

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

My colleagues on the Board and I have great pleasure in welcoming you to the 55th Annual General Meeting of the Company. The Directors' Report and the statements of Annual Accounts for the year ended 31st March, 2009 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 with 'NIL' comments for the second time in succession.

Your company continues to play a pivotal role in nation building by protecting the health of its people and crops as the company is equally strong in public health and crop protection segments.

With efficient and effective use of DDT, the Malaria deaths in India have plummeted from 800,000 a year to scarcely any. From a situation where 50% of people were infected with Malaria, the percentage has come down to less than 1. The Vector Borne Disease Control programme of India and its success through DDT, is quoted in public health circles across the globe which many want to emulate.

Though environmentalists continue to detest DDT, the fact remains that DDT is a very important and time tested tool in fight against Malaria. It is reported that Malaria has been with human even before we were human. Not only our hominin ancestors, but mice, birds, porcupine, monkeys, apes catch their own malaria. Rats and snakes and flying squirrels have malaria.

Malaria continues to be the single largest killer in Africa (more than HIV/AIDS). The economic cost of Malaria has been estimated to be more than 12 billion US Dollars. Through global funding and US President's Malaria initiative which recently included DDT for funding, Africa is realizing that DDT is the most efficient tool in combating this disease. The ban on DDT is reported to have killed more than 20 million children in Africa.. WHO, in a position paper on DDT for disease Vector Control states that using DDT for disease Vector Control provide an appropriate balance between the need to preserve environmental health and the overriding concern to save human lives/health. It goes on to say that premature shift to less effective or more costly alternatives to DDT, will not only be unsustainable but also have a negative impact on disease burden on endemic countries.

The scientific community at large is slowly realizing that banning of DDT is more out of environmental politics and business interests than scientific truth. Number of countries who have registered DDT for public health with the Secretariat of Stockholm Convention have gone up from 6 in 2005 to 17 in 2009 which shows the gaining confidence in the molecule. This is expected to further go up.

Your company is committed to help the countries in its move against the dreaded disease by sharing the knowledge so as to tame the killer. Repeated visits are undertaken at senior levels to interact with Govt. officials in sub-Saharan Africa, educating them about safe and effective use of DDT. This has also helped in exporting DDT and more countries are coming forward seeing the success of the Vector Control Programmes using DDT. HIL is buoyant about the future of DDT and the role it can play in saving millions from the cold grip of this dreaded disease which has incidentally killed more than half of humans who have lived on planet earth.

Your company which diversified into agro chemicals in eighties to supply quality pesticides to farmers at reasonable prices is committed to achieve its mission and has earned not only respect but also confidence of the agricultural community.

The company believes that agricultural sector has to grow alongwith industry and service sectors to avoid a distorted growth which will cause societal imbalances. It also believes that quality pesticides are a key input to achieve the growth targets and bring prosperity to Indian villages. It is well known that when India shops for food, the prices shoots up in the global market. This not only makes food unaffordable to many but also drains the nation's budget which could otherwise have been used for development, education, health, etc.

With arable land, second only to USA and with largest irrigated area, our agricultural productivity remains low. With increase in productivity which can be achieved through quality seeds, right usage of fertilizers and pesticides, India can at least catch up with the leaders if not better it. The growth India achieved in cotton can be repeated in other crops and there is no reason why we cannot become a major food producer.

The company has been adding more pesticides to its portfolio to meet the ever increasing market requirements without losing focus on the generic molecules which it considers as its forte. The company has a product profile of more than 27 products which is constantly being reviewed as per the market requirements.

It is well known that generic molecules are coming under greater attack. Products like Endosulfan, Glyphosate, Acephate and virtually the whole list of generic molecules are coming under increasing resistance from so called environmentalists. It is sad but true that today 'environment' is a big business and environmental activism is slowly turning out to be a killer as it deprives poor countries of cheaper alternatives in both public health insecticides and crop protection chemicals. It is surprising that nothing was wrong with these products till it remained under patent and it became a pariah once they became generic and manufacturing shifted to Asian countries. I believe that generic molecules which account for more than 70% of the market have a great role to play in making crop protection affordable to farmers across the globe.

Your company has initiated action to manufacture more technical grade generic molecules at Rasayani by optimum utilization of the resources available so that the company is able to expand the basket of products.

The company also is working closely with UNDP, Ministry of Environment in assessing the situation of POP pesticides in India.

The year 2008-09 was a volatile year for all economies which experienced a disequilibrium across the globe. The year saw a roller coaster ride in input and finished product prices, availability constraints due to closure of chemical industry in China, drop in demand due to global recession, etc.

In spite of all the above problems, your Company improved its performance over the previous year and posted an operational profit of Rs. 7.63 Crores by achieving all time record gross turnover of Rs. 215.35 crores compared to Rs. 210.19 Crores of previous year. The net profit achieved has brought down the accumulated losses of the Company to Rs. 10.53 Crores. The net worth of the Company has increased to Rs. 80.02 Crores compared to Rs. 76.52 Crores in the previous year.

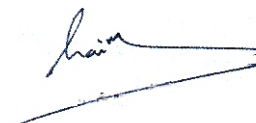
The performance of the company, as per self-evaluation, entitles for a MOU rating of "Very Good".

The industrial relations in the company remained cordial during the year. The philosophy of your Company in relation to Corporate Governance is to conform fully with laws, regulations, guidelines and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders value. The company is committed to conforming to the highest standards of Corporate Governance in the country. Report on Corporate Governance has been brought separately in the Directors Report. Code of Conduct affirmation has been duly received from Directors & Senior Management employees.

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

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

Thanking you all.



(K. Harikumar)
Chairman & Managing Director.

New Delhi,
24th September, 2009.

DIRECTOR'S REPORT

To
The Members

On behalf of the Board of Directors, I am privileged to present the 55th 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, 2009.

1. FINANCIAL PERFORMANCE :

The year 2008-2009 was tumultuous for the industry in general. Roller-coaster ride of input and finished product prices, availability constraints due to closure of chemical industry in China, drop in demand due to global recession etc. put considerable pressure on the margins. In spite of all the above problems, your company improved its performance and posted operational profits for yet another year. The company achieved an all time record gross turnover of Rs.215.35 crores (Previous year Rs.210.19 crores) and recorded a gross profit of Rs.7.61 crores (previous year gross profit of Rs.11.63 crore) before providing for depreciation and interest. The net profit for the year after providing for depreciation and interest was at Rs.2.71 crore (previous year net profit of Rs.6.52 crore). The current year's financial results are summarized as under:-

Description	(Rs. in crores)	
	2008-09	2007-08
Gross Profit (Profit before depreciation, interest and tax)	7.61	11.63
Less: Depreciation	3.43	3.31
Interest	1.29	1.26
Profit before tax	2.89	7.06
Fringe Benefit Tax	0.18	0.54
Net Profit for the year	2.71	6.52
Add: Brought forward loss	(-) 13.26	(-) 19.78
Profit/Loss carried forward	(-) 10.55	(-) 13.26

The accumulated losses of the company have been brought down to Rs.10.55 crores from Rs.13.26 crores the previous year and the net worth of the company has increased to Rs.79.99 crores as against net worth of Rs.76.52 crores the previous year.

2. PRODUCTION PERFORMANCE:

The total production achieved during the current year was 16415 MT/KL against 19845 MT/KL during the previous year. The reduction was mainly due to non-procurement of Malathion 25% WP by various State Governments. Non-availability of many raw-materials due to closure of chemical industries in China for Olympics, and reduction in demand due to high prices consequent upon unprecedented increase in prices of products like Sulphur, Phosphorous, Crude Oil also contributed to drop in production.

3. SALES PERFORMANCE:

In spite of drop in production, the Company could increase the turnover to Rs.215.35 crores including Excise Duty and Education Cess during the year as against Rs.210.19 crores during last year. The turnover achieved is highest since inception.

4. EXPORTS:

The company achieved an export turnover of Rs.13.48 crores (previous year Rs.21.20 crores) of Endosulfan Technical, Hildan, Monocrotophos Technical & DDT 75%. The reduction was mainly due to fall in demand due to global recession.

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 "Excellent" rating for the performance for the year 2007-08.

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. The Company also contributed to laying a drinking water pipe line to Sawla Gram Panchayat in Maharashtra.

9. HUMAN RESOURCE DEVELOPMENT:

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

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

Manpower: The total manpower as on 31.03.2009 was 1518 employees, comprising of 302 executives and 1216 non-executives compared to 1534 employees comprising of 286 executives & 1248 non-executives during the previous year.

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

SC/ST/OBC: The Presidential Directives on Reservation for Scheduled Caste/Scheduled Tribes/OBC were continued to be implemented during the year. The total number of SC/ST/OBC employees as on 31.03.2009 was :-

	<u>No.</u>
Scheduled Castes	219
Scheduled Tribes	85
OBC	<u>676</u>
Total	<u>980</u>

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

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

10. PARTICULARS OF EMPLOYEES:

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

11. IMPLEMENTATION OF OFFICIAL LANGUAGE HINDI:

Your company conducted quarterly meeting of official language implementation committee regularly to implement the Official Language Act, 1963 and to review the progress of official language and to achieve the targets of annual programme issued by the Department of Official Language (Ministry of Home Affairs).

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

Besides organising Hindi Workshops, the Company's Head Office and its units also organized "Hindi Pakhwara" during which various Hindi Competitions were organized such as Hindi Essay, Noting, Drafting, Debate, Hand Writing, Translation and Public Speech. Successful candidates were awarded prizes in cash & kind under the incentive scheme introduced in the Company. During the year, Official Language Seminar was also organized.

The Sub-Committee of Parliament on Official language inspected the Udyogamandal Unit of the Company and the performance of the Company was appreciated. Our Udyogamandal Unit got Second Prize for implementation of Official Language from the Tolic.

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

24 employees of our Rasayani Unit passed the Pragma Exam under Hindi Teaching Scheme by getting marks more than 70%.

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.

14. COMPLIANCE WITH CORPORATE GOVERNANCE:

Hindustan Insecticides Limited is a Government Company, the entire shareholding is held by Govt of India. Although Corporate Governance is not mandatory to HIL, however 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 K.C.Misra was part-time Official Director upto 20.08.2008 and in his place Shri B.P.Pandey was appointed as part-time Official Director w.e.f. 20.08.2008.

Shri B.P.Pandey and Ms. Asha Rani Rungta retired and were reappointed at the conclusion of 54th Annual General Meeting of your Company held on 29.08.2008.

Shri K. V. George, Director(Marketing) retired as a full-time Director of this Company w.e.f. 28.2.2009 on superannuation.

Shri R. P. Khandelwal, Director(Finance) ceased to be full-time Director of this Company w.e.f. 11.5.2009 consequent to taking up a new assignment.

Shri R.R.Sharma joined the Board as Director (Marketing) of the Company w.e.f. 12th June, 2009.

Board placed on record its deep appreciation for the valuable contribution made by outgoing Directors during their tenure of Directorship of HIL.

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 B.P.Pandey, 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 2008-09 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.Uttam Abuwala & Co., Mumbai	Rasayani Unit and Regional Sales Offices at Akola and Ahmedabad.
M/s.George & Sebastian, Kochi	Udyogamandal Unit and Regional Sales Offices 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 2008-09 in terms of Section 233-B of the Companies Act, 1956.

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

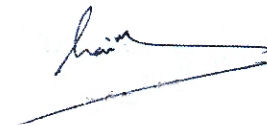
20. SUBSIDIARY COMPANY (SPCL):

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 SPCL 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. ACKNOWLEDGMENTS:

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 2008-09.

For and on behalf of the Board of Directors.



(K. HARIKUMAR)
CHAIRMAN & MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE

Annexure-I

Company's Philosophy on Code of 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 2008-09, the following Directors were on the Board of HIL.

Executive Directors:

Shri K. Harikumar	- Chairman & Managing Director
Shri R. P. Khandelwal	- Director(Finance)
Shri K. V. George	- Director(Marketing).

Non-Executive Directors:

Shri B. P. Pandey	- Joint Secretary, Ministry of Chemicals & Fertilizers.
Ms. Asha Rani Rungta	- Dy. Secretary (Finance), Ministry of Chemicals & Fertilizers.

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

Number of Board Meeting/Attendance of each Directors at Board Meeting and the last AGM held during the year 2008-09:

Date of Meeting	Place of Meeting	Directors present
3.4.2008	New Delhi	5 Nos
2.6.2008	New Delhi	5 Nos
15.7.2008	New Delhi	4 Nos
19.9.2008	New Delhi	5 Nos
23.12.2008	New Delhi	4 Nos
23.3.2009	New Delhi	3 Nos

Sl. No.	Name of Directors	Number of Board meetings attended	Attendance at last AGM held on 29.8.08	No. of other Directorship in other companies as on 31.3.09
1.	Shri K. Harikumar	6 Nos	Yes	Nil
2.	Shri B. P. Pandey**	3 Nos	No	1
3.	Ms Asha Rani Rungta	5 Nos	Yes	Nil
4.	Shri R. P. Khandelwal	6 Nos	Yes	Nil
5.	Shri K. V. George *	5 Nos	No	Nil

* Ceased to be Director w.e.f. 28.02.2009.

** Hindustan Organics Chemicals Ltd.

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 B. P. Pandey, Chairman.
2. Shri K. Harikumar, Member.
3. Ms Asha Rani Rungta, Member.

During the year 2008-09, three Audit Committee Meetings were held on 15.07.2008, 23.12.2008 & 23.03.2009.

Name	No. of meetings held during the year.	Meetings attended
Shri B. P. Pandey	3 Nos	1 No
Shri K. Harikumar	3 Nos	3 Nos
Ms. Asha Rani Rungta	3 Nos	2 Nos

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 only paid sitting fees for attending Board & Audit committee meetings.

Shareholders/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.	2005 -06	New Delhi	28.09.2006 (3.00 PM)	Yes
2.	2006-07	New Delhi	30.08.2007 (12.30 PM)	No
3.	2007-08	New Delhi	29.08.2008 (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 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-india.com and www.hil.gov.in

General Shareholders Information

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



ANNEXURE TO DIRECTORS' REPORT

FORM A

Form for Disclosure of particulars with respect to Conservation of Energy

	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
A	POWER AND FUEL CONSUMPTION			
1	ELECTRICITY			
	Total Units	KWH	12731311	13376967
	Total Amount	Rs.	61288602	58962843
	Rate/Unit	Rs.	4.81	4.41
2	FURNACE OIL			
	Quantity	KL	3741.90	4044.74
	Total Amount	Rs.	88899618	83140927
	Rate/KL	Rs.	23757.91	20555.31
3	FUEL OIL (HSD)			
	Quantity	KL	146.83	216.12
	Total Amount	Rs.	9377042	7150386
	Rate/Unit	Rs.	63863.26	33085.26
B	CONSUMPTION PER UNIT OF PRODUCTION			
1	DDT TECHNICAL			
	Electricity	KWH	1269	1156
	Furnace Oil	LTR	857	881
2	DDT FORMULATION			
	Electricity	KWH	633	628
3	MALATHION TECHNICAL			
	Electricity	KWH	1139	1016
	Furnace Oil	LTR	225	235
4	MALATHION FORMULATION			
	Electricity	KWH	96	89
5	ENDOSULFAN TECHNICAL			
	Electricity	KWH	1191	1157
	Furnace Oil	LTR	391	323
6	ENDOSULFAN FORMULATION(HILDAN)			
	Electricity	KWH	25	25

HINDUSTAN INSECTICIDES LIMITED

B. Consumption per unit of production (Contd...)

	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
7	MONOCROTOPHOS TECHNICAL			
	Electricity	KWH	1340	1249
	Furnace Oil	LTR	367	383
8	MONOCROTOPHOS FORMULATION			
	Electricity	KWH	38	25
9	BUTACHLOR TECHNICAL			
	Electricity	KWH	539	496
	Furnace Oil	LTR	1081	1126
10	BUTACHLOR FORMULATION			
	Electricity	KWH	33	46
11	DICOFOL TECHNICAL			
	Electricity	KWH	4081	4148
	Furnace Oil	LTR	788	726
12	DICOFOL FORMULATION			
	Electricity	KWH	25	25
13	MANCOZEB			
	Electricity	KWH	1332	1833
	Furnace Oil	LTR	22	55
	Fuel Oil (HSD)	LTR	176	201

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) To 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) For improvement in the existing synthetic processes to enhance efficiency, use of less toxic and eco-friendly raw-materials, and to minimize environmental pollution.
 - d) To assist manufacturing units in plant trails for commercial scale implementation of technologies developed by in-house R&D at laboratory and pilot plant levels.
 - e) Development of recipes for eco-friendly bio-pesticides formulations to replace the existing toxic chemical pesticides formulations.
2. Benefits derived as a result of the above R&D.
 - a) Recipe development of Glyphosate 41% SL and scale upto 5.0 kg level has been completed successfully. Shelf life studies are in progress. The recipe is good and is ready for commercial scale up.
 - b) The pilot plant study at 20 Kgs. Level for the alternate method of chlorination of DDE in Molten condition to Tetrachloro compound in Dicofol process has been completed successfully by utilizing the in-house design of pilot plant equipments. The u.v. light intensity required at 20 Kg. level has been optimized. The data is ready for commercial scale design for further scale up.
3. Future Plan of action
 - i) To develop recipe for Lambda Cyhalothrin 5% EC, Cartap 50% SP, Pretilachlor 50% EC, from indigenously available eco-friendly diluents and adjuvants and scale upto 5.0 Kg. level. To conduct shelf life study of the product to be able to scale up at commercial level.

- ii) To continue the study for the search of new solvents, fillers, emulsifiers and other raw-materials used in various formulations, which are eco-friendly and cost effective in order to make our products competitive in the market.
- iii) To tackle periodical process related problem in 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.	44,581/-
b) Recurring	Rs.	87,84,712/-
c) Total	Rs.	88,29,293/-

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 370.000 MT of Endosulfan Technical, 181.302 MT of DDT 75% WP, 2.000 MT of Monocrotophos Technical, and 293.000 KL of Hildan.

- ii) Total foreign exchange earnings & outgo:
(Rs./Crore)

Foreign Exchange Earnings	12.99
Foreign Exchange Outgo	19.36



**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 2009**

The preparation of financial statements of Hindustan Insecticides Limited for the year ended 31 March 2009 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 30 July 2009.

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 2009. 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: 22.9.2009.

AUDITORS' REPORT TO THE MEMBERS

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, 2009 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, Alwaye 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 Fixed Assets:

i. The company surrendered 57% of the land, 6.13 acres, belonging to its Delhi Unit to DDA during the preceding year. In the absence of adequate evidence produced before us, the implications of such surrender and its adequacy of disclosure in the financial statement could not be assessed.

b. In regard to revenue:

i. Note No. 7 read with Accounting Policy No. 13 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 thereon. Upon recognizing the price differentials at the time of final determination thereof, the consequential excise-duty/ sales tax are also considered; and such differentials in price, excise-duty and sales-tax have not been accounted up to the year-end in respect of products sold pending determination thereof and consequently the effect thereof on the accounts for the year is not ascertained.

- ii. Accounting Policy no. 12 – Research & Development Expense is not compliant to the Accounting Standard – 26. Had the same been followed, the expenditure capitalized in the past year(s) to the extent of Rs. 50.22 Lakhs would have been written off in the preceding years. Consequently Miscellaneous Expenditure Written off during the year and debited to Profit and Loss Account would have been lower by Rs. 34.66 Lakhs, Net Profit for the year higher by the same amount and Research and Development Expenditure classified under Miscellaneous Expenditure carried over to the next year would stand at Rs. 11.09 Lakhs. Resultantly, Deficit in the Profit and Loss Balance carried to Balance Sheet has been understated by Rs. 15.56 Lakhs.
- c. In regard to Current Assets
- i. Sundry Debtors include Rs. 1284.59 Lakhs outstanding for more than 3 years. The total provision made by the company is Rs. 315.58 Lakhs. In the absence of details produced for verification, adequacy of the provision towards bad and doubtful debts could not be assessed.
- ii. Balance under Customs, Port Trusts and Central Excise includes Rs. 65.59 Lakhs as purported recovery on account of Excise Duty pertaining to the under recovery of selling price of DDT in 2004-05, which is not recoverable under the facts and circumstances presented to us and should have been written off during the year. Consequently, Net Profit for the year and Loans and Advances are overstated by the said amount.
- iii. Inventories include Stores and Spares worth Rs. 248.72 Lakhs and Packing Material worth Rs. 27.23 Lakhs which have not moved for over three years. No provision has been made as the same is considered usable and serviceable by the Company. In the absence of relevant information and details the necessity of and the quantum of provision could not be assessed.
- iv. In the absence of sufficient evidence and information it could not be assessed whether the Unsaleable / expired stock of finished goods worth Rs. 142.67 Lakhs have realizable value more than or equal to cost as on 31.03.2009.
- d. In regard to presentation and
- i. Non disclosure of stipulated details of Defined and other employee benefits as warranted by Accounting Standard – 15 (Employee Benefits).
- ii. 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. 16 therefore is inconsistent.
- iii. Non compliance to Accounting Standard – 18 (Related Parties) to the extent it warrants disclosures in respect of Key Managerial Personnel.
- e. In absence of adequate information, we are unable to comment on the possible impact of items, 4.a.i, 4.b.i, 4.c.i, 4.c.iii, 4.c.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 2009.

f. We further report that without considering the items mentioned in paragraph 4.e 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. 167.61 Lakhs (as against reported figure of Rs. 198.54 Lakhs) and Net Profit for the year Rs. 239.85 Lakhs (as against reported figure of Rs. 270.80 Lakhs). Loans and Advances would have been Rs. 2584.59 Lakhs (as against reported figure of Rs. 2650.18 Lakhs), Miscellaneous Expenditure to the extent not written off Rs. 63.02 Lakhs (as against reported figure of Rs. 78.59 Lakhs) and Debit Balance of Profit and Loss Account Rs. 1136.34 Lakhs (as against the reported figure of Rs. 1055.19 Lakhs).

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our Audit.

2. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

3. Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts maintained at the Head Quarters at New Delhi and at respective Branches and Units.

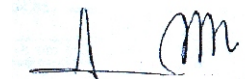
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except AS**

– 2 Inventories (Para 4.c.iv above), AS – 15 Employee Benefits (Para 4.d.i above), AS – 17 Segment Reporting (Para 4.d.ii above), AS – 18 Related Party (Para 4.d.iii above) and AS – 26 Intangible Assets (Para 4.b.ii above).

5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Accounting Policies and Notes on Accounts and subject to our comments described in Paragraph 4 above, the accounts give the information required by the Companies Acts, 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, 2009 and
- ii) in the case of Profit and Loss Accounts of the profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For AVA & Associates
Chartered Accountants**



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

Dated: 30th July 2009
Place: New Delhi

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of the Auditor's Report

- | | |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) All the assets have been physically verified by the management on annual basis. No material discrepancies were noticed on such verification.</p> <p>(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.</p> | <p>(iv) Internal Control procedure is adequate commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. However in respect of Accounts Receivables, Loans and Advances, security deposits and Accounts Payable, internal control in relation to constant monitoring, reconciliation and confirmations is considered weak.</p> |
| <p>(ii) (a) As explained to us the Raw Material, Packing Material and Finished Goods except work in process, stores and spares in certain units have been physically verified on reasonable basis by the management.</p> <p>(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.</p> <p>(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.</p> | <p>(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.</p> <p>(b) Accordingly, this para is not applicable.</p> |
| <p>(iii) (a) The Company has not granted any loan - secured or unsecured during the year, to companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except the Company had granted loan of Rs.2,863.98 Lakhs (including interest) upto 31.03.2003 as per Govt. of India directions, to Southern Pesticides Corporation Ltd., which has been declared as a sick company and for which notice of winding up has been issued by BIFR. Full amount has been provided as 'Doubtful'. As per information and explanation given to us, in our opinion rate of interest and other terms and conditions were not prima-facie prejudicial to the interests of the company.</p> | <p>(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.</p> <p>(vii) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business. However our review in the internal audit procedure brings forth the immediate and imminent need for strengthening the system; and the management's attention as to responsiveness to the findings in such internal audit reports of various units is warranted.</p> <p>(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.</p> <p>(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</p> |

appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other statutory dues applicable to it with appropriate authorities. No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding, as at 31st March, 2009 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of a dispute except Rs.6,15,597 as Kerela Govt. Sales Tax with the Deputy Commissioner (Appeals) and Rs. 2,80,807 as Central Sales Tax with the Assistant Commissioner(Asst.) in respect of Udyogmandal Unit.

(x) The accumulated losses of the Company are not more than 50% of its net worth as on 31st March, 2009. 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. 3245.92 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".

(xvi) According to the information and explanations given to us and records of the Company examined by us, the Company has not taken any fresh term loan during the year.

(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.

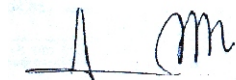
(xviii) The Company has not made any preferential allotment of shares during the year.

(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) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31st March, 2009.

**For AVA & Associates
Chartered Accountants**



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

Dated: 30th July 2009
Place: New Delhi


**COMMENTS OF THE STATUTORY AUDITORS AND REPLIES OF THE
MANAGEMENT ON THE ACCOUNTS OF THE
HINDUSTAN INSECTICIDES LIMITED
FOR THE YEAR ENDED 31ST MARCH 2009**


COMMENTS

MANAGEMENT REPLIES

- | | |
|--|--|
| 1. Accounting Policy No. 12 regarding Research & Development expenses is not compliant to Accounting Standard-26 (refer to para 4(b)(ii) of the report) | Noted |
| 2. Provision have not been made/considered in respect of Sundry Debtors, Loans & Advances, Inventories (refer to para No. 4(c) (i),(iii) & (iv) of the report). | Necessary disclosures/ clarifications regarding points raised by Auditors have been given suitably in Notes on Accounts. For the Sundry Debtors and Loans & Advances wherever company is doubtful about its recovery, necessary provisions have already been made in the Accounts. |
| 3. Provisions has not been made on account of Excise Duty for the sales made in the year 2004-05 (refer para No.4 (c) (ii) of the report). | The matter is pending for a decision at Ministry level. Adjustment in the Books will be made after the same. |
| 4. Regarding presentation and non-disclosure with reference to Accounting Standard -15 (Employees Benefits), Accounting Standard -17 (Segment reporting) and Accounting Standard- 18 (Related parties) (refer to para 4(d) of the report). | Noted |

for and on behalf of the Board of Directors


(R.R. Sharma)
Director (Marketing)


(K. Harikumar)
Chairman & Managing Director

HINDUSTAN INSECTICIDES LIMITED

TEN YEARS AT GLANCE	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(Rs. in crores)									
SOURCES OF FUNDS										
Equity Shares	91.33	91.33	91.33	59.78	59.78	59.78	58.28	55.68	54.68	53.50
Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.79
Advance for Share Capital	-	-	-	31.55	-	-	-	-	-	-
Loan Funds	20.49	11.72	7.50	22.76	218.56	196.34	182.97	153.27	126.03	117.55
Total	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95	180.71	173.84
USE OF FUNDS										
Net Fixed Assets (Including Project under Erection)	29.73	31.40	32.60	36.95	54.01	53.27	48.65	47.16	42.82	40.36
Investment	0.05	0.05	0.05	0.05	0.05	0.01	4.97	4.97	4.97	4.97
Net Current Assets	70.70	56.79	44.58	47.12	80.33	83.61	89.68	80.47	77.54	86.69
Misc. Expenditure & Profit & Loss Account	11.34	14.81	21.60	29.97	143.95	119.23	97.95	76.35	55.38	41.82
Total	111.82	103.05	98.83	114.09	278.34	256.12	241.25	208.95	180.71	173.84
NET WORTH	79.99	76.52	69.73	61.36	-84.17	-59.46	-39.67	-20.67	-0.70	14.46
INCOME										
Sales	195.79	185.84	172.65	149.35	155.58	156.54	145.39	114.76	120.49	123.96
Other Income/Interest written back	22.40	10.97	20.35	88.72	1.43	10.93	5.72	1.59	1.61	2.08
Total	218.19	196.81	193.00	238.07	157.01	167.47	151.11	116.35	122.10	126.04
EXPENDITURE										
Raw-Material & Mfg. Expenditure	127.67	115.00	119.05	103.69	99.12	114.88	102.20	83.08	83.15	85.53
Employees Remuneration and Benefits	70.05	55.81	52.70	47.10	54.90	45.42	47.22	38.41	37.72	37.04
Overheads	13.76	15.32	13.37	40.18	13.33	14.90	8.37	8.65	8.87	10.05
Interest	1.29	1.26	1.83	1.72	13.33	12.44	7.28	5.79	5.28	4.77
Depreciation	3.43	3.31	3.23	24.36	3.18	2.82	2.21	1.61	1.73	2.86
Total	216.20	190.70	190.18	217.05	183.86	190.46	167.28	137.54	136.75	140.25
PROFIT/LOSS										
For the year	1.99	6.11	2.82	21.02	-26.85	-22.99	-16.17	-15.39	-15.52	-14.21
Prior Period Adj.(Net)	0.90	0.95	3.12	0.39	0.38	1.07	0.69	-0.02	0.07	0.13
Net Profit/Loss(-) Before tax	2.89	7.06	5.94	21.41	-26.47	-21.92	-15.48	-15.41	-15.45	-14.08
Tax for the Year	0.18	0.54	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit/Loss (-) after tax	2.71	6.52	5.66	21.41	-26.47	-21.92	-15.48	-15.41	-15.45	-14.08



BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Lakhs)

Description	Schedule	AS AT 31.3.2009	AS AT 31.3.2008
<u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	1	9133.24	9133.24
Reserves & Surplus	2	-	-
		9133.24	9133.24
<u>LOAN FUNDS</u>			
Secured Loans	3	1139.58	-
Unsecured Loans	4	909.00	1172.00
		2048.58	1172.00
TOTAL		<u>11181.82</u>	<u>10305.24</u>
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	5	11245.69	10990.88
Less : Depreciation		8318.20	7977.70
Net Block		2927.49	3013.18
Capital Work-in-Progress		41.47	125.94
		2968.96	3139.12
NEW PROJECTS UNDER ERECTION	6	4.39	1.05
INVESTMENTS	7	5.20	5.20
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	8	6458.84	5022.97
Sundry Debtors	9	8156.30	5088.42
Cash and Bank Balances	10	616.62	3121.55
Loans and Advances	11	2650.18	2225.89
		17881.94	15458.83
LESS: CURRENT LIABILITIES & PROVISIONS	12	10812.44	9779.57
NET CURRENT ASSETS		7069.50	5679.26
MISCELLANEOUS EXPENDITURE	13	78.59	154.63
PROFIT & LOSS ACCOUNT		1055.18	1325.98
TOTAL		<u>11181.82</u>	<u>10305.24</u>

Accounting Policies and Notes on Accounts 23

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

(S.R. Sahoo)

Co. Secretary

(G. Nath)

General Manager (F&A)

(R.R. Sharma)

Director (Marketing)

(K. Harikumar)

Chairman & Managing Director

(Avineesh Matta)

Partner
Membership No.083054

Place: New Delhi
Dated : 28.07.2009

30.07.2009

HINDUSTAN INSECTICIDES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lakhs)

Description	Schedule	Year Ended 31.03.2009	Year Ended 31.03.2008
INCOME			
Gross Sales	14	21535.07	21019.47
Less: Excise Duty		<u>1956.32</u>	<u>2435.29</u>
Net Sales		19578.75	18584.18
Terminal Benefits for Delhi Unit		492.16	406.93
Subsidy on Sale of DDT		500.00	400.00
Profit on Sale of Assets of Delhi Unit		-	270.27
Export Benefits		22.19	-
Other Income	15	233.48	202.87
Increase/(decrease) in Stock	16	992.65	-183.48
		<u><u>21819.23</u></u>	<u><u>19680.77</u></u>
EXPENDITURE			
Materials Consumed	17	9675.33	8276.72
Manufacturing Expenses	18	3092.21	3222.93
Employees' Remuneration and Benefits	19	7004.95	5580.78
Sales, Administration and Other Expenses	20	1327.45	1504.31
Interest	21	129.33	125.77
Depreciation		343.35	331.01
Miscellaneous Expenditure Written Off		48.06	28.71
		<u><u>21620.68</u></u>	<u><u>19070.23</u></u>
PROFIT FOR THE YEAR		198.55	610.54
Prior Period Adjustments (Net)	22	90.48	95.32
Profit Before Tax for the Year		289.03	705.86
Fringe Benefit Tax		<u>18.23</u>	<u>53.82</u>
NET PROFIT FOR THE YEAR		270.80	652.04
Add: Deficit Brought Forward		<u>-1325.98</u>	<u>-1978.02</u>
Balance (Deficit) Carried to Balance Sheet		<u><u>-1055.18</u></u>	<u><u>-1325.98</u></u>

Accounting Policies and Notes on Accounts

23

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



(S.R. Sahoo)
Co. Secretary



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



(R.R. Sharma)
Director (Marketing)



(K. Harikumar)
Chairman & Managing Director



(Avineesh Matta)
Partner

Membership No.083054

Place: New Delhi
Dated : 28.07.2009

30.07.2009



SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 1 - SHARE CAPITAL

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
AUTHORISED		
10,00,000 Equity Shares of Rs.1,000/- each	<u>10000.00</u>	<u>10000.00</u>
Issued, Subscribed and Paid-up:		
9,13,324 (Previous year 9,13,324) Equity Shares of Rs.1,000/- each fully paid-up (Note: Out of above 2,847 Equity Shares have been allotted as fully paid-up Shares pursuant to a contract for consideration other than cash)	9133.24	9133.24

SCHEDULE 2 - RESERVES AND SURPLUS:

(Rs. in Lakhs)

Description	As on 01-04-2008	Addition During 2008-09	Deductions During 2008-09	As on 31-3-2009
Capital Reserve	-	-	-	-
General Reserve	-	-	-	-

SCHEDULE 3 - SECURED LOANS

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
From Bank (Secured by hypothecation of raw-materials, work-in-progress, finished goods and book debts)	1139.58	-

HINDUSTAN INSECTICIDES LIMITED

SCHEDULE 4 - UNSECURED LOANS

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
Terms Loans :		
- Govt of India (including matured Loans)	909.00	1172.00
Interest Accrued and due	-	-
	<u>909.00</u>	<u>1172.00</u>
- Others	-	-
	<u>-</u>	<u>-</u>
<p>(Note: Amount due within 12 months Rs.3,97,78,000/- Previous year Rs. 2,25,22,500/-)</p>		
TOTAL	<u><u>909.00</u></u>	<u><u>1172.00</u></u>

SCHEDULE 5 - FIXED ASSETS

(Rs. in Lakhs)



Particular	GROSS BLOCK AT COST				DEPRECIATION			NET BLOCK	
	Cost as at 01.04.2008	Additions Including Transfer During The Year	Sales Transfer & Write off During the Year	Total Cost As At 31.03.2009	As At 01.04.2008	During The Year	Written Back/ Adjusted During The Year	As At 31.03.2009	As At 31.03.2008
1. LAND									
a) FREEHOLD	197.57	0.00	0.00	197.57	0.00	0.00	0.00	197.57	197.57
b) LEASEHOLD	247.52	2.72	0.00	250.24	23.53	2.52	0.00	224.19	223.99
2. BUILDING									
a) FACTORY BUILDING	1292.76	23.34	0.00	1316.10	573.29	31.37	0.00	711.44	719.47
b) OFFICE BUILDING	136.13	0.00	-2.81	133.32	69.43	2.60	-2.81	64.10	66.70
c) TOWNSHIP	253.89	0.00	0.00	253.89	202.18	2.70	0.00	49.01	51.71
d) TUBEWELL	2.79	0.00	0.00	2.79	1.95	0.04	0.00	0.80	0.84
3. PLANT, MACHINERY AND EQUIPMENTS									
a) PLANT & MACHINERY	8043.36	216.50	0.00	8259.86	6563.83	273.88	-0.04	1422.19	1479.53
b) LAB.FIRE SAFETY EQUIPT.	241.13	0.46	0.00	241.59	165.31	5.73	0.00	70.55	75.82
c) SERVICE EQUIPMENT	13.60	0.00	0.00	13.60	11.74	0.43	0.00	1.43	1.86
d) COMPUTER	104.39	9.36	0.00	113.75	87.51	8.28	0.00	17.96	16.88
4. RAILWAY SIDING	35.36	0.00	0.00	35.36	35.36	0.00	0.00	0.00	0.00
5. FURNITURE, FIXTURES AND OFFICE EQUIPMENTS									
a) FURNITURE & FIXTURES	66.10	1.40	0.00	67.50	62.11	1.70	0.00	3.69	3.99
b) OFFICE EQUIPMENT	72.76	3.48	0.00	76.24	46.27	2.49	0.00	27.48	26.49
c) TYPEWRITER & DUPLICATORS	7.31	0.01	0.00	7.32	7.15	0.02	0.00	0.15	0.16
d) LIBRARY BOOKS	9.56	0.08	0.00	9.64	9.03	0.18	0.00	0.43	0.53
6. VEHICLES	45.00	0.27	0.00	45.27	29.72	2.55	0.00	13.00	15.28
7. STREET YARD LIGHTING	220.94	0.00	0.00	220.94	88.85	8.81	0.00	123.28	132.09
8. MEDICAL EQUIPMENT	0.71	0.00	0.00	0.71	0.44	0.05	0.00	0.22	0.27
TOTAL	10990.88	257.62	-2.81	11245.69	7977.70	343.35	-2.85	2927.49	3013.18
PREVIOUS YEAR	11050.55	270.98	-330.65	10990.88	7976.53	331.25	-330.08	7977.70	
CAPITAL WORK IN PROGRESS									
Total								41.47	125.94
								2968.96	3139.12
The Deprecoatopn has been charges as under :-									
(a) Profit & Loss Account.....								Current Year	Previous Year
(b) Capital Project Adjustment								343.35	331.01
Total								0.00	0.24
								343.35	331.25

SCHEDULE 6 - NEW PROJECTS UNDER ERECTION

(Rs. in Lakhs)

Particular	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2008	Additions during the year	Sales/ adjustment during the year	As at 31.03.2009	As at 01.04.2008	During the year	Written Back/ adjusted during the year	As at 31.03.2009	As at 31.03.2008
CWIP-PLANT & MACHINERY	0.00	4.39	0.00	4.39	0.00	0.00	0.00	4.39	0.00
CWIP-BUILDING	1.05	0.00	-1.05	0.00	0.00	0.00	0.00	0.00	1.05
Total	1.05	4.39	-1.05	4.39	0.00	0.00	0.00	4.39	1.05
Total of Previous Year	0.94	1.05	-0.94	1.05	0	0	0	0	0



SCHEDULE 7- INVESTMENTS (Long Term-Unquoted)

(Rs. in Lakhs)

Description	As At 31-3-2009		As At 31-3-2008	
a) Shares in Subsidiary Company (Trade):				
49666 Equity Shares of Rs.1000/- each in the SPCL	496.66		496.66	
Less : Provision for fall in value	<u>496.66</u>	-	<u>496.66</u>	-
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	0.10		0.10	
100 Shares in HIL Consumer Co-operative Stores Ltd., Udyogamandal	<u>0.10</u>	0.20	<u>0.10</u>	0.20
Share Money Advance to Kerala Enviro Infrastructure Ltd. (Pending Allotment)		5.00		5.00
TOTAL		<u><u>5.20</u></u>		<u><u>5.20</u></u>

SCHEDULE 8 - INVENTORIES

Rs. in Lakhs

Description	As At 31-3-2009		As At 31-3-2008	
(As taken, valued and certified by the Management)				
A. Stock-in-trade (including in transit)				
i) Raw Materials	1124.83		706.63	
ii) Work-in-Progress	691.94		1234.53	
iii) Finished Goods (at lower of cost or selling price)	<u>3522.01</u>	5338.78	<u>2159.85</u>	4101.01
B. By-Products		0.13		0.40
C. Stores and Spares		1118.88		919.94
D. Loose Tools		1.05		1.62
TOTAL		<u><u>6458.84</u></u>		<u><u>5022.97</u></u>

HINDUSTAN INSECTICIDES LIMITED

SCHEDULE 9 - SUNDRY DEBTORS (Unsecured)

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
(Considered good, unless otherwise stated below)		
(A) Debts Outstanding for a period exceeding six months:		
i) Considered Good	2887.73	1106.56
ii) Considered Doubtful	<u>315.58</u>	<u>315.49</u>
(Includes Rs. 2,71,23,513/-)	3203.31	1422.05
(Previous year Rs.2,71,23,513/-) from the Southern Pesticides Corporation Ltd.-Subsidiary Company)		
Less: Provision	<u>315.58</u>	<u>315.49</u>
	2887.73	1106.56
(B) Other debts :	5268.57	3981.86
TOTAL	<u><u>8156.30</u></u>	<u><u>5088.42</u></u>

SCHEDULE 10 - CASH AND BANK BALANCES

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
a) Cash Balance on hand (including Cheques/Drafts)	12.34	275.02
b) Remittances in Transit	17.12	164.32
c) Balances with Scheduled Banks:		
- In Cash Credit Accounts	-	1941.77
- In Current Accounts	569.38	717.48
- In Margin Money /Fixed Deposit Accounts	17.59	22.77
- In Saving Bank Accounts	<u>0.19</u>	<u>0.19</u>
	587.16	2682.21
TOTAL	<u><u>616.62</u></u>	<u><u>3121.55</u></u>



SCHEDULE 11 - LOANS AND ADVANCES

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
(Unsecured-considered good except as otherwise stated)		
a) Loan to HIL Co-operative Society	0.30	0.30
b) Interest Accrued on Deposits /Advances	51.99	63.04
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.5,39,019/- : Previous year Rs.8,74,680)	117.10	174.33
Considered Doubtful	0.02	0.02
	117.12	174.35
Less: Provision	0.02	0.02
	117.10	174.33
Export Incentive receivable		
I) Considered good	-	-
ii) Considered Doubtful	13.49	13.49
	13.49	13.49
Less: Provision	13.49	13.49
	-	-
Others:		
I) Considered good	984.23	1450.57
ii) Considered Doubtful	34.54	42.02
	1018.77	1492.59
Less: Provision for Bad and Doubtful Advances	34.54	42.02
	984.23	1450.57
d) Due from Govt. of India /IPFT)	156.21	173.90
e) Due from the Southern Pesticides Corporation Ltd. (Subsidiary Company)	2863.99	2863.99
Less: Provision	2863.99	2863.99
	-	-
f) Security/Other Deposits	143.44	151.64
g) Balance with Customs,Port Trusts and Central Excise	162.11	180.25
h) Claims Receivable:		
-Considered good	1034.80	31.86
-Considered Doubtful	85.62	82.53
	1120.42	114.39
Less: Provision	85.62	82.53
	1034.80	31.86
TOTAL	2650.18	2225.89

* includes due from:

-Directors Rs.1,31,021/- (Previous year Rs.2,500)

-Officers Rs.13,55,967/- (Previous year Rs.12,01,474)

(Maximum Balance due:

Directors Rs.1,34,992/- (Previous year Rs.2,24,701)

Officers Rs.23,99,862/- (Previous year Rs.18,03,081)

HINDUSTAN INSECTICIDES LIMITED

SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
(A) CURRENT LIABILITIES:		
a) Sundry Creditors:		
* Small Scale Industrial Undertakings	5.10	24.17
Others	<u>3013.62</u>	<u>2729.99</u>
	3018.72	2754.16
b) Advances from Customers	223.83	559.25
c) Statutory Liabilities:		
- Contributory Provident Fund	24.00	18.82
- Liability for TDS on interest	<u>0.34</u>	<u>-</u>
	24.34	18.82
d) Security Deposits/Earnest Money	494.43	471.60
e) Other Liabilities	2548.04	2068.39
f) Interest Accrued but not due on Unsecured Loans	38.70	49.91
Total (A)	<u>6348.06</u>	<u>5922.13</u>
(B) PROVISIONS:		
- For Half Pay Sick Leave	254.66	234.61
- For Gratuity	2881.89	2491.17
- For Leave Salary	1325.38	1131.20
- For Bonus	2.45	0.46
Total (B)	<u>4464.38</u>	<u>3857.44</u>
TOTAL (A+B)	<u>10812.44</u>	<u>9779.57</u>

(* as identified by Management)

SCHEDULE 13 - MISCELLANEOUS EXPENDITURE

(Rs. in Lakhs)

Description	As At 31-3-2009	As At 31-3-2008
(To the extent not written off or adjusted)		
Research and Development Expenditure	26.66	74.71
Deferred Revenue Expenditure (V.R.S.)	51.93	79.92
TOTAL	<u>78.59</u>	<u>154.63</u>



SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2009

SCHEDULE 14 - SALES

(Rs. in Lakhs)

Description	Year Ended 31-3-2009	Year Ended 31-3-2008
Gross Sales *	21535.07	21019.47
Less: Excise Duty	1956.32	2435.29
Net Sales	<u>19578.75</u>	<u>18584.18</u>

*includes (Refer Note No.7)

- Sale at provisional prices pending final determination thereof; and

- Price differential upon final determination of sales effected in earlier years

SCHEDULE 15 - OTHER INCOME

(Rs. in Lakhs)

Description	Year Ended 31-3-2009	Year Ended 31-3-2008
a) Interest:		
- From Banks	8.95	36.51
- From Staff and Others	<u>7.42</u>	<u>4.33</u>
	16.37	40.84
b) Rent (including on staff quarters)	4.36	4.54
c) Proceeds of Experimental Farm Produce	-	0.81
d) Profit on Sale of Assets	3.54	0.70
e) Excess Provisions and Unclaimed Credit Balances written back	13.67	1.23
f) Miscellaneous Income	195.54	154.75
TOTAL	<u>233.48</u>	<u>202.87</u>

HINDUSTAN INSECTICIDES LIMITED

SCHEDULE 16 - INCREASE/(DECREASE) IN STOCK

(Rs. in Lakhs)

Description	Year Ended 31-3-2009		Year Ended 31-3-2008	
A) OPENING STOCK:				
Finished Goods	2159.85		2645.59	
By-Products	0.39		0.39	
Work-in-Progress	<u>1234.53</u>	3394.77	<u>1169.30</u>	3815.28
Less : Excise duty adjusted		173.35		237.03
Total		<u>3221.42</u>		<u>3578.25</u>
B) CLOSING STOCK:				
Finished Goods		3522.01		2159.85
By-Products		0.12		0.39
Work-in-Progress		<u>691.94</u>		<u>1234.53</u>
Total		<u>4214.07</u>		<u>3394.77</u>
Increase/(Decrease) (B-A)		<u><u>992.65</u></u>		<u><u>-183.48</u></u>

SCHEDULE 17 - MATERIALS CONSUMED

(Rs. in Lakhs)

Description	Year Ended 31-3-2009		Year Ended 31-3-2008	
Opening Stock	570.81		704.47	
Purchase	<u>10143.12</u>	10713.93	<u>8202.22</u>	8906.69
Less:				
Adjustments and transfers	36.88		29.59	
Consumed in other Departments	<u>33.60</u>	<u>70.48</u>	<u>29.57</u>	59.16
		10643.45		8847.53
Less : Closing Stock		968.12		570.81
TOTAL		<u><u>9675.33</u></u>		<u><u>8276.72</u></u>



SCHEDULE 18 - MANUFACTURING EXPENSES

(Rs. in Lakhs)

Description	Year Ended 31-3-2009	Year Ended 31-3-2008
Repacking, Formulation and Drying Charges	16.01	13.24
Packing Materials Consumed	672.01	810.60
Stores & Spares Consumed	22.14	25.02
Carriage Inward	30.60	33.01
Water Charges	63.02	115.81
Power & Fuel	1550.79	1457.23
Laboratory Expenses	15.73	16.02
Research & Development Expenses	0.98	1.81
Other Work Expenses	174.71	138.55
Excise Duty	157.22	172.83
Repairs & Maintenance:		
Plant & Machinery	313.10	348.14
Building	75.90	90.67
	389.00	438.81
TOTAL	3092.21	3222.93

SCHEDULE 19 - EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in Lakhs)

Description	Year Ended 31-3-2009	Year Ended 31-3-2008
Salaries, Wages & Allowances	5119.71	4016.75
Contribution to Provident Fund	388.09	318.36
Staff Welfare Expenses	872.01	804.10
Contribution to Employees State Insurance	1.02	1.33
Contribution to HIL Employees Welfare Fund	0.22	0.17
Bonus	4.71	13.95
Gratuity	618.72	425.65
Contribution to Kerala and Maharashtra Welfare Fund	0.47	0.47
TOTAL	7004.95	5580.78

HINDUSTAN INSECTICIDES LIMITED

SCHEDULE 20 - SALES, ADMINISTRATION AND OTHER EXPENSES

	(Rs. in Lakhs)	
Description	Year Ended 31-3-2009	Year Ended 31-3-2008
Rent (Net)	31.51	34.91
Rates & Taxes	44.02	44.60
Insurance	20.78	34.20
Electricity & Water Charges	19.83	20.68
Advertisement	53.47	58.28
Publicity	18.41	23.13
Printing & Stationery Expenses	19.77	20.43
Postage and Communications	29.52	30.32
Travelling Expenses:		
- C M D	1.90	3.06
- Directors	2.90	3.99
- Others	97.35	89.86
	102.15	96.91
Vehicle Expenses:		
- Repairs & Maintenance	5.84	4.79
- Running	7.06	5.51
	12.90	10.30
Legal & Professional Charges	53.62	49.42
Payment to Auditors (Including Branch Auditors)		
- Audit Fees	1.20	1.20
- Tax Audit Fees	0.60	0.60
- Reimbursement of Expenses	0.99	0.19
	2.79	1.99
Security Expenses	134.11	118.95
Staff Training Expenses	7.97	8.97
Bank Charges	56.60	52.01
Repairs & Maintenance- others	22.56	23.50
Freight, Cartage & Handling Expenses	277.81	406.39
Miscellaneous Expenses	131.27	101.40
Computer Expenses	7.86	6.34
Entertainment Expenses	10.80	11.77
Discount on Sales	238.21	258.82
Loss on Sale/write off Assets	-	-
Provision for Irrecoverable/Doubtful Debts, Claims & Others	14.00	76.73
Township Expenses	17.49	14.26
TOTAL	1327.45	1504.31



SCHEDULE 21 - INTEREST

(Rs. in Lakhs)

Description	Year Ended 31-3-2009		Year Ended 31-3-2008	
On Term Loans	123.57		96.11	
On Others	5.76	129.33	30.39	126.50
Less : Considered attributable and transferred to: - Miscellaneous Expenditure (Schedule 13)		-		0.73
TOTAL		129.33		125.77

SCHEDULE 22 - PRIOR PERIOD ADJUSTMENTS (NET)

Description	Year Ended 31.3.2009		Year Ended 31.3.2008	
	Debit	Credit	Debit	Credit
Sales	2.13	-	1.04	0.05
Interest	2.08	0.80	-	-
Materials	0.05	91.42	1.07	118.77
Manufacturing Expenses	0.40	-	6.20	-
Personnel Expenses	2.24	0.29	-	0.71
Sales & Admn. Expenses	18.01	1.57	8.88	1.12
Depreciation	-	0.05	0.06	-
Others	7.22	28.48	16.74	8.66
Total	32.13	122.61	33.99	129.31
Net Balance		90.48		95.32

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2008 - 09

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) Research & Development Expenses:

- a) Expenditure on Research and Development in relation to new projects is allocated in the ratio of salaries of staff attributable to the individual units/components comprising the various projects.
- b) Expenditure on Research & Development including process modification, except for existing plants/products or where the same is considered in-fructuous, is treated as deferred revenue expenditure and amortised over a period of five years after commencement of related commercial production.

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.

B. NOTES ON ACCOUNTS :

	<u>As at 31.03.2009</u> Rupees	<u>As at 31.03.2008</u> Rupees
1) Claims against the company not acknowledged as debts.	3,57,74,940	2,14,46,931
2) Contracts on Capital Account not provided for (net of advances).	68,90,383	59,98,819
3) Contingent Liabilities :		
a) Bank Guarantees issued on behalf of the company.	89,82,870	91,25,453
b) Letters of Credit outstanding.	-	3,29,17,000
c) Counter Guarantees given by the Company in favour of:		
i) Financial Institutions for House Building Loans taken by the employees of the Company.	1,42,62,075	1,66,61,938
ii) IDBI/IFCI/ICICI/LIC for Loans Sanctioned to the Southern Pesticides Corpn Ltd. (Subsidiary Company).	32,45,92,000	28,78,86,000
d) Pay revision arrears	8,25,00,000	14,50,00,000
e) VRS compensation	45,52,261	-

HINDUSTAN INSECTICIDES LIMITED

- 4) a) In case the Counter Guarantees given by the Company in favour of Southern Pesticides Corporation Ltd. (shown above as Contingent Liability), are invoked by Financial Institutions, Govt. of India will provide support, as approved by Cabinet Committee on Economic Affairs (CCEA) on 27th July, 06.
- b) During the year 2002-03, with the approval of Govt. of India, the revision of pay-scales has been implemented and the revised salary has been paid from 1.1.2002. The arrears w.e.f. 1.1.1997/1.4.1997 to 31.12.2001, which shall become payable only when the company generates adequate surplus resources through improved productivity and profitability to the satisfaction of the Govt. and after obtaining prior approval of Govt., has been shown as Contingent Liability.
- c) 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 31.3.2009 in respect of the following amounts which are considered good and recoverable:
- a) **Sundry Debtors:**
Outstanding for more than three years amounting to Rs.969.01 lakhs.
- b) **Loans and Advances:**
Outstanding for more than three years amounting to Rs 212.70 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 includes Rs. 13.00 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.
- c) Stores & Spare parts worth Rs. 248.72 lakhs and raw material and packing material worth Rs. 27.23 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) Un-saleable/expired stock of finished goods worth Rs.142.67 lakhs is awaiting reprocessing. Accordingly no provision has been made for the same.
- e) Pending investigation, the finished goods of Rs.0.85 lakhs were found short and stores items (packing material) of Rs. 0.11 lakhs were found excess on physical verification as on 31.03.2009 have not been adjusted in the accounts.
- 7) Difference in the prices adopted in the accounts for 2008-09 over the provisional prices at which supplies to NVBDCP (formerly NAMP) have been made amounts to Rs.3212.14 lakhs. Final price for the year 2006-07 were not received till 31.3.2009.
- 8) The amount of exchange difference included in the Profit & Loss Account for the year comprises Rs.77.95 lakhs (Dr.) for Imports and Rs.24.63 lakhs (Cr.) for Exports.
- 9) (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 31.03.2009. 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 has been shown as 'Nil' value and the full amount of Sundry Debtors and Loan & Advances have been provided as 'Doubtful'
- (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.
- 10) 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.

- 11) On production of 6830 MT of DDT (supplied to NVBDCP), provision of subsidy of Rs. 5 crore from Ministry of Health & Family Welfare, has been made during the year as per policy for subsidy approved by CCEA.
- 12) Income Tax Assessment has been completed up to Financial Year 2005-2006 (Assessment Year 2006-07). 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.
- 13) For DDT manufactured at Delhi Unit and supplied to NVBDCP (NAMP) against Rs.899.09 lakhs receivable from Ministry of Health towards reimbursement of terminal benefits to the employees of the erstwhile Delhi Unit, which was closed as per the directions of Hon'ble Supreme Court, Rs.406.93 lakhs were received during the year 2007-08. The balance amount has been shown separately in the Profit & Loss Account.
- 14) Particulars/Break-up of R&D Expenditure as shown in Schedule No.13 is as per Schedule No.23(C).
- 15) The Company is having unabsorbed depreciation and carry forward of losses under Income Tax Act 1961 but the Company is not creating deferred tax asset against them as there is no viable certainty that the company will earn sufficient income against which such assets will be realized.
- 16) Keeping in view the nature of business & geographical status of the Company, the Segment Reporting under AS-17 is not applicable.
- 17) As per existing rules/policies of SCOPE, office premises at Scope Complex can not be registered in the name of allotted Company. The residential flat owned by the company at Asiad Village is not registered in the name of the Company. The company has initiated necessary steps for conversion of this leasehold property into freehold.
- 18) There is no party of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs.1 lakh which is outstanding for more than 30 days as on 31.03.2009.
- 19) 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.
- 20) Previous years figures have been re-grouped / re-arranged wherever necessary.

C. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31.03.2009 (Rupees)	Year ended 31.03.2008 (Rupees)
Opening Balance	74,71,366	85,11,514
Expenditure during the year	-	18,31,346
Amount Written off/adjusted	48,05,518	28,71,494
Closing Balance	26,65,848	74,71,366

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	2008 - 09		2007 - 08	
		C.M.D.	Directors	C.M.D.	Directors
		(Rupees)		(Rupees)	
1.	Salary & Allowances	6,88,021	12,93,488	5,56,016	11,75,771
2.	Co. Contribution to P.F.	69,240	1,29,341	58,635	1,21,045
3.	<u>Perquisites:</u>				
	Medical	8,556	16,399	7,176	14,352
	Canteen	11,160	21,390	7,260	14,520
4.	<u>Provisions/Payments:</u>				
	Gratuity	66,227	51,350	35,972	28,711
	Leave Encashment	68,320	3,06,956	75,906	1,01,589
	Half Pay Sick Leave	13,905	36,899	17,851	56,505
	Total	9,25,429	18,55,823	7,58,816	15,12,493

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 2008-2009.
(Rs. in Lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock			Production			Sales			Closing Stock				
			Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year			
			Qty.	Value	Qty.	Value	Year	Qty.	Year	Qty.	Value	Qty.	Value	Qty.	Value	
DDT Technical	MT	6344	488.229	0.00	599.598	0.00	3295.000	3441.200	0.00	0.00	0.00	209.200	0.00	488.229	0.00	
DDT Formulation	MT	12688	286.000	364.63	287.000	313.95	6830.000	6002.100	6821.000	9992.65	6003.100	295.000	417.68	286.000	364.63	
DDT 75% WP	MT	57.161	101.11	175.165	293.36	168.071	574.748	181.302	354.36	692.802	1223.53	43.930	79.81	57.161	101.11	
Mancozeb	MT	1000	93.371	80.88	144.928	111.06	655.650	412.700	84.200	176.46	35.825	136.571	248.01	93.371	80.88	
BHC Formulation	MT		37.650	0.00	37.650	0.00	0.000	0.000	0.000	0.00	0.000	37.650	0.00	37.650	0.00	
Malathion Technical	MT	1800	118.675	133.38	89.835	99.23	356.900	1367.000	142.050	224.10	445.350	506.69	116.140	118.675	133.38	
Malathion Formulation	MT	3200	538.350	254.23	244.850	114.38	327.000	2733.000	857.000	439.69	2439.500	1017.99	8.350	538.350	254.23	
Butachlor Tech.	MT	500	18.150	33.64	92.720	183.08	129.000	31.500	1.100	1.98	68.497	111.85	87.200	18.150	33.64	
Hiltaklor 50% EC	KL	905	3.821	5.45	39.180	54.45	160.500	151.990	114.297	162.04	187.332	220.10	48.846	73.33	3.821	5.45
Monocrotophos Technical	MT	300	13.070	27.05	9.383	19.41	183.000	103.000	5.000	15.49	3.000	6.57	48.390	13.070	27.05	
Hileron 36% SL	KL	255	40.146	86.26	43.193	90.12	243.000	235.000	227.538	650.51	238.451	481.79	55.647	40.146	86.26	
Dicofol Tech	MT	150	27.300	116.03	12.075	48.50	89.000	86.382	48.500	220.08	57.250	226.80	48.550	27.300	116.03	
Hilfol 18.5% EC	KL	17.827	30.79	30.627	55.06	111.770	68.040	73.202	118.86	76.406	105.94	35.506	63.41	17.827	30.79	
Endosulfan Technical	MT	1600	73.855	143.12	37.078	87.84	1262.670	1567.000	604.275	1410.48	1096.823	2220.12	273.880	73.855	143.12	
Endosulfan Formulation	KL	1910	164.245	282.33	145.394	250.09	1138.440	1137.580	1136.901	1964.23	1118.245	1671.92	165.657	164.245	282.33	
Hawk 85% SL	KL		0.857	0.00	0.857	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.857	0.00	0.857	0.00
Hilban 20% EC	KL	48.281	67.34	65.405	83.22	369.445	453.140	363.853	538.82	464.565	515.95	51.436	75.10	48.281	67.34	
Hilbeece 50% wdp	MT		0.245	0.00	0.245	0.00	0.000	0.000	0.000	0.00	0.000	0.245	0.00	0.245	0.00	
Hilcopper	MT		3.877	12.22	2.462	4.75	9.990	20.355	27.083	79.91	17.495	44.73	6.804	3.877	12.22	
Hilcyperin 10% EC	KL	7.213	11.15	10.552	15.24	2.330	5.220	5.067	7.01	5.761	6.70	4.523	7.36	7.213	11.15	
Hilcyperin 25% EC	KL	5.123	13.20	8.538	22.71	0.000	4.530	3.927	9.49	5.628	12.98	1.053	2.62	5.123	13.20	
HIL Btk	MT		0.936	0.00	0.993	0.00	0.000	0.000	0.000	0.00	0.000	0.936	0.00	0.936	0.00	
HIL Bti	KL	10.105	0.00	10.105	0.00	0.000	0.000	0.000	0.000	0.00	0.000	10.105	0.00	10.105	0.00	
Hilfen 20% EC	KL	1.015	1.87	4.883	8.50	0.000	1.770	0.000	2.401	2.50	2.50	1.003	2.04	1.015	1.87	
Hilmala 50% EC	KL	55.259	64.06	46.052	50.44	233.140	292.500	234.246	335.43	287.629	383.94	51.257	78.67	55.259	64.06	
Hilphate	MT	7.430	24.31	36.126	105.09	77.800	123.040	72.438	316.88	148.982	383.94	12.837	58.57	7.430	24.31	
Hilproturon 75% WP	MT		0.000	0.00	0.910	2.14	0.000	1.960	0.000	0.00	2.870	5.79	0.000	0.000	0.000	0.000
Hilquin 25% EC	KL	17.535	16.36	27.438	34.92	0.000	1.350	0.130	0.22	6.580	10.66	13.150	11.55	17.535	16.36	
Hilthane M-45	MT	24.875	10.60	91.084	86.19	9.931	50.800	440.838	875.19	500.660	458.32	107.512	201.26	24.875	10.60	
Hilthoate 30% EC	KL		0.461	0.00	0.461	0.00	0.000	0.000	0.000	0.00	0.000	0.461	0.00	0.461	0.00	
Hilthion	MT		1.000	0.00	1.000	0.00	0.000	0.000	0.000	0.00	0.000	1.000	0.00	1.000	0.00	
PPDDT	MT	9.800	18.97	43.795	80.45	105.200	127.575	0.000	0.000	0.00	0.000	5.100	10.07	9.800	18.97	
Plantavax 20% EC	KL	1.775	0.00	1.775	0.00	0.000	0.000	0.000	0.000	0.00	0.000	1.775	0.00	1.775	0.00	
Hilnate	MT	1.423	6.06	1.810	8.42	4.956	1.445	3.422	18.01	1.667	8.44	2.999	14.16	1.423	6.06	
Hilmilin	KL	0.032	0.00	0.037	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.032	0.00	0.032	0.00	
Saifon	KL	0.440	0.73	0.440	0.73	0.000	0.000	0.000	0.000	0.00	0.000	0.440	0.73	0.440	0.73	

HINDUSTAN INSECTICIDES LIMITED

B. QUANTITATIVE DETAILS IN RESPECT OF CAPACITIES, SALES AND STOCK DURING THE YEAR 2008-2009 (Contd.)

(Rs. in Lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock			Production			Sales			Closing Stock				
			Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year			
			Qty.	Value	Qty.	Value	Year Qty.	Year Qty.	Qty.	Value	Qty.	Value	Qty.	Value		
Streptocycline	MT		0.034	0.00	0.034	0.00	0.00	0.00	0.00	0.00	0.00	0.034	0.00	0.034	0.00	
Hilzim	MT		4.408	11.79	2.721	6.41	18.960	15.000	58.93	19.219	58.93	4.152	15.13	4.408	11.79	
Hilmitte 50 EC	KL		3.253	5.57	11.013	22.03	0.000	3.710	0.09	0.047	11.599	3.205	5.34	3.253	5.57	
Hilzaphose	KL		7.777	15.04	7.907	16.10	8.080	14.680	32.50	11.268	14.770	12.531	27.61	7.777	15.04	
Hilcartap 4% G	MT		6.686	2.95	74.441	25.15	193.000	421.880	87.13	477.705	129.70	17.594	7.59	6.686	2.95	
Hilmetri 70 WP	KL		0.010	0.14	0.010	0.14	0.000	0.000	0.00	0.00	0.00	0.010	0.14	0.010	0.14	
Hilmitda	KL		9.896	49.64	15.044	81.01	71.715	82.998	68.864	496.12	87.887	12.941	90.05	9.896	49.64	
Hilphorate	MT		21.095	6.47	44.880	14.10	0.000	0.000	25.814	7.98	188.440	0.000	0.00	21.095	6.47	
Hilfos	KL		4.659	12.07	9.377	28.82	0.000	7.000	0.180	0.52	11.701	4.468	10.83	4.659	12.07	
Hilalpha 10 EC	KL		3.688	8.03	5.058	10.77	0.000	0.000	0.130	0.26	0.420	2.862	6.35	3.688	8.03	
Hilprid	MT		1.951	9.89	2.215	12.13	26.524	19.578	140.11	19.782	119.93	11.055	78.00	1.951	9.89	
Hilvos	KL		7.285	15.72	13.039	28.26	10.060	15.012	6.321	17.58	20.939	11.055	28.53	7.285	15.72	
Hilhunter	KL		10.448	35.29	10.705	33.17	61.860	54.550	210.07	52.772	141.93	9.112	32.52	10.448	35.29	
Hilzole	KL		9.670	20.38	10.847	25.53	16.615	9.950	36.19	10.175	19.99	8.200	18.34	9.670	20.38	
Trinsahi	KL		2.371	5.69	13.690	29.14	10.000	31.240	4.272	10.28	42.459	8.119	25.03	2.371	5.69	
DDVP	KL		4.300	6.95	12.450	17.37	0.000	6.050	0.00	2.750	3.20	4.300	7.37	4.300	6.95	
Hilambada 5 EC	KL		5.269	20.51	5.009	13.57	37.540	9.960	92.73	6.389	13.68	5.136	14.61	5.269	20.51	
Hilambada 2.5 EC	KL		3.310	0.00	0.000	0.00	25.000	0.000	23.803	41.60	0.00	4.526	9.59	3.310	0.00	
Hilpik	KL		0.000	0.00	0.957	19.87	0.000	0.000	0.00	0.00	0.00	0.000	0.00	0.000	0.00	
Hilfuron	KL		49.140	8.74	178.214	31.68	0.000	0.000	48.870	8.69	128.993	0.270	0.05	49.140	8.74	
Hilmit	KL		0.923	4.62	1.465	7.01	0.360	0.770	1.014	6.33	1.302	0.428	1.85	0.923	4.6	
Hilblast	KL		1.334	10.67	0.000	0.00	9.516	3.970	91.58	2.636	23.23	0.919	6.87	1.334	10.67	
Hilulf	KL		1.660	1.40	0.000	0.00	10.000	10.000	8.070	8.61	8.340	3.590	3.52	1.660	1.40	
Marchlore	KL		2.350	2.52	0.000	0.00	97.520	143.280	108.38	140.930	153.08	0.000	0.00	2.350	2.52	
Hilpriti	KL		0.000	0.00	0.000	0.00	34.880	0.000	24.652	69.02	0.000	10.221	31.43	0.000	0.00	
Hilpunch	MT		0.000	0.00	0.000	0.00	8.937	0.000	7.218	25.02	0.000	1.732	6.56	0.000	0.00	
Hilgrow 35%	KL		0.000	0.00	0.000	0.00	12.080	0.000	0.170	0.34	0.000	11.910	22.17	0.000	0.00	
Vijay BT MRC6304	MT		0.000	0.00	0.000	0.00	0.000	0.000	4.230	44.53	0.000	0.000	0.00	0.000	0.00	
By Products	KL		0.000	0.00	0.000	0.00	0.000	0.000	0.000	72.27	0.000	0.000	0.00	0.000	0.00	
Total			2337.047	2159.85	2762.718	2645.59	16415.440	19844.553	12130.053	19578.75	15150.023	18584.18	2032.389	3522.01	2337.047	2159.85

1. Sales as on 31.03.2009 is after taking into consideration sales return of Rs.66.47 lakhs.
2. Closing stock as on 31.03.2009 includes material worth Rs. 142.67 Lakhs awaiting reprocessing.

C. QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIAL CONSUMED

S. NO.	ITEM	(Quantity in MT/KL) (Rs. in Lakhs)			
		CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	VALUE	QUANTITY	VALUE
A.	MAJOR RAW MATERIALS				
	a) For DDT				
	i) MCB	2925.883	1344.86	2958.650	1338.58
	ii) Chloral	1377.796	1069.08	1380.606	598.32
	iii) Oleum	4046.116	360.39	4341.282	283.64
	iv) Others	706.098	96.83	1723.319	285.89
	b) For other Technical Products	1054.020	749.60	1628.762	719.01
B.	SOLVENT & SURFACTANTS	3798.134	1289.00	5722.261	1374.76
C.	MAJOR IMPORTED RAW MATERIALS	1878.054	2060.66	2189.452	1719.15
D.	TECHNICAL & OTHER MATERIALS CONSUMPTION FOR AGRO PRODUCTS		653.11		1339.03
E.	OTHERS		2051.80		618.34
	TOTAL		9675.33		8276.72

HINDUSTAN INSECTICIDES LIMITED

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

S.NO.	ITEM	IMPORTED		INDIGENOUS		TOTAL
		Rs. in Lakhs	Percentage	Rs. in Lakhs	Percentage	Rs. in Lakhs
1.	RAW MATERIAL*	2036.20 (1534.19)	21.05 (18.54)	7639.13 (6742.53)	78.95 (81.46)	9675.33 (8276.72)
2	COMPONENTS STORE AND SPARE PARTS **	0.00 (0.80)	0.00 (0.19)	398.22 (426.39)	100.00 (99.81)	398.22 (427.19)

* Includes for trial runs.

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

E. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Rs. in lakhs)

S. NO.	EXPENDITURE ITEMS	2008-2009	2007-2008
1	RAW MATERIALS & FINISHED GOODS	1934.01	1407.77
2	COMPONENTS AND SPARE PARTS AND CAPITAL GOODS	0.00	1.05

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in lakhs)

S. NO.	EXPENDITURE ITEMS	2008-2009	2007-2008
1	TRAVELLING	2.89	1.93

G. EARNING IN FOREIGN CURRENCY

(Rs. in lakhs)

S. NO.	ITMES	2008-2009	2007-2008
1	EXPORT (CALCULATED ON FOB BASIS)	1299.17	2083.83



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

S.NO.	EXPENDITURE ITEM	2008-2009 (Rupees)	2007-2008 (Rupees)
1	SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES	401256	420897
2	LEASE RENT	98820	98820
3	PROPERTY TAX	532474	216080
4	ELECTRICITY CHARGES	936500	1105346
5	WATER CHARGES	728010	636620
6	REPAIRS & MAINTENANCE OF BUILDING	1508763	576959
7	GUEST HOUSE EXPENSES	541860	161247
8	DEPRECIATION ON FIXED ASSETS	262680	262728
	TOTAL	5010363	3478697

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

S.NO.	EXPENDITURE ITEMS	AS AT 2008-2009 (Rupees)	AS AT 2007-2008 (Rupees)
1.	MAINTENANCE OF SCHOOL & EDUCATION FACILITIES	2851634	3392719
2.	MEDICAL FACILITIES	32176297	25297594
3.	SUBSIDISED TRANSPORT	6954663	7553604
4.	SOCIAL & CULTURAL ACTIVITIES	345484	262365
	TOTAL	42328078	36506282

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

S.NO.	EXPENDITURE ITEMS	AS AT 2008-2009 (Rupees)	AS AT 2007-2008 (Rupees)
1	EXPENDITURE ON PUBLICITY	1840978	2313254

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

(S.R. Sahoo)
Co. Secretary

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

(R.R. Sharma)
Director (Marketing)

(K. Harikumar)
Chairman & Managing Director

(Avineesh Matta)
Partner

Membership No.083054

Place: New Delhi
Dated : 28.07.2009

30.07.2009

HINDUSTAN INSECTICIDES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH 2009**

	Rupees	Rupees
I CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit/(Loss) as per profit and loss account		27079532
A. Adjustment for:		
Add:		
I Miscellaneous expenditure written off	8,510,909	
II Depreciation	34,335,084	
III Interest Paid	12,933,123	
	<u>55,779,116</u>	
Less:		
I Interest Income	1,637,385	
II Prior period depreciation	4,530	
III Profit on sale of Fixed Assets	353,515	
	<u>1,995,430</u>	
Operating Profit Before Working Capital Changes	80,863,218	
B. (Increase)/Decrease in Current Assets		
I Increase in Debtors	(306,788,411)	
II Increase in Stock	(143,586,305)	
III Increase in loans and advances	(43,534,127)	
C. Increase / (Decrease) in Current Liabilities		
I Increase in Current Liabilities	103,285,831	
II Miscellaneous Expenditure Incurred	(905,749)	
	<u>(310,665,543)</u>	
<i>Net Cash Flow from Operating Activities</i>		(310,665,543)
II CASH FLOW FROM INVESTING ACTIVITIES		
I Purchase of Fixed Assets	(17,209,204)	
II Expenditure on New Projects	(438,599)	
III Proceeds from Sale of Fixed Assets	353,519	
IV Interest Received	2,742,043	
	<u>(14,552,241)</u>	
<i>Net Cash Flow from Investing Activities</i>		(14,552,241)
III CASH FLOW FROM FINANCING ACTIVITIES		
I Increase In Secured Loans	113,957,652	
II Decrease In Unsecured Loans	(26,300,000)	
II Interest Paid	(12,933,123)	
	<u>74,724,529</u>	
<i>Net Cash Flow from Financing Activities</i>		74,724,529

NET INCREASE IN CASH AND CASH EQUIVALENTS	(250,493,255)
CASH AND CASH EQUIVALENT AS ON 01.04.2008 (See Note)	312,155,525
CASH AND CASH EQUIVALENT AS ON 31.03.2009 (See Note)	61,662,270

Note to Cash Flow Statements :-

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.

	<u>As At</u> <u>31.3.2009</u>	<u>As At</u> <u>31.3.2008</u>
CASH IN HAND	1,234,287	27,501,715
REMITTANCES IN TRANSIT	1,712,157	16,432,335
BALANCES WITH BANK	58,715,826	268,221,475
TOTAL	<u>61,662,270</u>	<u>312,155,525</u>

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



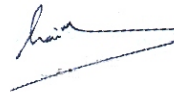
(S.R. Sahoo)
Co. Secretary



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



(R.R. Sharma)
Director (Marketing)



(K. Harikumar)
Chairman & Managing Director



(Avineesh Matta)
Partner

Membership No.083054

Place: New Delhi
Dated : 28.07.2009

30.07.2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

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

 State Code

5	5
---	---

 (Refer Code list)

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	9
---	---	---	---

Date Month Year

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

Public Issue	Rights Issue	Govt.
Bonus Issue	Private Placement	

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

Total Liabilities	Total Assets
1 1 1 8 1 8 2	1 1 1 8 1 8 2

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

		1	1	3	9	5	8
--	--	---	---	---	---	---	---

Unsecured Loans

			9	0	9	0	0
--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets
(Including new projects under erection)

		2	9	7	3	3	5
--	--	---	---	---	---	---	---

Investments

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

Net Current Assets

		7	0	6	9	4	9
--	--	---	---	---	---	---	---

Misc. Expenditure

			7	8	5	9	
--	--	--	---	---	---	---	--

Accumulated Losses

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




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


Turnover	Total Expenditure (Net)																		
<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">9</td><td style="width: 20px; height: 20px;">5</td><td style="width: 20px; height: 20px;">7</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">7</td><td style="width: 20px; height: 20px;">5</td></tr> </table>			1	9	5	7	8	7	5	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">0</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">9</td></tr> </table>			2	1	6	2	0	6	9
		1	9	5	7	8	7	5											
		2	1	6	2	0	6	9											
Profit/Loss before tax	Profit/Loss after tax																		
<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;">+</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">9</td><td style="width: 20px; height: 20px;">0</td><td style="width: 20px; height: 20px;">2</td></tr> </table>	+		2	8	9	0	2	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;">+</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">7</td><td style="width: 20px; height: 20px;">0</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">0</td></tr> </table>	+		2	7	0	8	0				
+		2	8	9	0	2													
+		2	7	0	8	0													
(Please tick Appropriate box + for profit,- for Loss)																			
Earning per Share in rupees during the year	Dividend % rate																		
<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">3</td><td style="width: 20px; height: 20px;">0</td></tr> </table>								3	0	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr><td style="width: 20px; height: 20px;">N</td><td style="width: 20px; height: 20px;">I</td><td style="width: 20px; height: 20px;">L</td></tr> </table>	N	I	L						
							3	0											
N	I	L																	


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


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

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


(S.R. Sahoo)
Co. Secretary


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


(R.R. Sharma)
Director (Marketing)


(K. Harikumar)
Chairman & Managing Director

Place: New Delhi
Dated : 28.07.2009

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 31.3.2009	As at 31.3.2008
1. The Financial Year of the Subsidiary Company ended on	31.3.2009	31.3.2008
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 2008-09 are not available.