	61
	Fuel Oil (HSD)	LTR	193	198

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 the 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 new surfactant. To synthesize the sulphonated salts of the octylphenol series surfactant for the manufacture of DDT.
		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 develop the 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.
		d)	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.
		e)	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. 2,79,894/-
b)	Recurring		Rs.83,93,827/-
c)	Total		Rs.86,73,721/-

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 531.350 MT of Endosulfan Technical, 420.263 MT of DDT 75% WP, 491.00 KL of Hildan & 8.000 KL of Hilmala.

- ii) Total foreign exchange earnings & outgo:

(Rs./Crore)

Foreign Exchange Earnings	23.75
Foreign Exchange Outgo	19.15

**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 FOR THE YEAR
ENDED 31 MARCH 2011.**

The preparation of financial statements of Hindustan Insecticides Limited for the year ended 31 March 2011 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 u/s 619(2) of the Companies Act, 1956 is 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 17 August 2011.

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 for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**

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

Place: New Delhi
Dated: 26.9.2011.

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, 2011 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 could not be ascertained.**
 - II. **Provision in respect to the Discount, Freight and Testing Charges relating to the previous years amounting to Rs. 5.01 Lakhs was found excess, by the auditors of RSO Hyderabad,. Thus, Other Income is understated and current liabilities are overstated by the said amount.**
 - III. **Other Income includes, Rs. 55.28 Lakhs on account of reversals of balances due to certain sundry creditors for the past years. In absence of any records available with the company in respect to these creditors, we are unable to comment upon the correctness or otherwise of these reversals.**

B. In regard to Liabilities and Provisions:

- I. **Sundry creditors on account of proportionate License Cost relevant to the year for Rs. 2.06 Lakhs, on account of ERP Project forming part of Capital WIP has not been provided for.**
- II. **For the purpose of provisions of Employee Benefits in accordance with AS -15, an assumption for increase in future salary has been taken at 6%. The wage revision**

pact entered into by the management mandates an increment of 3% per annum, coupled with payment of Variable Dearness Allowance that is based on Consumer Price Index. In view of para 84 read with para 85 (a) of AS – 15, the past record of the wage increases in the company, the relevant price indices and in absence of rational basis adduced by the management justifying the assumption of 6%, which we view is inadequate, we are unable to comment upon the adequacy of provisions on account of Employee Benefits.

C. In regard to Fixed Assets:

- I. License cost of Rs. 2.06 lakhs for ERP project has not been booked in current year, consequently Capital Work in Progress and Sundry Creditors has been understated by the said amount, as reported in B.I above.
- II. Plant and Machinery includes 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. In absence of relevant details as to its impairment in accordance with AS – 28, the consequential impact is not ascertainable.

D. In regard to Current Assets

I. Sundry Debtors

- i. Sundry debtors include Rs. 1186.91 Lakhs outstanding for more than 3 years out of which in three branches and units, Rs. 100.69 Lakhs have been identified to be doubtful of recovery by the respective branch auditors and thus require provision. Consequently Sundry Debtors and net profit are overstated by the said amount.
- ii. Amongst the rest includes Rs. 128 Lakhs towards refund of excise duty germane to decrease in prices of DDT 50% supplied during 2003-04 and 2005-06 to NVBDCP (NAMP). In absence of adequate information made available to us we are unable to comment upon its recoverability. The total provision made by the company for sundry debtors doubtful of recovery, 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. Loans and Advances

- i. Loans and Advances include Rs. 482.83 Lakhs outstanding for more than 3 years out of which in one unit, Rs. 68.15 Lakhs have been identified to be doubtful of recovery by the respective branch auditors and thus require provision. Consequently Loans and Advances and net profit for the year are overstated by the said amount.
- ii. For the rest, the total provision made by the company is Rs. 135.93 Lakhs. In the absence of details produced for verification, adequacy of the provision towards bad and doubtful advances could not be assessed.

III. Inventories

- i. Inventories include Stores and Spares worth Rs. 321.31 Lakhs and Packing Material worth Rs. 16.82 Lakhs which have not moved for over three years out of which in certain branches and units Rs. 49.67 Lakhs have been identified as unusable and not saleable by the respective branch auditors and thus require provision. Consequently Inventories and net profit for the year are overstated by the said amount.
- ii. Inventories include Goods in transit amounting to Rs. 2.10 lakhs pertaining to earlier years for which proper explanation was not obtained. In the absence of information, we are of the opinion that it has to be written off. Consequently inventories and net profit for the year are overstated by the said amount.

- IV. 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 could not be ascertained.

E. In regard to presentation

- I. Capital commitments net of advances and not provided for, on account of Implementation of Enterprises Resource Planning (ERP) project to the extent of Rs. 184.41 Lakhs, has not been disclosed under Contingent Liabilities.
- II. Contingent liabilities of Rs. 1.82 lakhs pertaining to sales tax for the financial year 2002-03 have not been disclosed.
- III. Prior Period Items include Rs. 143 lakhs as reversal of interest provided on loan waived by the Government during the year, instead of having being credited to other income.
- IV. In Cash Flow Statement, Interest Paid of Rs. 242 Lakhs has been disclosed under investing activity as capitalization in fixed assets and new projects instead of financing activity as required by AS – 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. 18 Schedule no. 23 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).
- VIII. Required disclosure of Government Grant has not been done as per Accounting Standard – 12 (Government Grant).
- IX. Required full disclosure of outstanding dues to Micro, Small and Medium enterprises has not been done as per MSMED Act, 2006.

F. In absence of adequate information, we are unable to comment on the possible impact of items, 4.A.I, 4.A.III, 4.B.II, 4.C.II, 4.D.I.ii, 4.D.II.ii and D.IV 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 2011.

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. 74.54 Lakhs (as against reported profit figure of Rs. 290.14 Lakhs) and profit before Tax for the year Rs. 117.09 Lakhs (as against reported profit figure of Rs. 332.69 Lakhs).

Capital Work in progress would have been Rs. 174.97 lakhs (as against reported figure of Rs. 172.91 Lakhs), Sundry Debtors Rs. 12876.07 lakhs (as against reported figure of Rs. 12976.76 Lakhs), Loans and Advances would have been Rs. 2600.78 Lakhs (as against reported figure of Rs. 2668.93 Lakhs), Inventories Rs. 6132.45 Lakhs (as against reported figure of Rs. 6184.22 Lakhs) Current Liabilities Rs. 14180.97 Lakhs (as against reported figure of Rs. 14183.93 Lakhs) and Debit balance of Profit & Loss Account Rs. 806.65 Lakhs (as against reported figure of Rs. 591.05 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 above AS – 3 Cash Flow Statement (Para 4.E.IV), AS – 17 Segment Reporting (Para 4.E.V above), AS – 20 Earning Per Share (Para 4.E.VI above), AS – 29 Provisions, Contingent Liabilities and Contingent Assets (Para 4.E.VII above) and AS-12 Government Grant (Para 4.E.VIII)**

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 to accounts and subject to our comments described in Paragraph 4 above and the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - ii) in the case of Profit and Loss Accounts of the profit of the Company for the year ended on that date.
 - 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: 17th August 2011
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 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management on annual basis **except those at R&D Division and RSO Hyderabad**. 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 and Finished Goods except work in process, packing material, 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.
- (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 required strengthening. Minutes of the Audit Committee meeting do no demonstrate deliberations ever having been done therein, concerning the corrective measures required to end weakness in the internal control systems as pointed by internal or statutory auditors.**
- (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 we are of the opinion that Head Office should also covered under internal audit, which hitherto remain out of ambit of the internal audit process. Our review in the internal audit procedure brings forth the immediate and imminent need for strengthening the system by issuing comprehensive Terms of Reference to the internal auditors. 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.

(b) According to the records of the Company and the information and explanations given to us, there are 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, 2011 for a period of more than six months from the date they become payable.

(c) 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 any dispute except in case of **Regional Sales office, Akola and Udyogmandal Unit**. Details are as per **Annexure - A** enclosed

- (x) The accumulated losses of the Company are not more than 50% of its net worth as on 31st March, 2011. 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. 4246.81 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 not taken any fresh loan during the year. Hence this clause is not applicable.
- (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 in last financial year. The matter is pending with the bank and 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

Dated: 17th August 2011
Place: New Delhi

Avineesh Matta
Partner
M.No. 083054

Annexure-'A'**UDOGAMANDAL Unit****The Particular of Statutory Dues which have not been Deposited on Account of Disputes are given below :**

Name of the Nature	Name of Dues	Amount (Rs)	Amount Deposited under Protest (Rs)	Period of which the amount relates	Forum where dispute is pending
KGST	KGST	33680	-	1984-85	Deputy Commissioner (Appeals), Commercial Taxes Department, Ernakulam
KGST	KGST	573070	-	1987-88	Deputy Commissioner (Appeals), Commercial Taxes Department, Ernakulam
KGST	KGST	2676	-	1989-90	Deputy Commissioner (Appeals), Commercial Taxes Department, Ernakulam
KGST	KGST	10248	10248	1992-93	Hon. High court of kerla
KGST	KGST	23107	23107	1993-94	Hon. High court of kerla
KGST	KGST	2859	2859	1994-95	Hon. High court of kerla
CST	CST	100761	100761	1976-77	Deputy Commissioner (Appeals), Commercial Taxes Department, Ernakulam
CST	CST	1128004	282001	1992-93	Hon. High court of kerla
CST	CST	2723732	680933	1993-94	Hon. High court of kerla
CST	CST	317928	317928	2000-01	Sales Tax Appellate Tribunal, Bangalore
Central Excise	Service Tax	1843018	-	2005-06 2006-07	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
Central Excise	Service Tax	768790	-	2007-08	do
Central Excise	Service Tax	1333757	-	2008-09	do
Central Excise	Service Tax	342874	-	2009-10	do

Regional Sale office – AKOLA**In our opinion & according to the Information and Explanation given to us, following Disputed Statutory Dues are pending to be deposited as on 31.03.2011**

Particulars	Year	Forum	Stake Involved (Rs.)	Amount Paid (Rs.)
Sales Tax-BST	2002-2003	Jt.Comm.of S.T.Nagpur	113319	30000
Sales Tax-BST	2002-2003	Jt.Comm.of S.T.Nagpur	68705	25000
Total			182024	55000

HINDUSTAN INSECTICIDES LIMITED.**BALANCE SHEET AS AT 31ST MARCH, 2011.**

	SCHEDULE	AS AT 31.3.2011		AS AT 31.3.2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	913,324,000		913,324,000	
Reserves & Surplus	2	<u>0</u>		<u>-</u>	
			913,324,000		913,324,000
LOAN FUNDS					
Secured Loans	3	92,159,591		0	
Unsecured Loans	4	<u>217,440,000</u>		<u>350,676,752</u>	
			309,599,591		350,676,752
TOTAL			<u><u>1,222,923,591</u></u>		<u><u>1,264,000,752</u></u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	1,197,816,666		1,140,755,725	
Less : Depreciation		899,640,910		865,581,102	
Net Block		298,175,756		275,174,623	
Capital Work-in-Progress		<u>17,291,331</u>		<u>9,381,807</u>	
			315,467,087		284,556,430
NEW PROJECTS UNDER ERECTION	6		25,935,097		-
INVESTMENTS	7		520,000		20,000
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	8	618,421,853		582,633,756	
Sundry Debtors	9	1,297,675,845		1,252,017,915	
Cash and Bank Balances	10	54,404,452		73,035,029	
Loans and Advances	11	266,893,387		272,435,928	
		<u>2,237,395,537</u>		<u>2,180,122,628</u>	
Less: Current Liabilities & Provisions	12	<u>1,418,392,691</u>		<u>1,278,985,482</u>	
Net Current Assets			819,002,846		901,137,146
Miscellaneous Expenditure	13		2,892,997		3,412,953
Profit & Loss Account			59,105,564		74,874,223
Deficit as per Accounts annexed					
Total			<u>1,222,923,591</u>		<u>1,264,000,752</u>
Accounting Policies and Notes on Accounts	23				

As per our report of even date
for AVA & Associates
Chartered Accountants

(S.Muralidhar)
Co.Secretary(O)

(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: 10.8.2011

HINDUSTAN INSECTICIDES LIMITED.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

	<u>SCHEDULE</u>	<u>YEAR ENDED 31.03.2011</u> Rs.	<u>YEAR ENDED 31.03.2010</u> Rs.
<u>INCOME</u>			
Gross Sales	14	2,710,379,931	2,438,841,008
Less: Excise Duty		<u>254,446,299</u>	<u>150,453,263</u>
Net Sales		2,455,933,632	2,288,387,745
Terminal Benefits for Delhi Unit		00,000	25,066,361
Subsidy on Sale of DDT		40,000,000	50,000,000
Export Benefits		11,673,062	6,664,071
Other Income	15	26,455,528	22,608,313
Waiver of Govt. Loan		90,900,000	00,000
Increase/(Decrease) in Stock	16	15,348,638	-14,974,642
		<u>2,640,310,860</u>	<u>2,377,751,848</u>
<u>EXPENDITURE</u>			
Materials Consumed	17	1,024,936,299	989,232,027
Manufacturing Expenses	18	395,151,395	351,117,454
Employees' Remuneration and Benefits	19	966,758,270	765,789,738
Sales, Administration and Other Expenses	20	177,508,180	169,181,140
Interest	21	10,900,907	25,446,699
Depreciation		36,042,017	35,492,035
Miscellaneous Expenditure Written off		00,000	2,665,847
		<u>2,611,297,068</u>	<u>2,338,924,940</u>
Profit for the year		29,013,792	38,826,908
Prior Period Adjustments (Net)	22	4,254,867	-7,721,317
Profit Before Tax for the year		33,268,659	31,105,591
Income Tax		17,500,000	461,000

Net Profit for the year	15,768,659	30,644,591
Add: Deficit Brought Forward	-74,874,223	-105,518,814
Balance (Deficit) Carried to Balance Sheet	-59,105,564	-74,874,223

Accounting Policies and Notes on Accounts 23

As per our report of even date
for AVA & Associates
Chartered Accountants

(S.Muralidhar) Co.Secretary(O)	(G. Nath) General Manager (F&A) (Finance)	(V.Sekar) Director	(K. Harikumar) Chairman & Managing Director	(Avineesh Matta) Partner Membership No. 083054 FRN: 004017N
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Place: New Delhi
Date: 10.8.2011

HINDUSTAN INSECTICIDES LIMITED.

SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2011

<u>SCHEDULE 1 - SHARE CAPITAL:</u>	AS AT 31.3.2011		AS AT 31.3.2010	
	Rs.	Rs.	Rs.	Rs.
<u>Authorised:</u>				
10,00,000 Equity Shares of Rs.1,000/- each		<u>1,000,000,000</u>		<u>1,000,000,000</u>
<u>Issued, Subscribed and Paid-up:</u>				
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 31.03.2010	Additions During 2010- 11	Deductions During 2010- 11	As on 31.03.2011
Capital Reserve:	-	-	-	-
General Reserve	-	-	-	-
	-	-	-	-

SCHEDULE 3 - SECURED LOANS:

AS AT 31.3.2011		AS AT 31.3.2010	
Rs.	Rs.	Rs.	Rs.

From Bank (Secured by hypothecation of raw-materials,
work-in-progress, finished goods and book debts)

92,159,591

-

-

SCHEDULE 4 - UNSECURED LOANS:

Term Loans:

- Govt of India	217,440,000	340,200,000
Interest Accrued and due	<u>-</u>	<u>10,476,752</u>
	217,440,000	350,676,752

(Note: Amount due within 12 months Rs.7,48,65,600/-
Previous year Rs. 14,90,12,000/-)

TOTAL	<u>217,440,000</u>	<u>350,676,752</u>
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SCHEDULE 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	COST AS AT 1.4.2010	ADDITIONS INCLUDING TRANSFER DURING THE YEAR	SALES/TRANSFER & WRITE OFF DURING THE YEAR	TOTAL COST AS AT 31.3.2011	Rate of Dep. (%)	UPTO 31.3.2010	DURING THE YEAR	WRITTEN BACK ADJUSTED DURING THE YEAR	TOTAL UPTO 31.3.2011	AS AT 31.3.2011	AS AT 31.3.2010
<u>LAND</u>											
FREEHOLD	19756501	0	0	19756501		0	0	0.00	0	19756501	19756501
LEASEHOLD	25024370	0	0	25024370	1.00	2857253	252402	0.00	3109655	21914715	22167117
<u>BUILDING</u>											
FACTORY BUILDING	129980852	4127000	166530	133941322	3.34	61934975	3146964	0.00	65081939	68859383	68045877
OFFICE BUILDING	13332752	508118	0	13840870	1.63	7180202	265870	0.00	7446072	6394798	6152550
TOWNSHIP	25389131	0	0	25389131	1.63	20758513	197819	0.00	20956332	4432799	4630618
RAILWAY SIDING	3535736	0	0	3535736	4.75	3535735	0	0.00	3535735	1	1
PLANT & MACHINERY	842359602	50341946	3265981	889435567	10.34	712461993	29235023	665665.00	741031351	148404216	129897609
STREET YARD LIGHTING	22094050	311971	0	22406021	4.75	10646448	880617	0.00	11527065	10878956	11447602
FURNITURE & FIXTURES	7145328	1339130	0	8484458	6.33	6527001	316725	0.00	6843726	1640732	618327
VEHICLES	4527295	1754108	931893	5349510	9.50	3488372	263948	732911.00	3019409	2330101	1038923
OFFICE EQUIPMENT	7616511	279798	0	7896309	4.75	5057079	246790	0.00	5303869	2592440	2559432
COMPUTER	11725190	721420	582990	11863620	16.21	10286784	542309	582979.00	10246114	1617506	1438406
TYPEWRITER & DUPLICATORS	733094	1999	0	735093	4.75	719624	3580	0.00	723204	11889	13470
LAB.FIRE SAFETY EQUIPMENT	24851530	2621272	0	27472802	4.75	17676745	643540	0.00	18320285	9152517	7174785

TUBEWELL	279656	0	0	279656	1.63	203348	3594	0.00	206942	72714	76308
LIBRARY BOOKS	973643	2228	655	975216	10.00	936237	3974	654.00	939557	35659	37406
SERVICE EQUIPMENT	1359676	0	0	1359676	9.50	1256371	33856	0.00	1290227	69449	103305
MEDICAL EQUIPMENT	70808	0	0	70808	7.07	54422	5006	0	59428	11380	16386
	-	-	-	-	-	-	-	-	-	-	-
SUB TOTAL	1140755725	62008990	4948049	1197816666		865581102	36042017	1982209	899640910	298175756	275174623
CAPITAL WORK IN PROGRESS	9381807	26184578	18275054	17291331		0	0	0.00	0	17291331	9381807
	=	=	=	=	=	=	=	=	=	=	=
GRAND TOTAL	1150137532	88193568	23223103	1215107997		865581102	36042017	1982209.00	899640910	315467087	284556430
	=	=	=	=	=	=	=	=	=	=	=
PREVIOUS YEAR	1128715975	26262256	4840699	1150137532		831819919	35492035	1730852.00	865581102	284556430	

SCHEDULE-6 NEW PROJECT UNDER ERECTION

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	COST AS AT	ADDITIONS	SALES/ADJUSTMENT/ CAPITALISED DURING THE YEAR	TOTAL COST AS AT 31.3.2011	UPTO 31.3.2010	DURING THE YEAR	WRITTEN BACK ADJUSTED DURING THE YEAR	TOTAL UPTO 31.3.2011	AS AT 31.3.2011	AS AT 31.3.2010
Acetamiprid	0.00	1679899.00	63033.00	1616866.00	0.00	0.00	0.00	0.00	1616866.00	0.00
Imidachloprid	0.00	1692402.00	0.00	1692402.00	0.00	0.00	0.00	0.00	1692402.00	0.00
Trizophos	0.00	1170906.00	0.00	1170906.00	0.00	0.00	0.00	0.00	1170906.00	0.00
Buprofezine	0.00	15047791.68	0.00	15047791.68	0.00	0.00	0.00	0.00	15047791.68	0.00
Carbon Di-Sulphate	0.00	1079896.00	0.00	1079896.00	0.00	0.00	0.00	0.00	1079896.00	0.00
Chloropyriphos	0.00	3556183.00	0.00	3556183.00	0.00	0.00	0.00	0.00	3556183.00	0.00
Rain Water Harvesting	0.00	1766952.00	0.00	1766952.00	0.00	0.00	0.00	0.00	1766952.00	0.00
MULTI PRODUCT PLANT	0.00	4100.00	0.00	4100.00	0.00	0.00	0.00	0.00	4100.00	0.00
Total	0.00	25998129.68	63033.00	25935096.68	0.00	0.00	0.00	0.00	25935096.68	0.00

HINDUSTAN INSECTICIDES LIMITED,							
SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31,2011							
				AS AT 31.3.2011		AS AT 31.3.2010	
<u>SCHEDULE 7- INVESTMENTS(Long Term-Unquoted)</u>				Rs.	Rs.	Rs.	Rs.
a) 50,000 Equity Shares of Rs.10 each in					500,000		-
Kerala Enviro Infrastructure Limited, Cochin							
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					520,000		20,000
<u>SCHEDULE 8 - INVENTORIES:</u> (As taken, valued and certified by the Management)							
A. Stock-in-trade (including in transit)							
i) Raw Materials				106,746,123		94,197,834	
ii) Work-in-Progress				98,195,600		113,985,286	
iii) Finished Goods				274,493,602		259,179,406	
					479,435,325		467,362,526
B. Finished Goods under Trial Run					1,950,800		-
C. By-Products					6,381		35,494
D. Stores and Spares					136,880,567		115,091,287
E. Loose Tools					148,780		144,449
TOTAL					618,421,853		582,633,756
<u>SCHEDULE 9 - SUNDRY DEBTORS (Unsecured):</u> (Considered good, unless otherwise stated below):							
<u>(A) Debts Outstanding for a period exceeding Six Months:</u>							
I)	Considered Good			578,042,073		633,135,793	
ii)	Considered Doubtful			4,434,136		4,434,136	

				582,476,209		637,569,929	
	Less: Provision			4,434,136	578,042,073	4,434,136	633,135,793
(B)	Other debts :				719,633,772		618,882,122
	TOTAL				1,297,675,845		1,252,017,915
	<u>HINDUSTAN INSECTICIDES LIMITED.</u>						
	SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2011						
				AS AT 31.3.2011		AS AT 31.3.2010	
				Rs.	Rs.	Rs.	Rs.
	<u>SCHEDULE 10 - CASH AND BANK BALANCES</u>						
a)	Cash Balance on hand				692,377		569,712
	(including Cheques/Drafts)						
b)	Remittances in Transit				548,626		381,159
c)	Balances with Scheduled Banks:						
-	In Cash Credit Accounts			-		22,813,791	
-	In Current Accounts			49,393,616		47,446,758	
-	In Margin Money /Fixed Deposit Accounts			3,750,405		1,804,181	
-	In Saving Bank Accounts			19,428	53,163,449	19,428	72,084,158
	TOTAL				54,404,452		73,035,029
	<u>SCHEDULE 11 - LOANS AND ADVANCES</u>						
	(Unsecured-considered good except as otherwise stated)						
a)	Loan to HIL Co-operative Society				30,000		30,000
b)	Interest Accrued on Deposits /Advances				4,317,837		4,223,256
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/- :			14,758,616		17,777,357	
	Previous year Rs.5,39,019/-)						
	Considered Doubtful			1,811		1,811	
				14,760,427		17,779,168	
	Less: Provision			1,811	14,758,616	1,811	17,777,357
	Export Incentive receivable						
i)	Considered good			-		-	
ii)	Considered Doubtful			1,348,900		1,348,900	
				1,348,900		1,348,900	
	Less: Provision			1,348,900	-	1,348,900	-
-	Others:						
i)	Considered good			80,678,149		74,883,186	
ii)	Considered Doubtful			3,454,352		3,454,352	

				84,132,501		78,337,538	
	Less: Provision for Bad and Doubtful Advances			3,454,352	80,678,149	3,454,352	74,883,186
	d) Due from Govt. of India /IPFT)				17,250,762		16,589,482
	e) Security/Other Deposits				16,106,380		15,205,897
	f) Balance with Customs,Port Trusts and Central Excise				11,067,666		14,696,049
	g) Claims Receivable:						
	-	Considered good		122,683,977		128,530,701	
	-	Considered Doubtful		8,787,716		8,615,311	
				131,471,693		137,146,012	
	Less: Provision			8,787,716	122,683,977	8,615,311	128,530,701
	h) Advance against share money to Kerla Enviro Infrastructure Ltd.				-		500,000
	TOTAL				266,893,387		272,435,928
	* includes due from:						
	-Directors Rs.93,217/- (Previous year Rs.1,10,869)						
	-Officers Rs.8,96,812/- (Previous year Rs.8,75,041)						
	(Maximum Balance due:						
	Directors Rs.1,10,869/- (Previous year Rs.2,92,121)						
	Officers Rs.16,57,072/- (Previous year Rs.17,65,016)						

HINDUSTAN INSECTICIDES LIMITED,

SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2011

		AS AT 31.3.2011		AS AT 31.3.2010	
		Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS</u>					
(A) CURRENT LIABILITIES:					
a) Sundry Creditors:					
* Micro and Small Enterprises		1,457,545		-	
Others		462,105,569	463,563,114	368,579,924	368,579,924
b) Advances from Customers			26,954,089		29,972,253
c) Statutory Liabilities:					
- Contributory Provident Fund		2,310,981		7,359,174	
- Liability for TDS		390,010	2,700,991	53,500	7,412,674
d) Security Deposits/Earnest Money			59,395,550		52,091,003
e) Other Liabilities			357,008,801		328,017,465
f) Interest Accrued but not due on Unsecured Loans			14,194,340		8,701,845
Total (A)			923,816,885		794,775,164

(B) PROVISIONS:							
- For Half Pay Sick Leave				33,457,509			31,154,750
- For Gratuity			432,225,143			296,853,416	
Less Tfr. To HIL Employee's Gratuity Trust.			160,024,874	272,200,269		-	296,853,416
- For Leave Salary				171,418,028			156,122,515
- For Bonus				-			79,637
- For Taxation				17,500,000			-
Total (B)				494,575,806			484,210,318
TOTAL (A+B)				1,418,392,691			1,278,985,482
(* as identified by Management)							
<u>SCHEDULE 13 - MISCELLANEOUS EXPENDITURE</u>							
(To the extent not written off or adjusted)							
Deferred Revenue Expenditure (V.R.S.)				2,892,997			3,412,953
TOTAL				2,892,997			3,412,953
<u>HINDUSTAN INSECTICIDES LIMITED,</u>							
<u>SCHEDULE ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2010-11</u>							
				Year Ended 31.3.2011		Year Ended 31.3.2010	
<u>SCHEDULE 14 - SALES</u>				Rs.		Rs.	
* Gross Sales				2,710,379,931		2,438,841,008	
Less: Excise Duty				254,446,299		150,453,263	
Net Sales				2,455,933,632		2,288,387,745	
* 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							
<u>SCHEDULE 15 - OTHER INCOME</u>							
a) <u>Interest:</u>							
- From Banks			115,521			156,845	
- From Staff and Others			773,881			595,965	
				889,402			752,810
b) Rent (including on staff quarters)				370,176			412,454
c) Profit on Sale of Assets							

					68,190		678
d)	Excess Provisions and Unclaimed Credit Balances written back				123,391		76,009
e)	Miscellaneous Income				25,004,369		21,366,362
TOTAL					<u>26,455,528</u>		<u>22,608,313</u>
SCHEDULE 16 - INCREASE/(DECREASE) IN STOCK							
A)	OPENING STOCK:						
	Finished Goods			276,689,397		352,200,989	
	By-Products			35,494		11,791	
	Work-in-Progress			113,985,286		69,193,680	
					390,710,177		421,406,460
	Less : Excise duty adjusted				12,512,749		15,721,641
	Total				378,197,428		405,684,819
B)	CLOSING STOCK:						
	Finished Goods				295,344,085		276,689,397
	By-Products				6,381		35,494
	Work-in-Progress				98,195,600		113,985,286
	Total				393,546,066		390,710,177
	Increase/(Decrease) (B-A)				<u>15,348,638</u>		<u>-14,974,642</u>

HINDUSTAN INSECTICIDES LIMITED,

SCHEDULE ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2010-11

SCHEDULE 17 - MATERIALS CONSUMED:				Year Ended 31.3.2011	Year Ended 31.3.2010
	Opening Stock			93,118,262	96,812,316
	Purchase			1,049,913,318	989,938,509
				1,143,031,580	1,086,750,825
	Less:				
	Adjustments and transfers			7,767,203	313,807
	Consumed in other Departments				

				4,195,935		4,015,473	
					11,963,138		4,329,280
							1,082,421,545
					1,131,068,442		
Less : Closing Stock					106,132,143		93,189,518
To tal					1,024,936,299		989,232,027
SCHEDULE 18 - MANUFACTURING EXPENSES:							
Repacking, Formulation and Drying Charges					1,808,246		1,072,686
Packing Materials Consumed					94,348,782		80,522,872
Stores & Spares Consumed					2,533,291		2,912,489
Carriage Inward					3,538,751		1,709,026
Water Charges					7,871,028		6,583,884
Power & Fuel					199,776,467		182,220,486
Laboratory Expenses					1,913,614		1,595,105
Research & Development Expenses					699,861		127,595
Other Work Expenses					22,284,940		18,251,302
Excise Duty					13,909,817		12,512,749
Repairs & Maintenance:							
Plant & Machinery				35,964,055		31,690,070	
Building				10,502,543		11,919,190	
					46,466,598		43,609,260
TOTAL					395,151,395		351,117,454
HINDUSTAN INSECTICIDES LIMITED.							
SCHEDULE ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2010-11							
SCHEDULE 19 - EMPLOYEES' REMUNERATION AND BENEFITS:					Year Ended		Year Ended
					31.03.2011		31.03.2010
					Rs.		Rs.
Salaries, Wages & Allowances					629,899,001		591,836,076

- Tax Audit Fees				75,000		75,000	
- Reimbursement of Expenses				105,726		113,442	
					330,726		338,442
Security Expenses					16,958,058		16,388,580
Staff Training Expenses					1,210,456		669,561
Balance C\F					62,757,273		54,872,327
<u>HINDUSTAN INSECTICIDES LIMITED,</u>							
SCHEDULE ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2010-11							
					Year Ended		Year Ended
					31.03.2011		31.03.2010
<u>SCHEDULE 20-SALES, ADMINISTRATION AND OTHER EXPENSES (CONTD.)</u>					Rs.		Rs.
Balance B/F					62,757,273		54,872,327
Bank Charges					2,910,329		3,737,489
Repairs & Maintenance- others					3,891,046		2,930,577
Freight, Cartage & Handling Expenses					47,553,663		35,566,735
Miscellaneous Expenses					15,510,190		10,421,600
Computer Expenses					785,773		877,691
Entertainment Expenses					1,341,997		1,112,455
Discount on Sales					34,747,105		39,008,837
Loss on Sale/write off Assets					146,725		107,342
Provision for Irrecoverable/Doubtful Debts, Claims & Others					4,826,951		18,744,660
Township Expenses					3,037,128		1,801,427
Total					177,508,180		169,181,140
<u>SCHEDULE 21 - INTEREST</u>							
On Term Loans				24,265,504		10,500,760	
On Others				10,900,907		14,945,939	
					35,166,411		25,446,699
Less : Considered attributable and transferred to New Projects/ CWIP							-

					24,265,504			
Total					10,900,907		25,446,699	
<u>HINDUSTAN INSECTICIDES LIMITED.</u>								
SCHEDULE ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2010-11								
					Year Ended 31.3.2011		Year Ended 31.3.2010	
<u>SCHEDULE 22 - PRIOR PERIOD ADJUSTMENTS (NET)</u>					Debit	Credit	Debit	Credit
Sales					106,983	1,960,671	66,990	4,172,304
Interest					-	4,768,079	-	36,417
Materials					176,993	617,944	949,013	7,118,184
Manufacturing Expenses					2,660,685	-	5,521,047	-
Personnel Expenses					150,380	606,715	290,696	590,572
Sales & Admn. Expenses					2,221,393	70,345	367,513	340,349
Depreciation					-	-	-	7,782
Others					6,342,447	7,889,994	13,012,111	220,445
Total					11,658,881	15,913,748	20,207,370	12,486,053
Net Balance						<u>4254867</u>		<u>-7721317</u>

HINDUSTAN INSECTICIDES LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2010-11
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 2010-11
SCHEDULE 23 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(Contd.):

B. NOTES ON ACCOUNTS:

	As at <u>31.03.2011</u>	As at <u>31.03.2010</u>
1) Claims against the company not acknowledged as debts.	2,97,44,549	2,09,56,401
2) Contracts on Capital Account not provided for (net of advances).	37,72,710	57,52,607
Contingent Liabilities:		
3) a) Bank Guarantees issued on behalf of the company.	70,10,805	59,40,695
b) Letters of Credit outstanding.	0	23,48,000
c) Penal Interest on Govt. Loans	0	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.	1,20,42,257	1,30,46,050
ii) IDBI/IFCI/ICICI/LIC for Loans Sanctioned to the Southern Pesticides Corpn Ltd. (Subsidiary Company).	41,26,39,000	36,59,77,000
	----- 42,46,81,257 -----	----- 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 27 th 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 31.3.2011 respect of the following amounts which are considered good and recoverable:		
a) <u>Sundry Debtors:</u> Outstanding for more than three years amounting to Rs.1186.91 lakhs.		
b) <u>Loans and Advances:</u> Outstanding for more than three years amounting to Rs.482.83 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.321.31 lakhs and raw material and packing material worth Rs.16.82 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.4.81 lakhs were found short and stores items(packing material) on physical verification as on 31.03.2011 have not been adjusted in the accounts.
- 7) Difference in the prices adopted in the accounts for 2010-11 over the provisional prices at which supplies to NVBDCP have been made amounts to Rs.2349.88 lakhs. Further, sales for the year includes Rs.537.01 lakhs towards price difference for the year 2008-09 and 2009-10.
- 8) During the year Govt. Loans of amounting to Rs.9.09 crores alongwith the interest were written off by the Govt. of India. The amount of interest was credited back to Interest Paid Account and the principal amount of loans has been shown as income separately in the Profit & Loss Account.
- 9) An amount of Rs.8.96 crores towards estimated liabilities of pay revision for workmen, due from 1.4.2007 has been made during the year 2010-11.

10) **Related Party Disclosures:**

Key Management Personnel:

- a) Shri K. Harikumar, Chairman & Managing Director
b) Shri R.R.Sharma, Director (Marketing)
c) Shri V. Sekar, Director (Finance) (w.e.f. 24.6.2010)

Transactions with the Related Parties is given below:

Key Management Personnel:

Name of the Director	Nature of Transaction	Amount (Rs.)
Shri K.Harikumar	Remuneration	9,83,743
Shri R.R. Sharma	Remuneration	9,66,343
Shri V. Sekar	Remuneration	5,29,047

- 11) The amount of exchange difference included in the Profit & Loss Account for the year comprises Rs.25.65 lakhs (Cr.) for Imports and Rs.39.69 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 in the year 2009-10.
- (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 5875.00 MT of DDT (supplied to NVBDCP), provision of subsidy of Rs.4.00 crores 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 2007-08 (Assessment Year 2008-09). 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) Particulars/Break-up of R&D Expenditure as shown in Schedule No.13 is as per Schedule No.23(C).
- 17) 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.
- 18) Keeping in view the nature of business & geographical status of the Company, the Segment Reporting under AS-17 is not applicable.
- 19) As per existing rules/policies of SCOPE, office premises at Scope Complex can not be registered in the name of allotted Company.
- 20) The names of the micro & small enterprises to whom the company owes a sum exceeding Rs.1 lakh which is outstanding for more than 30 days as on 31.03.2011 are as under:

M/s Sheth & Co.	Rs.11.81 lakhs
M/s Om Industries	Rs. 2.76 lakhs
- 21) No provision towards impairment of assets as per AS-28 is considered necessary as per book value of assets does not exceed the amount to be recovered through use or disposal of assets.
- 22) During the year 2010-11 a Gratuity Trust in the name & style "HIL's Employees Gratuity Trust" is created for managing and administering the fund for employees and the scheme is adopted by entering into Trust Deed with LIC of India for the purpose. A sum of Rs.16 crores has been invested in the Trust during the year.
- 23) Disclosure in accordance with AS – 15(R):

In line with the accounting policy and as per the Accounting Standard – 15 (R), the Summarized position of post employment benefits are recognized in the profit & loss a/c and balance sheet as under:-

- a) Principal Actuarial assumption at the Balance Sheet date (expressed as weighted averages)

Particulars	Gratuity		Leave Salary		Half Pay Sick Leave	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Discount Rate	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%
Rate of increase in compensation level	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Rate of return on plan assets:	-----	9.40%	-----	-----	-----	-----

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	29,68,53,416	15,61,22,515	3,11,54,750
Acquisition adjustment	-----	-----	-----
Interest Cost	2,22,64,006	1,17,09,188	23,36,606
Past Service Cost	14,62,54,035	-----	-----
Current Service Cost	1,68,75,032	1,82,41,502	33,85,638
Curtailment Cost/ Credit	-----	-----	-----
Settlement Cost / Credit	-----	-----	-----
Benefit Paid	(3,92,36,179)	(1,92,44,490)	(34,03,667)
Actuarial (gain) / loss on obligations	(1,07,85,167)	45,89,313	(15,818)
Present value of Obligation as at the end of the period	43,22,25,143	17,14,18,028	3,34,57,509

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	33,987	-----	-----
Contributions	15,99,90,887	-----	-----
Benefits Paid	-----	-----	-----
Actuarial Gain / (loss) on Plan Assets	-----	-----	-----
Fair Value on Plan Assets at the end of the period	16,00,24,874	-----	-----

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	NIL	-----	-----
Acquisition adjustment	-----	-----	-----
Actual return on plan assets	33,987	-----	-----
Contributions	15,99,90,887	-----	-----
Benefits Paid	NIL	-----	-----
Fair Value on Plan Assets at the end of the period	16,00,24,874	-----	-----
Funded Status	(27,22,00,269)	(17,14,18,028)	(3,34,57,509)

Excess of actual over estimated return on plan assets	-----	-----	-----
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e) Actuarial Gain / Loss Recognized for the period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Actuarial gain / loss for the period - Obligation	1,07,85,167	(45,89,313)	15,818
Actuarial gain / loss for the period – Plan Assets	NIL	-----	-----
Total (gain)/ loss for the period	(1,07,85,167)	45,89,313	(15,818)
Actuarial (gain)/ loss recognized in the period	(1,07,85,167)	45,89,313	(15,818)
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	43,22,25,143	17,14,18,028	3,34,57,509
Fair value of plan assets as at the end of the	16,00,24,874	-----	-----
Funded Status	(27,22,00,269)	(17,14,18,028)	(3,34,57,509)
Unrecognized Actuarial (gains)/losses	-----	-----	-----
Unrecognized Past service cost (non vested benefits)	-----	-----	-----
Net liability recognized in Balance sheet	27,22,00,269	17,14,18,028	3,34,57,509

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

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Current service cost	1,68,75,032	1,82,41,502	33,85,638
Past service cost	14,62,54,035	-----	-----
Interest Cost	2,22,64,006	1,17,09,188	23,36,606
Expected return on plan assets	(33,987)	-----	-----
Curtailment Cost/ (Credit)	-----	-----	-----
Settlement Cost / (Credit)	-----	-----	-----
Net actuarial (Gain)/ loss recognized in the period	(1,07,85,167)	45,89,313	(15,818)
Expenses recognized in the statement of profit & loss	17,45,73,919	3,45,40,003	57,06,426

h) Amount for the current period

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Present value of Obligation	43,22,25,143	17,14,18,028	3,34,57,509
Plan assets	16,00,24,874	-----	-----

Surplus (deficit)	(27,22,00,269)	(17,14,18,028)	(3,34,57,509)
Experience adjustments on plan liabilities –(loss) / Gain	(15,06,38,828)	(75,71,165)	(6,39,154)
Experience adjustments on plan assets –(loss) / Gain	NIL	-----	-----

i) Reconciliation Statement of expense in the statement of Profit & Loss

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Present value of Obligation as at the end of period	43,22,25,143	17,14,18,028	3,34,57,509
Present value of obligation as at the beginning of the period	(29,68,53,416)	(15,61,22,515)	(3,11,54,750)
Benefit Paid:			
(i) Directly paid by the enterprise	3,92,36,179	(1,92,44,490)	34,03,667
(ii) Payment made out of the fund	NIL	-----	-----
Actual Return on plan Assets	(33,987)	-----	-----
Expenses recognized in the statement of profit & losses	17,45,73,919	3,45,40,003	57,06,426

j) Movement in the liability recognized in the Balance Sheet

Particulars	Gratuity	Leave Salary	Half Pay Sick Leave
Opening Net Liability	29,68,53,416	15,61,22,515	3,11,54,750
Expense as above	17,45,73,919	3,45,40,003	57,06,426
Benefits paid directly by the enterprise	(3,92,36,179)	(1,92,44,490)	(34,03,667)
Contribution paid into the Fund	(15,99,90,887)	-----	
Closing Net Liability	27,22,00,269	17,14,18,028	3,34,57,509

k) 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	100%	-----	-----
Bank Balance	-----	-----	-----
Fixed Deposit	-----	-----	-----
Other Assets	-----	-----	-----

l) Other Details

Number of Employees	1372
Normal Retirement Age	58 years
Limit on Amount of Gratuity	Rs. 10,00,000/- 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 31.03.2011 (Rupees)	Year ended 31.03.2010 (Rupees)
Opening Balance	--	26,65,848
Expenditure during the year	--	--
Amount Written off/adjusted	--	26,65,848
Closing Balance	Nil	Nil

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	2010-11		2009-10	
		C.M.D.	Directors	C.M.D.	Directors
		(Rupees)		(Rupees)	
1.	Salary & Allowances	9,83,743	14,95,390	8,12,525	7,82,186
2.	Co. Contribution to P.F.	1,03,327	1,61,707	83,733	78,330
3.	<u>Perquisites:</u>				
	Medical	10,116	17,056	8,556	7,582
	Canteen	13,085	23,597	11,160	9,889
4.	<u>Provisions/Payments:</u>				
	Gratuity	65,945	70,120	66,227	39,439
	Leave Encashment	1,13,818	1,24,108	1,07,482	54,783
	Half Pay Sick Leave	24,433	33,658	43,543	8,438
	Total	13,14,467	19,25,636	11,33,994	9,80,647

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 2010-2011. (Rs. in lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock				Production		Sales				Closing Stock			
			Current Year		Previous Year		Current	Previous	Current Year		Previous Year		Current Year		Previous Year	
			Quantity	Value	Quantity	Value	Year Quantity	Year Quantity	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
DDT Technical	MT	6344	379.760	0.00	209.200	0.00	3192.000	3610.400	0.000	0.00	1.800	1.59	204.600	0.00	379.760	0.00
DDT Formulation	MT	12688	307.000	434.96	295.000	417.68	5875.000	6706.000	5875.000	11699.50	6694.000	11022.66	307.000	539.00	307.000	434.96
DDT 75% WP	MT		16.170	30.52	43.930	79.81	425.143	13.765	420.263	1298.05	41.525	133.93	21.050	39.66	16.170	30.52
Mancozeb	MT	1000	140.366	226.44	136.571	248.01	690.779	800.400	63.500	93.97	112.300	181.58	123.145	170.21	140.366	226.44
Malathion Technical	MT	1800	72.460	113.89	116.140	189.01	536.200	468.000	281.250	382.77	170.580	257.99	35.610	56.15	72.460	113.89
Malathion Formulation	MT	3200	8.350	0.00	8.350	0.00	569.000	824.000	569.000	332.95	824.000	488.47	8.350	0.00	8.350	0.00
Butachlor Tech.	MT	500	28.880	53.57	87.200	118.95	95.370	238.000	26.200	48.58	35.800	61.12	57.350	107.52	28.880	53.57
Hiltaklor 50% EC	KL	905	62.915	96.83	48.846	73.33	116.750	488.590	95.665	139.48	474.590	613.03	49.878	71.12	62.915	96.83
Monocrotophos Technical	MT	300	19.660	54.74	48.390	123.19	328.000	284.000	34.000	101.93	86.410	255.54	42.610	125.86	19.660	54.74
Hilcron 36% SL/Saimono	KL	255	76.374	176.83	55.647	157.14	457.000	390.000	423.310	1210.95	369.238	1023.15	110.075	289.41	76.374	176.83
Dicofol Tech	MT	150	23.500	91.40	48.550	202.78	35.750	20.700	44.250	203.26	33.000	153.89	7.415	26.20	23.500	91.40
Hilfol 18.5% EC	KL	-	23.433	32.63	35.506	63.41	43.660	65.380	33.521	61.56	83.437	132.69	33.339	40.50	23.433	32.63
Endosulfan Technical	MT	1600	98.854	230.19	273.880	622.60	1729.000	1505.775	1230.825	2491.78	1322.750	2718.36	29.535	60.44	98.854	230.19
Endosulfan Formulation	KL	1910	127.243	216.38	165.657	292.21	1430.296	872.064	1447.586	2208.95	910.413	1569.90	109.909	183.63	127.243	216.38
Hilban 20% EC	KL	-	82.402	115.81	51.436	75.10	550.410	566.000	542.856	692.92	534.922	708.61	90.250	126.02	82.402	115.81
Hilcopper	MT	-	3.665	9.46	6.804	22.28	34.925	11.950	33.514	88.17	21.009	56.58	10.046	32.87	3.665	9.46
Hilcyperin 10% EC	KL	-	4.945	3.48	4.523	7.36	9.850	7.160	6.568	10.44	6.738	10.81	8.226	8.88	4.945	3.48
Hilcyperin 25% EC	KL	-	3.001	5.53	1.053	2.62	7.900	8.215	5.530	14.54	6.271	17.12	5.380	12.58	3.001	5.53
Hilfen 20% EC	KL	-	1.003	0.00	1.003	2.04	0.000	0.000	0.000	0.00	0.000	0.00	1.015	0.00	1.003	0.00
Hilmala 50% EC	KL	-	49.776	53.48	51.257	78.67	230.000	222.000	228.918	320.87	223.585	321.60	50.807	60.27	49.776	53.48
Hilphate	MT	-	16.201	53.50	12.837	58.57	112.595	63.080	108.001	324.84	59.712	218.55	20.804	61.27	16.201	53.50
Hilquin 25% EC	KL	-	15.760	6.58	13.150	11.55	17.830	11.830	15.441	34.37	9.240	21.55	18.198	6.29	15.760	6.58
Hilthane M-45	MT	-	156.392	232.72	107.512	201.26	12.840	18.090	581.544	882.69	615.535	1087.69	201.006	317.37	156.392	232.72
PPDDT	MT	-	21.020	4.38	5.100	10.07	54.650	39.200	0.000	0.00	0.000	0.00	13.410	4.13	21.020	4.38
Hilnate	MT	-	1.005	4.21	2.999	14.16	4.746	2.700	3.267	18.11	4.658	26.09	2.484	11.97	1.005	4.21
Hilzim	MT	-	1.744	5.15	4.152	15.13	24.210	21.030	22.313	58.44	23.448	73.18	3.748	11.65	1.744	5.15
Hilmite 50 EC	KL	-	11.295	22.35	3.205	5.34	2.800	11.550	7.893	20.21	3.460	9.40	6.182	8.17	11.295	22.35
Hilzaphose	KL	-	22.319	35.69	12.531	27.61	15.000	19.650	21.864	54.24	18.382	49.99	14.535	6.81	22.319	35.69
Hilcartap 4% G	KL	-	55.234	21.26	17.594	7.59	380.800	614.200	410.848	155.16	588.585	229.34	39.981	15.83	55.234	21.26
Hilmidia	KL	-	12.860	62.42	12.941	90.05	59.610	53.660	60.883	330.85	53.716	326.70	11.560	50.17	12.860	62.42
Hilfos	MT	-	6.796	14.04	4.468	10.83	14.900	0.000	15.390	43.88	12.502	37.54	6.285	11.86	6.796	14.04
Hilapha 10 EC	KL	-	2.862	0.00	2.862	6.35	0.000	0.000	0.000	0.00	0.000	0.00	2.862	0.00	2.862	0.00
Hilpride	KL	-	3.084	18.28	11.031	78.00	29.859	16.890	26.129	143.42	24.819	146.30	6.814	30.39	3.084	18.28
Hilvos	KL	-	7.795	2.92	11.055	28.53	23.550	9.370	15.567	40.06	12.631	37.85	15.734	21.76	7.795	2.92
Hilhunter	KL	-	9.069	28.80	9.112	32.52	58.070	46.700	53.333	166.57	46.946	147.93	13.935	44.08	9.069	28.80
Hilzole	KL	-	7.010	6.96	8.200	18.34	22.975	22.490	18.419	37.56	23.690	53.01	11.512	15.89	7.010	6.96
Trinsahi	KL	-	7.863	15.06	8.119	25.03	66.878	36.200	61.288	103.78	36.617	71.11	13.397	23.88	7.863	15.06
DDVP	KL	-	4.300	6.41	4.300	7.37	0.000	0.000	0.000	0.00	0.000	0.00	4.300	6.41	4.300	6.41
Hilambada 5 EC	KL	-	2.428	5.88	5.136	14.61	27.970	20.600	26.780	65.48	23.500	59.23	3.608	8.34	2.428	5.88
Hilambada 2.5 EC	KL	-	5.771	12.44	4.526	9.59	13.830	11.340	12.164	21.70	10.095	19.72	7.435	14.13	5.771	12.44
Hilfuron	KL	-	0.270	0.05	0.270	0.05	0.197	0.000	0.197	27.73	0.000	0.00	0.270	0.03	0.270	0.05
Hilmil	KL	-	0.308	0.15	0.428	1.85	0.822	0.000	0.657	3.98	0.130	0.84	0.449	0.83	0.308	0.15
Hilblast	KL	-	0.282	2.03	0.919	6.87	18.348	12.906	15.421	136.77	13.517	125.71	3.199	23.23	0.282	2.03
Hilulf	KL	-	4.575	3.39	3.590	3.52	58.500	43.000	48.705	32.51	42.015	30.36	14.480	11.44	4.575	3.39
Hilpriti	KL	-	7.129	20.23	10.221	31.43	20.170	16.000	22.639	59.96	19.083	52.95	4.821	13.61	7.129	20.23
Hilpunch	MT	-	5.658	19.78	1.732	6.56	16.322	21.672	16.713	50.65	17.745	57.53	5.272	14.05	5.658	19.78
Hilgrow 35%	KL	-	5.970	11.89	11.910	22.17	1.990	1.410	5.744	12.26	7.350	14.79	2.216	4.29	5.970	11.89
Hildan Plus	KL	-	8.882	26.35	0.000	0.00	27.185	30.030	26.485	68.93	21.218	61.94	9.585	27.08	8.882	26.35
Hilpendi	KL	-	1.060	2.74	0.000	0.00	12.070	7.000	9.340	21.64	5.940	14.20	3.908	9.75	1.060	2.74
Hilpik	KL	-	0.000	0.00	0.000	0.00	2.848	0.000	2.848	36.07	0.000	0.00	6.400	0.07	0.000	0.00
Hilblaze	KL	-	0.000	0.00	0.000	0.00	6.000	0.000	4.170	29.99	0.000	0.00	1.830	14.73	0.000	0.00
Accephate Technical	MT	-	0.000	0.00	0.000	0.00	6.500	0.000	0.000	0.00	0.000	0.00	6.500	0.00	0.000	0.00
Others	MT/KL	-	0.000	0.00	54.481	0.87	2.050	0.000	43.506	128.18	4.841	32.43	2.938	5.11	0.000	0.00
By Products	KL	-	0.000	0.00	0.000	0.00	0.000	0.000	0.000	48.64	0.000	149.33	0.000	0.00	0.000	0.00
Total		30652	1934.698	2591.79	2033.324	3522.01	17473.148	18252.997	13019.304	24559.34	13651.741	22883.88	1785.248	2744.94	1934.698	2591.79

C QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIALS CONSUMED

(Qty./MT/KL- Rs./lakhs)

S.NO.	ITEM	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
A.	<u>MAJOR RAW MATERIALS</u>				
	a) For DDT				
	ii) MCB	2793.445	1304.00	3189.747	1454.27
	ii) Chloral	1375.927	1094.64	1530.944	1043.09
	iii) Oleum	3746.400	198.77	4394.235	252.70
	iv) Others	571.610	80.03	721.747	95.78
	b) For other Technical Products.	1241.229	634.44	1378.491	718.16
B.	SOLVENT & SURFACTANTS	3582.093	1433.24	5365.084	1448.47
C.	MAJOR IMPORTED RAW MATERIALS	2492.940	2421.74	2306.418	2334.26
D.	TECHNICAL & OTHER MATERIALS CONSUMPTION FOR AGRO PRODUCTS	63.84	830.31	305.113	928.76
E.	OTHERS	3141.63	2252.20	4321.541	1616.83
	TOTAL	19009.117	10249.37	23513.320	9892.32

D BREAK-UP OF CONSUMPTION OF RAW MATERIAL COMPONENTS AND SPARE AND PERCENTAGETHEREOF

S.NO.	ITEM	IMPORTED		INDIGENOUS		TOTAL
		Rs. in Lakhs	Percent-age	Rs. in Lakhs	Percent-age	Rs. in Lakhs
1	RAW MATERIAL	1786.14 (1922.08)	17.43 (19.43)	8463.22 (7970.24)	82.57 (80.57)	10249.36 (9892.32)
2	COMPONENTS STORE AND SPARE PARTS	17.03 (0.00)	2.21 (0.00)	754.07 (430.52)	97.79 (100.00)	771.10 (430.52)

(figures in brackets relate to previous year)

E. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
1	RAW MATERIALS & FINISHED GOODS	1900.06	1689.91
2	COMPONENTS AND SPARE PARTS AND CAPITAL GOODS	14.71	0
	Total	1914.77	1689.91

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
1	TRAVELLING	0.21	2.24

G. EARNING IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
1	EXPORT (CALCULATED ON FOB BASIS)	2375.04	1169.08

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)

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
1	SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES	698000	446600

2	LEASE RENT	98820	98820
3	PROPERTY TAX	538134	572293
4	ELECTRICITY CHARGES	947701	942335
5	WATER CHARGES	616781	638846
6	REPAIRS & MAINTENANCE OF BUILDING	1827436	1442650
7	GUEST HOUSE EXPENSES	732051	1251544
8	DEPRECIATION ON FIXED ASSETS	190813	261900
TOTAL		5649736	5654988

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).

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
1	MAINTENANCE OF SCHOOL & EDUCATION FACILITIES	929487	1042283
2	MEDICAL FACILITIES	36721359	33458103
3	SUBSIDISED TRANSPORT	11720100	9097011
4	SOCIAL & CULTURAL ACTIVITIES	1952832	357894
TOTAL		51323777	43955291

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)

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2010-11	2009-10
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1 EXPENDITURE ON PUBLICITY

3083546

2702826

As per our report of even date
for AVA & Associates
Chartered Accountants

(S. Muralidhar)
Co. Secretary(O)
(Finance)

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

(V.Sekar)
Director

(K. Harikumar)
Chairman & Managing Director

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

Place: New Delhi
Date: 10.8.2011

**CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH 2011**

Particulars	Rupees	Rupees
I		
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit/(Loss) before taxation, and extraordinary item		33268659
A. Adjustment for:		
<u>Add:</u>		
I Miscellaneous expenditure written off	519956	
II Depreciation	36042017	
III Interest Paid	10900907	
IV Loss on Sale of Fixed Assets	146725	
	47609605	
<u>Less:</u>		
I Interest Income	889402	
II Profit on sale of Fixed Assets	68190	
	<hr/>	
	957592	
<i>Operating Profit Before Working Capital Changes</i>	79,920,672	
B. (Increase)/Decrease in Current Assets		
I Increase in Inventories	(35,788,097)	
II Increase in Sundry Debtors		

	(45,657,930)	
III Decrease in loans and advances	5,137,122	
C. Increase / (Decrease) in Current Liabilities		
I Increase in Current Liabilities	121,907,809	
II Miscellaneous Expenditure Incurred	-	
Cash generated from operations	125,519,576	
Less: Income Tax paid	-	
Net Cash Flow from Operating Activities		125,519,576
II CASH FLOW FROM INVESTING ACTIVITIES		
I Purchase of Fixed Assets	(56,720,564)	
II Expenditure on New Projects	(7,723,076)	
III Proceeds from Sale of Fixed Assets	2,950,338	
IV Interest Received	794,821	
	(60,698,481)	
Net Cash Flow from Investing Activities		(60,698,481)
III CASH FLOW FROM FINANCING ACTIVITIES		
I Increase in Secured Loans	92,159,591	
II Decrease In Unsecured Loans	(175,611,263)	
III Interest Paid	-	
	(83,451,672)	
Net Cash Flow from Financing Activities		(83,451,672)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(18,630,577)
CASH AND CASH EQUIVALENT AS ON 01.04.2010 (See Note)		73,035,029
CASH AND CASH EQUIVALENT AS ON 31.03.2011 (See Note)		54,404,452
		-

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.

	31.03.2010	31.03.2011
CASH IN HAND	569,712	692,377
REMITTANCES IN TRANSIT	381,159	548,626
BALANCES WITH BANK	72,084,158	53,163,449
TOTAL	73,035,029	54,404,452

As per our report of
even date
for AVA & Associates
Chartered
Accountants

(S. Muralidhar)
Co. Secretary(O)

(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: 10.8.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0	0	2	3	7	7
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 State Code

5	5
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 (Refer Code list)

Balance Sheet Date

3	1
---	---

0	3
---	---

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

Date Month Year

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

Public Issue

--	--	--	--	--	--	--	--	--	--

 Rights Issue

--	--	--	--	--	--	--	--	--	--

 Govt.

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Bonus Issue

--	--	--	--	--	--	--	--	--	--

 Private Placement

--	--	--	--	--	--	--	--	--	--

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

Total Liabilities

		1	2	2	2	9	2	4
--	--	---	---	---	---	---	---	---

 Total Assets

		1	2	2	2	9	2	4
--	--	---	---	---	---	---	---	---

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

Sources of Funds

Paid-up Capital

		9	1	3	3	2	4
--	--	---	---	---	---	---	---

 Reserves & Surplus

--	--	--	--	--	--	--	--	--	--

Secured Loans

			9	2	1	6	0
--	--	--	---	---	---	---	---

 Unsecured Loans

			2	1	7	4	4	0
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets (Including new projects under erection)

			3	4	1	4	0	2
--	--	--	---	---	---	---	---	---

 Investments

						5	2	0
--	--	--	--	--	--	---	---	---

Net Current Assets

			8	1	9	0	0	3
--	--	--	---	---	---	---	---	---

 Misc. Expenditure

						2	8	9	3
--	--	--	--	--	--	---	---	---	---

Accumulated Losses

			5	9	1	0	6
--	--	--	---	---	---	---	---

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

Turnover							Total Expenditure (Net)										
		2	4	5	5	9	3	4			2	6	1	1	2	9	7
Profit/Loss before tax							Profit/Loss after tax										
+			3	3	2	6	9	+			1	5	7	6	9		

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

Earning per Share in rupees during the year										Dividend % rate				
										1	7	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.Muralidhar) Co. Secretary(O)	(G. Nath) General Manager (F&A)	(V. Sekar) Director (Finance)	(K. Harikumar) Chairman & Managing Director
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Place : New Delhi
Dated: 10.8.2011

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 31.3.2011	As at 31.3.2010
1.	The Financial Year of the Subsidiary Company ended on	31.3.2011	31.3.2010
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 2010-11 are not available.

TEN YEARS AT GLANCE

(Rs. in crores)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
SOURCES OF FUNDS										
Equity Shares	91.33	91.33	91.33	91.33	91.33	59.78	59.78	59.78	58.28	55.68
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	30.96	35.07	20.49	11.72	7.50	22.76	218.56	196.34	182.97	153.27
Total	122.29	126.40	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95

USE OF FUNDS

Net Fixed Assets (Including Project under Erection)	34.14	28.45	29.73	31.40	32.60	36.95	54.01	53.27	48.65	47.16
Investment	0.05	0.01	0.05	0.05	0.05	0.05	0.05	0.01	4.97	4.97
Net Current Assets	81.90	90.11	70.70	56.79	44.58	47.12	80.33	83.61	89.68	80.47
Misc. Expenditure & Profit & Loss Account	6.20	7.83	11.34	14.81	21.60	29.97	143.95	119.23	97.95	76.35
Total	122.29	126.40	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95

NET WORTH	85.13	83.50	79.99	76.52	69.73	61.36	-84.17	-59.46	-39.67	-20.67
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INCOME

Sales	245.59	228.84	195.58	185.84	172.65	149.35	155.58	156.54	145.39	114.76
Other Income/Interest written back	18.44	8.93	22.61	10.97	20.35	88.72	1.43	10.93	5.72	1.59
Total	264.03	237.77	218.19	196.81	193.00	238.07	157.01	167.47	151.11	116.35

EXPENDITURE

Raw-Material & Mfg. Expenditure	142.01	134.03	127.67	115.00	119.05	103.69	99.12	114.88	102.20	83.08
Employees Remuneration and Benefits	96.68	76.58	70.05	55.81	52.70	47.10	54.90	45.42	47.22	38.41

Overheads	17.75	17.19	13.76	15.32	13.37	40.18	13.33	14.90	8.37	8.65
Interest	1.09	2.54	1.29	1.26	1.83	1.72	13.33	12.44	7.28	5.79
Depreciation	3.60	3.55	3.43	3.31	3.23	24.36	3.18	2.82	2.21	1.61
Total	261.13	233.89	216.20	190.70	190.18	217.05	183.86	190.46	167.28	137.54

PROFIT/LOSS

For the year	2.90	3.88	1.99	6.11	2.82	21.02	-26.85	-22.99	-16.17	-15.39
Prior Period Adj.(Net)	0.43	-0.77	0.90	0.95	3.12	0.39	0.38	1.07	0.69	-0.02
Net Profit/Loss(-) Before tax	3.33	3.11	2.89	7.06	5.94	21.41	-26.47	-21.92	-15.48	-15.41
Tax for the Year	1.75	0.05	0.18	0.54	0.28	0.00	0.00	0.00	0.00	0.00
Net Profit/Loss (-) after tax	1.58	3.06	2.71	6.52	5.66	21.41	-26.47	-21.92	-15.48	-15.41
