

## CHAIRMAN'S SPEECH

Ladies & Gentlemen,

My colleagues on the Board and I have great pleasure in welcoming you to the 53<sup>rd</sup> Annual General Meeting of the Company. The Directors' Report and the statements of Annual Accounts for the year ended 31<sup>st</sup> March, 2007 together with the Report of Statutory Auditors and the comments of CAG of India thereon have already been circulated, and with your permission, I take them as read.

Your company posted operational profits after a gap of 9 years maintaining its profit making spree for another year. The company achieved an all time record gross turnover of Rs. 200.57 crores and recorded a gross profit of Rs. 11.00 crores before providing for depreciation and interest. The turnover achieved has been the highest since inception. The net profit for the year after providing for depreciation and interest was Rs. 5.66 crores. There is a marked distinction in current year's profit figures compared to previous year's figures as it is purely out of operations and without any extra-ordinary earnings arising out of restructuring.

I am also happy to state that with the networth turning positive, your company has applied for de-registration from BIFR.

Despite severe competition from Indian and multi-national companies in the domestic market and adverse agro climatic

conditions, your Company has been able to increase the market share of technical products as well as formulations in respect of the agro-chemicals. It is a matter of great pride for all of us that your company has been growing at a rate higher than the industry growth rate since last couple of years. The gross agro chemical sales excluding exports were Rs. 91.32 crores during the year as against Rs. 72.04 crores during the previous year.

With DDT, the miracle insecticide once again gaining acceptance as an effective tool in fighting Malaria, your company sees a great opportunity in reducing the sufferings of millions in Africa by becoming DDT supplier to the world. With more and more countries realizing the potential of DDT in the war against Malaria, your company is actively pursuing for orders in the emerging markets.

Your Company ventured into export of DDT 75% for the first time in the history and succeeded in getting orders of 445.19 MT from Govt. of Mozambique and Govt. of Eritrea against global competition. The Company achieved an export turnover of Rs. 17.12 crores (previous year Rs. 0.87 crores) of DDT 75% WDP Malathion Technical, Endosulfan Technical and Hildan.

The company is actively pursuing other avenues of growth including unlocking potential of various land assets available with the company.

The industrial relations in the Company remained cordial during the year. The Company continues to operate Voluntary Retirement Scheme for rationalization of existing manpower and optimum utilization of the reduced manpower.

The company has signed an MOU with Govt. for the year 2007-08 after a gap of three years and is committed to achieve all performance parameters as assured to Govt.

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.

Your Company has seen many ups and downs in past and, with the implementation of revival package and the turn around plan in place, the Company is geared up to meet the challenges ahead. I solicit the co-operation and guidance of all concerned for taking the Company to new heights.

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, 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 improve the performance of the Company.

Thanking you all.



(K. Harikumar)  
Chairman & Managing Director

Place : New Delhi

Date : 30.8.2007.

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 53<sup>rd</sup> 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, 2007.

### 1. FINANCIAL PERFORMANCE:

Your company continued its profit making spree for another year and posted operational profits after a gap of 9 years. The company achieved an all time record gross turnover of Rs. 200.57 crore and recorded a gross profit of Rs. 11.00 crore (previous year gross profit of Rs.47.85 crore) before providing for depreciation and interest. The net profit for the year after providing for depreciation and interest was at Rs. 5.66 crore (previous year net profit of Rs. 21.41 crore). There is a marked distinction in current year's profit figures compared to previous year's figures as it is out of results of pure operations and without considering extra-ordinary earnings arising out of restructuring. The current year's financial results are summarized as under:-

	(Rs. in crore)	
Description	2006-2007	2005-2006
Gross Profit (Profit before depreciation, interest and tax)	<b>11.00</b>	47.85
Less: Depreciation	<b>3.23</b>	24.36
Interest	<b>1.83</b>	1.72
Profit before tax	<b>5.94</b>	21.77
Fringe Benefit Tax	<b>0.28</b>	0.36
Net Profit for the year	<b>5.66</b>	21.41
Add: Transferred from General Reserve	-	66.40
Add: Brought forward loss	(-) <b>25.44</b>	(-) 113.25
Profit/Loss carried forward	(-) <b>19.78</b>	(-) 25.44

The accumulated losses of the company have been brought down to Rs. 19.78 crore from Rs. 25.44 crore the previous year and the net worth of the company has increased to Rs. 69.73 crore as against net worth of Rs. 61.36 crore the previous year.

### 2. PRODUCTION PERFORMANCE:

The total production achieved during the current year was 20,852 MT/KL against 19,866 MT/KL during the previous year. This is the highest production achieved in last 10 years and record production since inception of Malathion Technical, Para-para DDT & DDT 75% WDP.

### 3. SALES PERFORMANCE:

The gross sales turnover (inclusive of Excise Duty) during the year was Rs. 200.57 crore as against Rs. 175.50 crore during the previous year. The turnover achieved is the highest since inception.

#### 3.1 NVBDCP SALES:

Ministry of Health & Family Welfare continued to remain most significant customer.

The supply of the insecticides resulted in effective control on spread of diseases such as Malaria, Kala-azar, Encephalitis & Dengue. The break-up of gross sales to NVBDCP during the year alongwith the corresponding figures for the previous year are given below:

	2006-2007		2005-2006	
	Qty. (MT)	Value (Rs. in crore)	Qty. (MT)	Value (Rs. in crore)
DDT(F)	<b>6825</b>	<b>91.58</b>	8560	99.37
MALATHION	<b>44</b>	<b>0.55</b>	108	1.15
HILPOWER	-	-	130	2.07
<b>TOTAL</b>		<b>92.13</b>		102.59

### 3.2 AGRO CHEMICAL SALES:

Despite severe competition from Indian and multi-national companies in the domestic market, your Company has been able to increase the market share of technical products as well as formulations in respect of the agro-chemicals. The gross agro chemical sales excluding exports were Rs. 91.32 crore during the year as against Rs. 72.04 crore during the previous year.

### 3.3 EXPORTS:

The Company ventured into export of DDT 75% for the first time in the history and succeeded in getting orders of 445.19 MT from Govt. of Mozambique and Govt. of Eritrea against global competition. The company achieved an export turnover of Rs. 17.12 crore (previous year Rs. 0.87 crore) of Malathion Technical, Endosulfan Technical, Hildan & DDT 75%.

### 4. RESEARCH AND DEVELOPMENT:

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

### 5. ACCREDITATIONS & HONOURS:

The Company won Amity Corporate Excellence award for being one of the best and most admired business organisations with their unparalleled performance.

Rasayani unit which was accredited with ISO:9001 certification during 2004-05, and International Environment Standard of ISO:14000 in 2005-06 renewed its commitment as a socially responsible unit.

Bathinda unit also made similar efforts to achieve Quality System Standards and were awarded with ISO-9001:2000 certification from Bureau of Indian Standard (BIS). Udyogamandal unit also renewed its ISO:9001 accreditation and also won the best safety performance award from NSC – Kerala Chapter.

### 6. 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 continues to operate Voluntary Retirement Scheme for rationalization of existing manpower and exploring the possibilities of proper redeployment and appropriate utilization of the reduced manpower.

**Manpower:** The total manpower as on 31.03.2007 was 1602 employees, comprising of 297 executives and 1305 non-executives compared to 1648 employees comprising of 300 executives & 1348 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 31.03.2007 was :-

	No.
Scheduled Castes	234
Scheduled Tribes	90
OBC	727
Total	<u>1051</u>

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

1. Distribution of text/note books and uniforms to the school going children belonging to SCs & STs communities every year.

2. Assisted 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.

**7. 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.

**8. IMPLEMENTATION OF OFFICIAL LANGUAGE  
HINDI:**

Your company conducted quarterly meetings of Official Language Implementation Committee regularly to discuss and 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). During the year, all the 1093 documents referred to in the Section 3(3) of the Official Languages Act were issued in bilingual/Hindi and 16600 letters were sent in Hindi to offices situated at various regions. All the standard drafts and form have been prepared in Hindi/bilingual form and handed over to concerned departments/sections for increasing the use of Hindi correspondence in the Office. Administrative glossaries were also distributed to all the senior officers for their day to day work in Hindi.

During the year, Hindi workshops were organized where employees were trained and inspired to do Noting & Drafting in Hindi and to promote the use of Hindi in their official work. In the Annual Sales Meeting, Senior Officers of Company including the Marketing Managers were acquainted with the Official Language Act, Rules and the targets of Annual Programme of Hindi and to promote the use of Hindi in the Marketing and sales sphere.

During the year, the Company's Head Office and its units has organized "Hindi Pakhwara" and during the Pakhwara various Hindi Competitions were organized such as Hindi Essay, Noting & Drafting in Hindi, Debate, Hindi Hand Writing,

Hindi Anuvad and Hindi Speech Competition. Successful candidates were also given cash & kind awards under the incentive scheme introduced in the Company. A comprehensive report thereon has been sent to the Deptt. of Chemicals & Petro-Chemicals and Deptt. of Official Language.

During the year, the employees of the Head Office & Units got cash awards and certificates in the various Hindi Competitions conducted by the Kendriya Sachivalaya Hindi Parishad.

During the year, Town Official Language implementation Committee – Cochin has awarded Udyogamandal unit a Trophy & Second Prize for the best performance for the implementation of official language among all Govt. Undertakings situated in Ernakulam.

**9. 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.

**10. 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 that period;

- 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 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.

#### 11. CORPORATE GOVERNANCE:

The philosophy of the company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with laws, regulations, guidelines and to promote ethical conduct throughout the 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.

#### 12. DIRECTORS:

The following Directors retired at the conclusion of the 52<sup>nd</sup> Annual General Meeting of your Company held on 28.09.2006.

1. Shri K.C. Misra
2. Ms. V. Geetha

Sh.K.C.Misra was re-appointed as part-time official Director w.e.f. 08.11.2006 and again joined the Board of Directors of the Company w.e.f. the said date.

The following Directors have also joined the Board of Directors of the Company.

1. Ms. Asha Rani Rungta w.e.f.08.11.2006(Part-time official Director)
2. Shri Saubir Bhattacharyya w.e.f. 04.12.2006 (Part-time non-official Director)

The Board wish to extend a warm welcome to Ms.Asha Rani Rungta and Shri Saubir Bhattacharyya and place on record

its deep appreciation for the valuable contribution made by Ms.V. Geetha during her tenure of Directorship.

#### 13. 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 K.C. Misra, 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.

#### 14. 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 2006-07 in respect of the units/offices written against each:

1. M/s. Raghu Nath Rai & Co., New Delhi  
Bathinda Unit, Regional Sales Office at Delhi  
R&D Centre at Gurgaon and Head Office  
and consolidated accounts.
2. M/s. P.D.M. Agrawal & Co., Mumbai  
Rasayani Unit and Regional Sales Offices  
at Nagpur and Ahmedabad.
3. M/s. George, John & Prabhu, Kochi  
Udyogamandal Unit and Regional Sales Offices  
at Hyderabad and Coimbatore.
4. M/s. Munshi & Bhattacharya, 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.

**15. COST AUDIT:**

The following were appointed as Cost Auditors of the Company for the year 2006-07 in terms of Section 233 B of the Companies Act, 1956.

1. Shri B.C.Patel, Kalyan  
Rasayani Unit
2. Shri V.V. Ramankutty, Kochi  
Udyogamandal Unit
3. Shri H.K. Goel, New Delhi  
Bathinda unit

**16. REPORTING/REFERENCE TO BIFR:**

It was reported last year that the Company has been registered as a Sick Company by BIFR under Registration No. 501/2004 dated 18.03.2004. Since the company's net worth has become positive, the company submitted the application for "de-registration" to BIFR on 08.06.2007.

**17. SUBSIDIARY COMPANY (SPCL):**

The Subsidiary Company i.e. Southern Pesticides Corporation Ltd. (SPCL) was ordered to be wound up on 02.04.2002. The Company was officially handed over to Official

Liquidator attached to the Andhra Pradesh 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.

**18. ACKNOWLEDGEMENTS:**

Your Directors wish to acknowledge the continued support and guidance received from various wings of Govt. of India and more particularly from Ministry of Chemical and Fertilizers. Your Directors also wish to thank Ministry of Health, Cost Accounts Branch of Ministry of Finance, BIFR, 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 2006-07.

For and on behalf of the Board of Directors



**(K. HARIKUMAR)**  
**CHAIRMAN & MANAGING DIRECTOR**

**ANNEXURE TO DIRECTORS' REPORT**

**FORM A**  
**Form for Disclosure of particulars with respect to Conservation of Energy**

DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
<b>A POWER AND FUEL CONSUMPTION</b>			
<b>1 ELECTRICITY</b>			
Total Units	KWH	<b>12994626</b>	12843948
Total Amount	Rs.	<b>59139853</b>	50878799
Rate/Unit	Rs.	<b>4.55</b>	3.96
<b>2 FURNACE OIL</b>			
Quantity	KL	<b>4518.66</b>	3522.01
Total Amount	Rs.	<b>76855264</b>	55961848
Rate/KL	Rs.	<b>17008.42</b>	15889.16
<b>3 FUEL OIL (HSD)</b>			
Quantity	KL	<b>130.94</b>	141.15
Total Amount	Rs.	<b>4358359</b>	4372875
Rate/Unit	Rs.	<b>33285.16</b>	30979.68
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>1 DDT TECHNICAL</b>			
Electricity	KWH	<b>909</b>	936
Furnace Oil	LTR	<b>793</b>	661
<b>2 DDT FORMULATION</b>			
Electricity	KWH	<b>562</b>	530
<b>3 MALATHION TECHNICAL</b>			
Electricity	KWH	<b>962</b>	960
Furnace Oil	LTR	<b>279</b>	281
<b>4 MALATHION FORMULATION</b>			
Electricity	KWH	<b>88</b>	88
<b>5 ENDOSULFAN TECHNICAL</b>			
Electricity	KWH	<b>1326</b>	3619
Furnace Oil	LTR	<b>323</b>	609
<b>6 ENDOSULFAN FORMULATION(HILDAN)</b>			
Electricity	KWH	<b>25</b>	25
<b>7 MONOCROTOPHOS TECHNICAL</b>			
Electricity	KWH	<b>1275</b>	1271
Furnace Oil	LTR	<b>377</b>	378

## HINDUSTAN INSECTICIDES LIMITED

### B. Consumption per unit of production contd..

DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
<b>8 MONOCROTOPHOS FORMULATION</b>			
Electricity	KWH	25	24
<b>9 BUTACHLOR TECHNICAL</b>			
Electricity	KWH	488	486
Furnace Oil	LTR	229	158
<b>10 BUTACHLOR FORMULATION</b>			
Electricity	KWH	25	30
<b>11 DICOFOL TECHNICAL</b>			
Electricity	KWH	6975	9614
Furnace Oil	LTR	1048	1153
<b>12 DICOFOL FORMULATION</b>			
Electricity	KWH	25	25
<b>13 HILMALA</b>			
Electricity	KWH	25	24
<b>14 PP DDT</b>			
Electricity	KWH	204	198
Furnace Oil	LTR	101	81
<b>15 MANCOZEB</b>			
Electricity	KWH	2275	2577
Furnace Oil	LTR	65	76
Fuel Oil (HSD)	LTR	221	252
<b>16 HILVOS</b>			
Electricity	KWH	25	26
<b>17 DDVP Technical</b>			
Electricity	KWH	293	292

## 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) Development of the technology for generic pesticides.
  - b) To replace wet analysis by instrumentation methods for analysis of pesticides and their formulations.
  - c) Development of safe, economical and environmental friendly recipes for the existing pesticide formulations, to improve cost efficiency by using locally available indigenous raw-materials and inerts.
  - d) For improvement in the existing synthetic processes to enhance efficiency; use of less toxic and eco-friendly raw-materials, and to minimise environmental pollution.
  - e) To assist manufacturing units in plant trials for commercial scale implementation of technologies developed by in-house R&D at laboratory and pilot plant levels.
  - f) 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 Lambda – Cyhalothrin 5% EC at the laboratory scale has been completed successfully and shelf-life studies are in progress.
  - b) Recipe development of Lambda-Cyhalothrin 2.5% EC at the laboratory scale has been completed successfully and shelf-life studies are in progress.
  - c) Hilcartap-4G manufacturing process study was undertaken as the product was not stable. The process of manufacture was modified utilizing alternate machinery and methodology. The shelf-life of the product has been improved and the product is stable, and marketable.
  - d) Recipe development of Endosulfan 35% EC/Wt/Vol has been completed successfully and the shelf-life studies have been completed. The recipe has been commercially implemented in our Bathinda Unit.
  - e) Recipe development of Endosulfan 50% EC Wt/Vol has been completed successfully and the shelf-life studies are in progress. After completion of shelf life study, the product is slated to Cater to the Export market.

- f) As per the process outline of Shri Ram Institute for Industrial Research (SIIR), pilot plant trials for the in-house manufacture of surfactant for DDT 50% WP has been undertaken to product 240 Kgs. of surfactant. The product is passing in commercial DDT 50% WP plant trials. Further development work is in progress.
- g) The impurity profile study of DDT (Tech.) has been undertaken and the report is matching with international norms. The report has been submitted for registration of the product in South Africa for Export market.

3. Future Plan of action

- i) To develop single step process for Thiomethoram (Tech.) from readily available intermediates, standardisation and scale up to a suitable pilot plant level.
- ii) To develop single step process for Imidaclprid (Tech.) from readily available intermediates, standardisation and scale up to suitable level in the pilot plant.
- iii) To develop single step process for Glyphosate (Tech.) from readily available intermediates, standardisation and scale up to suitable level in the pilot plant.
- iv) Recipe development of Imidaclorid 17.8% SL formulation, completion of shelf-life studies and successful pilot plant scale up to 5 Kgs level.
- v) Recipe development of Acetamiprid 20% SP formulation, completion of shelf-life study and successful pilot plant scale-up to 5 Kgs. level.
- vi) Recipe development of Tricyclazole 75% WP formulation, completion of shelf-life study, and successful pilot plant scale-up to 5 Kgs. level.
- vii) To continue the study for the search of new solvents, fillers, emulsifiers and other raw-materials used in various formulations, which eco-friendly and cost effective in order to make our products meet the competition in the market.
- viii) 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. 7,71,861
b)	Recurring	Rs. 61,66,605
c)	Total	<u>Rs. 69,38,466</u>

## FORM C

### FOREIGN EXCHANGE EARNINGS & 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 366 MT of Endosulfan Technical, 445.140 MT of DDT 75% WP, 85 MT of Malathion Technical and 13.300 KL of Hildan.

- ii) Total foreign exchange earnings & outgo:

	<u>(Rs./Crore)</u>
Foreign Exchange Earnings	12.33
Foreign Exchange Outgo	14.85

**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 2007.**

The preparation of financial statements of **Hindustan Insecticides Limited** for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 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 11 July 2007.

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 2007. This supplementary audit has been carried out independently without access to the working paper of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

**COMMENTS**

**MANAGEMENT'S REPLIES**

**Comments on Auditor's Report**

1. The impact of the Statutory Auditor's qualifications converts the profits of the Company of Rs. 565.72 lakhs into a loss of Rs. 1169.88 lakhs. Hence the opinion of the Auditor that the Profit and Loss account gives a true and fair view of the profit of the company for the year is not in conformity with his Report.

Statutory Auditor has informed that the qualifications made by them are informative in nature, relates to past event and not to current year. The quantification made by them is as per requirement under the Statement on Qualifications in Auditors' Report issued by Institute of Chartered Accountants of India, which does not affect true and fair view of the profit of the Company.

### Other Comments

2. A reference is invited to Note 17 to the accounts relating to income of Rs.1.16 crore from full and final settlement of loan and note 15 relating to receipt of insurance claim of Rs. 1.11 crore.

The disclosure is not adequate because these items were required to be separately disclosed in the statement of profit and loss accounts in a manner that their impact on current profit or loss could be perceived as per the requirements of Accounting Standard 5.

The above income of Rs. 2.27 crore has, however, been included under 'Other Income' resulting in overstatement of 'Other Income' and understatement of income from extraordinary activities by Rs. 2.27 crore.

Noted. However proper details with reference to full and final settlement of loan and receipt of insurance claim have been provided in the notes. Only these have not been shown as separate items in the Profit & Loss account.

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



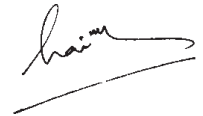
(Saroj Punhani)

**Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board-II, New Delhi**

**For and on behalf of the Board of Directors**



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



**(K. Harikumar)  
Chairman & Managing Director**

Place: New Delhi

Date: 28.8.2007

## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s HINDUSTAN INSECTICIDES LIMITED as at 31<sup>st</sup> March, 2007 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. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order:

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books and according to the reports of branch auditors where such audit has not been done by us;
- c) The reports of the branch auditors have been forwarded to us and the same have been considered in preparing our report;
- d) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts and the audited returns from the branches;
- e) In our opinion, the Balance Sheet and the 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;
- f) On the basis of written representations received from the Directors other than government nominee Directors as on 31<sup>st</sup> March, 2007, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. The Department of Company Affairs vide their notification no.GSR 829(E) dated 21/10/2003 have clarified that government nominee Directors are exempted from the provisions of section 274(1)(g) of the Companies Act, 1956;
- g) We report that:
  - I. *provision have not been made/ considered in respect of:*
    - a) *Sundry debtors (Rs. 789.68 lakhs) and loans and advances (Rs. 353.33 lakhs) which are outstanding for more than 3 years and considered doubtful (including amounts due from National Vector Borne Disease Control Programme) [Refer Note No. 6(a) & (b)];*
    - b) *Inventories comprising:*
      1. *Stock of finished goods (Rs. 243.14 lakhs) considered as having no useful life [Refer Note No. 7(d)].*
      2. *Raw material and packing material (Rs. 115.91 lakhs) and stores and spare parts (Rs. 232.49 lakhs) in respect of which there is no movement for over three years and extent of provision for shortfall/ deterioration has not been determined [Refer Note No. 7(c)].*

3. *Net excess of Rs. 0.10 lakhs observed on physical verification of inventories for which, no adjustment has been made in the books of accounts. Had the adjustment been made, closing balance of inventories and consequently balance of current assets would have been increased by Rs. 0.10 lakhs. Accordingly, profit for the year is understated and balance of current assets is understated to that extent [Refer Note No. 7(e)].*
  4. *Raw Material includes an item called PVA valued at Rs. 1.15 lakhs, which was used for production of BHC at Udyogmandal unit, the unit discontinued the production of BHC since 01.04.1997, loss if any, not ascertained and provided.*
  5. *Goods in transit amounting to Rs. 7.19 lakhs pertaining to earlier years have not been inspected and taken to stock. We are unable to ascertain the usability and value of such goods and the consequent loss, if any, on such account.*
- II. *Note No.8 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 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 upto 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.*

***We further report that, had the above observations been considered, other than point g 1 (b) (5) above the Loss for the year would have been Rs. 1,169.88 lakhs (as against the reported profit of Rs. 565.72 lakhs), accumulated losses would have been Rs. 3,713.63 lakhs (as against the reported figures of Rs. 1,978.03 lakhs), Sundry Debtors would have been Rs. 3,711.74 lakhs (as against the reported figure of Rs. 4,501.42 lakhs), Loans and Advances would have been Rs. 2,543.88 lakhs (as against the reported figure of Rs. 2,897.21 lakhs), total inventories would have been Rs. 5,064.09 lakhs (as against the reported figure of Rs. 5,656.68 lakhs) .***

Subject to the above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the other Accounting Policies and Notes thereon and documents annexed thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2007;
- ii) in the case of Profit & Loss Account, 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 RAGHU NATH RAI & CO.**  
**Chartered Accountants**

*Sharat Prakash*

**(SHARAT PRAKASH)**  
**Partner**

Membership No. 96267

Place : New Delhi  
Dated : July 11, 2007

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except at Rasayani Unit.
- (b) All the assets have been physically verified by the management during the year except at Delhi, Bathinda. Other than locations mentioned here there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, during the year the Company has not disposed off any substantial part of the fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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.
- (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. The discrepancies noticed on verification between the physical stocks and the books records has not been properly dealt with in the books of accounts. (Refer para g (I)(b)(3) of the main report).
- (iii) (a) The Company has not granted any loans-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 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.
- (b) The Company has not taken any loans- secured or unsecured, from Companies, Firms or other parties covered in the register maintained Under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system except in case of generation and identification of scrap at Rasayani unit.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company did not enter into any contracts or arrangements referred to in section 301 of Companies Act, 1956.
- (b) Accordingly, this para is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the direction issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, during the course of our audit, internal audit reports were not available for RSO Ahmedabad, RSO Coimbtore, RSO Nagpur, RSO North, Bhatinda & Delhi unit and Rasayani Unit.
- (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. The Cost audit has been conducted for the year ended 31<sup>st</sup> March 2007. However at Rasayani Unit, relevant cost records are not produced before the branch auditor during their audit.
- (ix) (a) According to the records of the Company and the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other statutory dues applicable to it with appropriate authorities. According, 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 31<sup>st</sup> March, 2007 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, the particulars of dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess as at 31<sup>st</sup> March, 2007 which have not been deposited on account of a dispute are Rs.15,03,589 as excise duty payable in respect of Rasayani unit with the appropriate forum and Rs.9,60,063 as Kerela Govt. Sales Tax with the Deputy Commissioner (Appeals) and Rs. 44,88,892 as Central Sales Tax with the Deputy Commissioner (Appeals)/AC(Asst.) in respect of Udyogamandal Unit.
- (x) (a) After considering the observations in our main audit report, the Company, in our opinion, is not a sick company as defined in clause (0) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company is still registered with BIFR. However, the Company has filed an application for de-registration with BIFR on 08/06/2007.
- (b) The Company has not incurred cash losses during the financial year covered by our audit but had incurred cash losses in the immediately preceding financial year. The accumulated losses of the Company are not more than 50% of its net worth as on 31<sup>st</sup> March, 2007. However, after considering the effect of the qualifications of our main audit report, not accepted by the Company, the accumulated losses of the Company exceed 50% of its net worth as on 31<sup>st</sup> March, 2007.
- (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) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, 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 guarantee 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 availed term loan of Rs. 715 lakhs during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that during the year short term funds have not been used for long term investment.
- (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 31<sup>st</sup> March, 2007.

**For RAGHU NATH RAI & CO.**  
*Chartered Accountants*

*Sharat Prakash*

**(SHARAT PRAKASH)**

**Partner**

Membership No. 96267

Place : New Delhi

Dated : July 11, 2007

**COMMENTS OF THE STATUTORY AUDITORS AND REPLIES OF THE MANAGEMENT  
ON THE ACCOUNTS OF THE HINDUSTAN INSECTICIDES LIMITED  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

**COMMENTS**

Provision have not been made / considered in respect of Sundry Debtors, Loans & Advances and Inventories.

**MANAGEMENT'S REPLIES**

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.

**For and on behalf of the Board of Directors**



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



**(K. Harikumar)**  
Chairman & Managing Director

## TEN YEARS AT GLANCE

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>(Rs. in crore)</b>										
<b>SOURCES OF FUNDS</b>										
Equity Shares	91.33	59.78	59.78	59.78	58.28	55.68	54.68	53.50	50.75	47.40
Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.79	2.79	2.79
Advance for Share Capital	-	31.55	-	-	-	-	-	-	-	-
Loan Funds	15.62	22.76	218.56	196.34	182.97	153.27	126.03	117.55	96.97	88.03
<b>Total</b>	<b>106.95</b>	<b>114.09</b>	<b>278.34</b>	<b>256.12</b>	<b>241.25</b>	<b>208.95</b>	<b>180.71</b>	<b>173.84</b>	<b>150.51</b>	<b>138.22</b>
<b>USE OF FUNDS</b>										
Net Fixed Assets (Including Project under Erection)	32.60	36.95	54.01	53.27	48.65	47.16	42.82	40.36	40.17	38.92
Investment	0.05	0.05	0.05	0.01	4.97	4.97	4.97	4.97	4.97	4.97
Net Current Assets	52.70	47.12	80.33	83.61	89.68	80.47	77.54	86.69	80.75	77.45
Misc. Expenditure & Profit & Loss Account	21.60	29.97	143.95	119.23	97.95	76.35	55.38	41.82	24.62	16.88
<b>Total</b>	<b>106.95</b>	<b>114.09</b>	<b>278.34</b>	<b>256.12</b>	<b>241.25</b>	<b>208.95</b>	<b>180.71</b>	<b>173.84</b>	<b>150.51</b>	<b>138.22</b>
<b>NET WORTH</b>	<b>69.73</b>	<b>61.36</b>	<b>-84.17</b>	<b>-59.46</b>	<b>-39.67</b>	<b>-20.67</b>	<b>-0.70</b>	<b>14.46</b>	<b>28.92</b>	<b>33.31</b>
<b>INCOME</b>										
Sales	189.04	154.40	152.63	156.54	145.39	114.76	120.49	123.96	132.19	120.04
Other Income/Interest written back	3.96	83.67	1.30	10.93	5.72	1.59	1.61	2.08	3.47	4.05
<b>Total</b>	<b>193.00</b>	<b>238.07</b>	<b>153.93</b>	<b>167.47</b>	<b>151.11</b>	<b>116.35</b>	<b>122.10</b>	<b>126.04</b>	<b>135.66</b>	<b>124.09</b>
<b>EXPENDITURE</b>										
Raw-Material & Mfg. Expenditure	119.05	103.69	96.04	114.88	102.20	83.08	83.15	85.53	92.21	81.32
Employees Remuneration and Benefits	52.70	47.10	54.90	45.42	47.22	38.41	37.72	37.04	32.91	28.17
Overheads	13.37	40.18	13.33	14.90	8.37	8.65	8.87	10.05	8.58	7.93
Interest	1.83	1.72	13.33	12.44	7.28	5.79	5.28	4.77	5.34	5.33
Depreciation	3.23	24.36	3.18	2.82	2.21	1.61	1.73	2.86	2.74	2.89
<b>Total</b>	<b>190.18</b>	<b>217.05</b>	<b>180.78</b>	<b>190.46</b>	<b>167.28</b>	<b>137.54</b>	<b>136.75</b>	<b>140.25</b>	<b>141.78</b>	<b>125.64</b>
<b>PROFIT/LOSS</b>										
For the year	2.82	21.02	-26.85	-22.99	-16.17	-15.39	-15.52	-14.21	-6.12	-1.55
Prior Period Adj.(Net)	3.12	0.39	0.38	1.07	0.69	-0.02	0.07	0.13	0.54	-0.42
Net Profit(+)/Loss(-) Before tax	5.94	21.41	-26.47	-21.92	-15.48	-15.41	-15.45	-14.08	-5.58	-1.97
Tax for the Year	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit(+) Loss (-) after tax	5.66	21.41	-26.47	-21.92	-15.48	-15.41	-15.45	-14.08	-5.58	-1.97

## BALANCE SHEET AS AT 31ST MARCH, 2007

(Rs. in Lakhs)

Description	Schedule	As At		As At
		31.3. 2007		31.3. 2006
<b>SOURCES OF FUNDS</b>				
<u>SHAREHOLDERS' FUNDS</u>				
Share Capital	1	<b>9133.24</b>	5978.24	
Reserves & Surplus	2	-	-	5978.24
Advance for Share Capital				3155.00
<u>LOAN FUNDS</u>				
Secured Loans	3	<b>812.48</b>	2089.68	
Unsecured Loans	4	<b>750.00</b>	186.25	2275.93
<b>TOTAL</b>		<b>10695.72</b>		<b>11409.17</b>
<b>APPLICATION OF FUNDS</b>				
<u>FIXED ASSETS</u>				
Gross Block	5	<b>11050.55</b>	11463.84	
Less : Depreciation		<b>7976.53</b>	7935.74	
Net Block		<b>3074.02</b>	3528.10	
Capital Work-in-Progress		<b>185.41</b>	165.23	3693.33
NEW PROJECTS UNDER ERECTION	6	<b>0.94</b>		0.94
INVESTMENTS	7	<b>5.20</b>		5.20
<u>CURRENT ASSETS, LOANS &amp; ADVANCES</u>				
Inventories	8	<b>5656.68</b>	4728.39	
Sundry Debtors	9	<b>4501.42</b>	7226.16	
Cash & Bank Balances	10	<b>2055.10</b>	576.31	
Loans & Advances	11	<b>2897.22</b>	2147.43	
		<b>15110.42</b>	14678.29	
Less: Current Liabilities & Provisions	12	<b>9840.41</b>	9965.71	
Net Current Assets		<b>5270.01</b>		4712.58
Miscellaneous Expenditure	13	<b>182.12</b>		453.38
Profit & Loss Account	14	<b>1978.02</b>		2543.74
<b>TOTAL</b>		<b>10695.72</b>		<b>11409.17</b>
Accounting Policies & Notes on Accounts	24			

As per our report of even date  
For Raghu Nath Rai & Co.  
Chartered Accountants



(S.R. Sahoo)  
Asstt. Co. Secretary



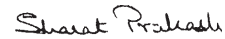
(G.Nath)  
General Manager (F&A)



(R.P. Khandelwal)  
Director (Finance)



(K. Harikumar)  
Chairman & Managing Director



(Sharat Prakash)  
Partner

Place : New Delhi  
Dated : 11.7.2007


## HINDUSTAN INSECTICIDES LIMITED


### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007


(Rs. in Lakhs)

Description	Schedule	Year Ended 31.3.2007	Year Ended 31.3.2006
<b>INCOME</b>			
Gross Turnover	15	20056.80	17549.90
Less: Excise Duty		2792.08	2614.53
Net Turnover		17264.72	14935.37
Subsidy on Sale of DDT		500.00	500.00
Export Benefits		10.16	15.82
Other Income	16	395.96	149.31
Increase/Decrease in stock	17	1128.80	-12.01
Interest Written Back (Govt. Loans)		0.00	8218.72
		<u>19299.64</u>	<u>23807.21</u>
<b>EXPENDITURE</b>			
Materials Consumed	18	8936.57	7889.48
Manufacturing Expenses	19	2968.26	2479.72
Employees' Remuneration and Benefits	20	5270.12	4710.19
Sales, Administration and Other Expenses	21	1306.49	3784.63
Interest	22	182.88	171.53
Depreciation		323.36	2435.76
Miscellaneous Expenditure written off		30.15	197.49
		<u>19017.83</u>	<u>21668.80</u>
<b>Profit for the Year</b>		<b>281.81</b>	<b>2138.41</b>
Prior Period Adjustments (Net)	23	312.19	39.26
Profit before tax for the Year		594.00	2177.67
Fringe Benefit Tax		28.28	36.40
<b>NET PROFIT FOR THE YEAR</b>		<u><u>565.72</u></u>	<u><u>2141.27</u></u>
Accounting Policies & Notes on Accounts	24		

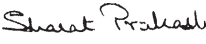
As per our report of even date  
For Raghu Nath Rai & Co.  
Chartered Accountants

  
(S.R. Sahoo)  
Asstt. Co. Secretary

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

  
(R.P. Khandelwal)  
Director (Finance)

  
(K. Harikumar)  
Chairman & Managing Director

  
(Sharat Prakesh)  
Partner

Place : New Delhi  
Dated : 11.7.2007

**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2007**

**SCHEDULE 1 - SHARE CAPITAL**

Description	(Rs. in Lakhs)	
	As At 31.3.2007	As At 31.3.2006
AUTHORISED		
10,00,000 Equity Shares of Rs.1,000/- each	10000.00	7500.00
<b>Issued, Subscribed and paid-up</b>		
9,13,324 (Previous Year 5,97,824)		
Equity Shares of Rs.1,000/- each fully paid-up		
(Note : Out of the above 2,847 Equity Shares have been allotted as fully paid-up Shares pursuant to a contract for consideration other than cash)	9133.24	5978.24

**SCHEDULE 2 - RESERVES AND SURPLUS**

Description	(Rs. in Lakhs)			
	As on 31.03.2006	Additions During 2006-07	Deductions During 2006-07	As on 31.03.2007
Capital Reserve	0.00	0.00	0.00	0.00
General Reserve	0.00	0.00	0.00	0.00
	<b>00.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**SCHEDULE 3 - SECURED LOANS**

Description	(Rs. in Lakhs)	
	As At 31.3.2007	As At 31.3.2006
From Bank (Secured by hypothecation of raw-materials, work-in-progress, finished goods and book debts)	812.48	2089.68

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**HINDUSTAN INSECTICIDES LIMITED**

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**SCHEDULE 4 - UNSECURED LOANS****(Rs. in Lakhs)**

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Description	As at 31.3.2007		As at 31.3.2006	
<b>Term Loans:</b>				
- Govt. of India	<b>715.00</b>		0.00	
Interest Accrued and due	<b>0.00</b>	<b>715.00</b>	<b>0.00</b>	0.00
- Others				
Indian Petro Chemicals Ltd.	<b>35.00</b>		70.00	
- Interest Accrued and due (Note: Amount due within 12 months Rs. 35,00,000/- Previous Year Rs. 1,86,37,379/-)	<b>0.00</b>	<b>35.00</b>	<b>116.25</b>	186.25
		<b>750.00</b>		<b>186.25</b>

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## SCHEDULE 5 - FIXED ASSETS

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2006	Additions including transfer during the year	Sales/transfer & write off during the year	Total cost as at 31.3.2007	Rate of Deprn. (%)	As at 01.04.2006	During the year	Written back/adjusted during the year	Total Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
<b>1. LAND</b>											
a) Freehold	197.57	0.00	0.00	197.57	0.00	0.00	0.00	0.00	0.00	197.57	197.57
b) Leasehold	240.60	6.92	0.00	247.52	1.00	18.05	2.50	0.48	21.03	226.49	222.55
<b>2. BUILDING</b>											
a) Factory Building	1280.62	4.29	-97.51	1187.40	3.34	540.29	27.42	-18.49	549.22	638.18	740.33
b) Office Building	145.60	0.00	-5.94	139.66	1.63	69.57	2.00	-0.32	71.25	68.41	76.03
c) Township	264.34	0.00	-10.45	253.89	1.63	202.49	2.70	-5.71	199.48	54.41	61.85
<b>3. PLANT, MACHINERY AND EQUIPMENTS</b>											
a) Plant & Machinery	8465.39	283.17	-570.32	8178.24	10.34	6569.23	256.35	-243.08	6582.50	1595.74	1896.16
b) Lab. Fire Safety Equipmt.	250.65	0.00	-3.28	247.37	4.75	166.72	5.54	-1.71	170.55	76.82	83.93
c) Service Equipment	13.60	0.00	0.00	13.60	9.50	10.93	0.39	0.00	11.32	2.28	2.67
d) RAILWAY SIDING	35.36	0.00	0.00	35.36	4.75	35.36	0.00	0.00	35.36	0.00	0.00
<b>4. FURNITURE, FIXTURES AND OFFICE EQUIPMENTS</b>											
a) Furniture & Fixtures	69.66	1.58	-0.53	70.71	6.33	65.35	1.94	-0.49	66.80	3.91	4.31
b) Office Equipments	76.04	4.17	-2.82	77.39	4.75	51.63	2.29	-2.68	51.24	26.15	24.41
c) Computers	103.92	4.05	-4.51	103.46	16.21	73.42	10.23	-4.51	79.14	24.32	30.50
d) Typewriter & Duplicators	11.06	0.00	0.00	11.06	4.75	10.86	0.02	0.00	10.88	0.18	0.20
e) Library Books	9.51	0.11	0.00	9.62	10.00	8.80	0.27	0.00	9.07	0.55	0.71
6. VEHICLES	51.37	0.03	0.00	51.40	9.50	30.19	3.20	0.00	33.39	18.01	21.18
7. TUBEWELL	5.73	0.00	0.00	5.73	1.63	4.82	0.03	0.00	4.85	0.88	0.91
8. STREET YARD LIGHTING	242.11	8.70	-30.95	219.86	4.75	77.69	8.49	-6.12	80.06	139.80	164.42
9. MEDICAL EQUIPMENT	0.71	0.00	0.00	0.71	7.07	0.34	0.05	0.00	0.39	0.32	0.37
<b>TOTAL</b>	11463.84	313.02	-726.31	11050.55		7935.74	323.42	-282.63	7976.53	3074.02	3528.10
<b>PREVIOUS YEAR</b>	11373.54	824.34	-734.04	11463.84		6088.64	2436.10	-589.00	7935.74		
Capital work in Progress										185.41	165.23
<b>TOTAL</b>										3259.43	3693.33
The Depreciation has been charged as under:-											
(a) Profit & Loss Account.....										Current Year	Previous Year
(b) Capital Project Adjustments.....										323.36	2435.76
										0.06	0.34
<b>Total</b>										323.42	2436.10

**SCHEDULE 6 - NEW PROJECTS UNDER ERECTION**

(Rs. in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2006	Additions during the year	Sales/ adjustment during the year	Total as at 31.03.2007	As at 01.04.2006	During the year	Written back/ adjusted during the year	As at 31.03.2007	As at 31.03.2006
CWIP-PLANT & MACHINERY	0.94	0.00	0.00	<b>0.94</b>	0.00	0.00	0.00	<b>0.94</b>	0.94
Total	0.94	0.00	0.00	<b>0.94</b>	0.00	0.00	0.00	<b>0.94</b>	0.94
Total of Previous Year	86.53	6.72	-92.31	<b>0.94</b>	0.00	0.00	0.00	<b>0.94</b>	86.53

## SCHEDULE 7 - INVESTMENTS (Long Term - Unquoted)

(Rs. in Lakhs)

Description	As at 31.3.2007		As at 31.3.2006	
<b>a) Shares in Subsidiary Company (Trade):</b>				
49666 Equity Shares of Rs.1,000/- each in the Southern Pesticides Corporation Ltd.	<b>496.66</b>		496.66	
Less: Provision for fall in value	<b>496.66</b>	<b>0.00</b>	496.66	0.00
<b>b) Shares in Co-Operative Societies (Non-trade):</b>				
(Fully paid Equity Shares of Rs.100 each)				
100 Shares in HIL Employees Co-operative Credit Society Ltd., Udyogamandal	<b>0.10</b>		0.10	
100 Shares in HIL Consumer Co-operative Stores Ltd., Udyogamandal	<b>0.10</b>	<b>0.20</b>	0.10	0.20
Share money advance to Kerala Enviro Infrastructure Ltd. (Pending Allotment)		<b>5.00</b>		5.00
<b>TOTAL</b>		<b>5.20</b>		<b>5.20</b>

## SCHEDULE 8 - INVENTORIES

(Rs. in Lakhs)

Description	As at 31.3.2007		As at 31.3.2006	
(As taken, valued and certified by the Management)				
<b>A. Stock-in-Trade (Including in Transit):</b>				
i) Raw Materials	<b>861.06</b>		986.13	
ii) Work-in-progress	<b>1169.30</b>		530.81	
iii) Finished Goods	<b>2645.59</b>	<b>4675.95</b>	2280.53	3797.47
B. By-Products		<b>0.40</b>		0.31
C. Stores & Spares		<b>978.42</b>		928.66
D. Loose Tools		<b>1.91</b>		1.95
<b>TOTAL</b>		<b>5656.68</b>		<b>4728.39</b>

**HINDUSTAN INSECTICIDES LIMITED**

**SCHEDULE 9 - SUNDRY DEBTORS (Unsecured)**

(Rs. in Lakhs)

Description	As at 31.3.2007	As at 31.3.2006
(Considered Good, unless otherwise stated below) :		
<b>(A) Debts Outstanding for a period exceeding six months:</b>		
i) Considered Good	1533.54	3435.97
ii) Considered Doubtful	315.49	314.20
(Includes Rs. 2,71,23,513/- (Previous year Rs. 2,69,87,465/-) from the Southern Pesticides Corporation Ltd. - Subsidiary Company)	<u>1849.03</u>	<u>3750.17</u>
Less : Provision	<u>315.49</u>	<u>314.20</u>
	<b>1533.54</b>	3435.97
<b>(B) Other Debts</b>	<b>2967.88</b>	3790.19
<b>TOTAL</b>	<b><u>4501.42</u></b>	<b><u>7226.16</u></b>

**SCHEDULE 10 - CASH & BANK BALANCES**

(Rs. in Lakhs)

Description	As at 31.3.2007	As at 31.3.2006
a) Cash Balance on hand (including Cheques/Drafts)	5.48	26.38
b) Remittances in Transit	34.10	105.23
c) Balances with Scheduled Banks:		
- In Cash Credit Accounts	1370.84	0.00
- In Current Accounts	622.97	434.99
- In Margin Money/Fixed Deposit Accounts	21.52	9.52
- In Saving Bank Accounts	<u>0.19</u>	<u>0.19</u>
	<b>2015.52</b>	444.70
<b>TOTAL</b>	<b><u>2055.10</u></b>	<b><u>576.31</u></b>

## SCHEDULE 11 - LOANS AND ADVANCES

(Rs. in Lakhs)

Description	As at 31.3.2007	As at 31.3.2006
(Unsecured - considered good except as otherwise stated)		
a) Loan to HIL Co-operative Society	0.30	0.30
b) Interest Accrued on Deposits/Advances	74.57	88.25
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. 14,34,890 : Previous year Rs. 24,07,097)	151.40	161.03
Considered Doubtful	0.02	0.02
	<u>151.42</u>	<u>161.05</u>
Less: Provision	0.02	0.02
	<u>151.40</u>	<u>161.03</u>
Export Incentive receivable		
i) Considered Good	0.00	0.00
ii) Considered Doubtful	13.49	13.49
	<u>13.49</u>	<u>13.49</u>
Less : Provision	13.49	13.49
	<u>0.00</u>	<u>0.00</u>
<b>Others:</b>		
i) Considered good	2059.47	1387.63
ii) Considered Doubtful	42.02	42.02
	<u>2101.49</u>	<u>1429.65</u>
Less: Provision for Bad and Doubtful Advances	42.02	42.02
	<u>2059.47</u>	<u>1387.63</u>
d) Due from Govt. of India/IPFT	184.53	177.81
e) Due from the Southern Pesticides Corporation Ltd. (Subsidiary Company)	2863.99	2863.99
Less : Provisions	2863.99	2863.99
	<u>0.00</u>	<u>0.00</u>
f) Security/Other Deposits	147.45	140.02
g) Balance with Customs, Port Trusts and Central Excise	246.18	150.92
h) Claims Receivable:		
- Considered good	33.32	41.47
- Considered Doubtful	82.33	82.76
	<u>115.65</u>	<u>124.23</u>
Less: Provision	82.33	82.76
	<u>33.32</u>	<u>41.47</u>
<b>TOTAL</b>	<b>2897.22</b>	<b>2147.43</b>
* includes due from :		
- Directors Rs. 10,407 (Previous year Rs. 2,560)		
- Officers Rs. 10,96,030 (Previous year Rs. 13,70,459)		
[(Maximum Balance due :		
Directors Rs. 4,46,697 (Previous year Rs. 36,585)		
Officers Rs. 24,23,300 (Previous year Rs. 21,78,053)]		

**HINDUSTAN INSECTICIDES LIMITED**

**SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS**

(Rs. in Lakhs)

Description	As at 31.3.2007		As at 31.3.2006	
<b>A) CURRENT LIABILITIES:</b>				
a) <b>Sundry Creditors:</b>				
* Small Scale Industrial Undertakings	15.34		28.44	
Others	<u>3665.56</u>	3680.90	<u>3645.98</u>	3674.42
b) Advances from Customers		221.91		114.87
c) <b>Statutory Liabilities:</b>				
- Contributory Provident Fund	30.12		19.24	
- Liability for TDS on interest	<u>0.00</u>	30.12	<u>2.36</u>	21.60
d) Security Deposits/Earnest Money		502.39		450.64
e) Other Liabilities		2070.48		2074.87
f) Interest Accrued but not due on Unsecured Loans		40.16		2.01
g) Interest Capitalised		<u>0.00</u>		<u>627.99</u>
Total (A)		<u>6545.96</u>		<u>6966.40</u>
<b>B) PROVISIONS:</b>				
- For Half Pay Sick Leave		177.31		162.45
- For Gratuity		2224.58		1964.11
- For Leave Salary		892.56		761.78
- For Insurance Claim Suspense		<u>0.00</u>		<u>110.97</u>
Total (B)		<u>3294.45</u>		<u>2999.31</u>
TOTAL (A+B)		<u>9840.41</u>		<u>9965.71</u>
(*as identified by Management)				

### SCHEDULE 13 - MISCELLANEOUS EXPENDITURE

(Rs. in Lakhs)

Description	As at 31.3.2007	As at 31.3.2006
(To the extent not written off or adjusted)		
Research and Development Expenditure	85.12	122.13
Deferred Revenue Expenditure (VRS & Shifting Bonus)	97.00	331.25
<b>TOTAL</b>	<b>182.12</b>	<b>453.38</b>

### SCHEDULE 14 - PROFIT & LOSS ACCOUNT

(Rs. in Lakhs)

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
Opening Balance	-2543.74	-11324.98
Add: Profit/Loss(-) for the year	565.72	2141.27
	<b>-1978.02</b>	-9183.71
Add: Transfer from General Reserve	0.00	6639.97
Closing Balance	<b>-1978.02</b>	<b>-2543.74</b>

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**HINDUSTAN INSECTICIDES LIMITED**

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**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007****SCHEDULE 15 - SALES****(Rs. in Lakhs)**

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
Gross Turnover*	<b>20056.80</b>	17549.90
Less : Excise Duty	<b>2792.08</b>	2614.53
Net Turnover	<b>17264.72</b>	14935.37

\* includes (Refer Note No.8)

- Sale at provisional prices pending final determination thereof; and
- Price differential upon final determination of sales effected in earlier years.

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**SCHEDULE 16 - OTHER INCOME****(Rs. in Lakhs)**

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
a) <b>Interest:</b>		
- From Banks	<b>0.44</b>	1.14
- From Staff and Others	<b>6.04</b>	9.23
b) Rent (including on staff quarters)	<b>1.18</b>	0.69
c) Proceeds of Experimental Farm Produce	<b>1.00</b>	1.93
d) Profit on Sale of Assets	<b>0.58</b>	1.59
e) Excess provisions and unclaimed Credit Balances written back	<b>1.75</b>	0.83
f) Miscellaneous Income	<b>384.97</b>	133.90
TOTAL	<b>395.96</b>	149.31

## SCHEDULE 17 - INCREASE/DECREASE IN STOCK

(Rs. in Lakhs)

Description	Year Ended 31.3.2007		Year Ended 31.3.2006	
<b>A) OPENING STOCK:</b>				
Finished Goods	2280.53		2471.40	
By-Products	0.31		0.25	
Work-in-Progress	530.80	2811.64	467.68	2939.33
Less: Excise duty adjusted		125.16		115.68
Total (A)		<u>2686.48</u>		<u>2823.65</u>
<b>B) CLOSING STOCK:</b>				
Finished Goods		2645.59		2280.53
By-Products		0.39		0.31
Work-in-Progress		1169.30		530.80
Total (B)		<u>3815.28</u>		<u>2811.64</u>
<b>Increase/(Decrease) (B-A)</b>		<u><u>1128.80</u></u>		<u><u>-12.01</u></u>

## SCHEDULE 18 - MATERIALS CONSUMED

(Rs. in Lakhs)

Description	Year Ended 31.3.2007		Year Ended 31.3.2006	
Opening Stock	545.18		609.87	
Purchase	9150.84	9696.02	7901.08	8510.95
Less:				
Adjustments and Transfers	29.27		68.57	
Consumed in other Departments	25.70	54.97	7.72	76.29
Less: Closing Stock		9641.05		8434.66
		704.48		545.18
<b>TOTAL</b>		<u><u>8936.57</u></u>		<u><u>7889.48</u></u>

## HINDUSTAN INSECTICIDES LIMITED

### SCHEDULE 19 - MANUFACTURING EXPENSES

(Rs. in Lakhs)

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
Repacking, Formulation and Drying Charges	10.22	8.25
Packing Materials Consumed	704.54	639.73
Stores & Spares Consumed	11.43	14.26
Carriage Inward	22.51	13.92
Water Charges	78.69	79.91
Power & Fuel	1404.74	1112.40
Laboratory Expenses	10.57	10.71
Research & Development Expenses	1.88	2.24
Other Work Expenses	125.81	74.52
Excise Duty	237.03	138.17
<b>Repairs &amp; Maintenance:</b>		
Plant & Machinery	303.13	314.69
Building	57.71	70.92
TOTAL	2968.26	2479.72

### SCHEDULE 20 - EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in Lakhs)

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
Salaries, Wages & Allowances	3586.48	3290.83
Contribution to Provident Fund	334.13	319.01
Staff Welfare Expenses	850.32	759.27
Contribution to Employees' State Insurance	1.09	0.78
Contribution to HIL Employees Welfare Fund	0.15	0.14
Gratuity	497.50	339.70
Contribution to Kerala and Maharashtra Welfare Fund	0.45	0.46
TOTAL	5270.12	4710.19

## SCHEDULE 21 - SALES, ADMINISTRATION AND OTHER EXPENSES

(Rs. in Lakhs)

Description	Year Ended 31.3.2007	Year Ended 31.3.2006
Rent (Net)	32.20	30.73
Rates & Taxes	53.44	28.74
Insurance	46.69	59.99
Electricity & Water Charges	22.50	20.50
Advertisement	38.85	29.63
Publicity	17.88	17.62
Printing & Stationery Expenses	19.75	21.84
Postage and Communications	32.82	32.27
<b>Travelling Expenses:</b>		
- CMD	3.91	2.21
- Directors	5.78	2.72
- Others	<u>91.47</u>	<u>89.74</u>
	101.16	94.67
<b>Vehicle Expenses:</b>		
- Repairs & Maintenances	6.98	4.85
- Running	<u>5.70</u>	<u>6.14</u>
	12.68	10.99
Legal & Professional Charges	33.86	23.00
<b>Payment to Auditors</b> (including Branch Auditors)		
- Audit Fees	1.20	0.91
- Tax Audit Fees	0.60	0.46
- Reimbursement of Expenses	<u>0.76</u>	<u>1.06</u>
	2.56	2.43
Security Expenses	114.94	109.60
Staff Training Expenses	4.01	2.38
Bank Charges	48.00	52.77
Repairs & Maintenance - Others	19.78	19.34
Freight, Cartage & Handling Expenses	357.09	228.89
Miscellaneous Expenses	106.79	57.00
Computer Expenses	9.37	9.80
Entertainment Expenses	8.27	7.45
Discount on Sales	199.03	68.65
Loss on Sale/Write off Assets	0.13	4.46
Provision for Irrecoverable/Doubtful Debts, Claims & Others	10.90	2838.43
Township Expenses	13.79	13.45
<b>TOTAL</b>	<u><u>1306.49</u></u>	<u><u>3784.63</u></u>

**HINDUSTAN INSECTICIDES LIMITED**

**SCHEDULE 22 - INTEREST**

(Rs. in Lakhs)

Description	Year Ended 31.3.2007		Year Ended 31.3.2006	
On Term Loans	40.16		0.00	
On Others	<u>142.84</u>	183.00	<u>171.53</u>	171.53
Less: Considered attributable and transferred to: - Miscellaneous Expenditure (Schedule 13)		<u>0.12</u>		0.00
<b>TOTAL</b>		<b><u><u>182.88</u></u></b>		<b><u><u>171.53</u></u></b>

**SCHEDULE 23 - PRIOR PERIOD ADJUSTMENTS (NET)**

(Rs. in Lakhs)

Description	Year Ended 31.3.2007		Year Ended 31.3.2006	
	Debit	Credit	Debit	Credit
Sales	349.55	0.00	13.10	0.00
Interest	5.44	0.01	0.00	0.60
Materials	0.00	45.10	0.00	45.05
Manufacturing Expenses	0.00	0.00	0.21	0.00
Personnel Expenses	3.69	0.66	0.05	0.47
Sales & Admn. Expenses	9.11	5.80	2.25	5.09
Depreciation	0.00	272.06	1.06	1.69
Others	11.83	368.18	2.57	5.60
<b>TOTAL</b>	<b><u>379.62</u></b>	<b><u>691.81</u></b>	<b><u>19.24</u></b>	<b><u>58.50</u></b>
<b>NET BALANCE</b>		<b><u><u>312.19</u></u></b>		<b><u><u>39.26</u></u></b>

**SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2006-2007**

**SCHEDULE 24 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

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**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:**

	As at 31.03.2007	As at 31.03.2006
1) Claims against the company not acknowledged as debts	2,69,13,193	3,04,13,193
2) Contracts on Capital Account not provided for (net of advances)	53,34,237	32,98,910
3) Contingent Liabilities:		
a) Bank Gurantees issued on behalf of the Company.	86,97,400	48,27,500
b) Letters of Credit outstanding.	1,18,70,000	11,90,000
c) Counter Guarantees given by the Company in favour of :		
i) Financial Institutions for House Building Loans taken by the Employees of the Company	1,96,24,338	1,39,94,223
ii) IDBI/IFCI/ICICI/LIC for Loans Sanctioned to the Southern Pesticides Corporation Ltd. (Subsidiary Company)	25,53,31,000	22,64,58,000
d) Pay revision arrears	16,50,00,000	16,50,00,000

- 4) 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.
- 5) In case the Counter Guarantees given by the Company in favour of Southern Pesticides Corporation Ltd. (shown above as Contingent Liability), are invoked by Financial Institutions, Govt. of India will provide support, as approved by Cabinet Committee on Economic Affairs (CCEA) on 27<sup>th</sup> July,06.
- 6) No provision has been made in the accounts of the company as at 31.3.2007, in respect of the following amounts which are considered good and recoverable:
  - a) Sundry Debtors:  
Outstanding for more than three years amounting to Rs. 787.48 lakhs (including Rs. 367.89 lakhs due from NVBDCP).
  - b) Loans and Advances:  
Outstanding for more than three years amounting to Rs. 340.18 lakhs.
- 7)
  - 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 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. 232.49 lakhs and raw material and packing material worth Rs. 115.91 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. 229.64 lakhs is awaiting reprocessing. Accordingly no provision has been made for the same.
  - e) Pending investigation, the finished goods of Rs. 0.10 lakhs were found excess on physical verification at RSOs and Units as on 31.03.2007 have not been adjusted in the accounts.
- 8) Difference in the prices adopted in the accounts for 2006-07 over the provisional prices at which supplies to NVBDCP (formerly NAMPA) have been made amounts to Rs. 62.42 lakhs (Rs. 62.42 lakhs Sales & Rs. Nil lakhs Stock). Further, sales for the year includes Rs. 299.40 lakhs towards price difference for the years 2003-04 and 2004-05. Final price for the year 2005-06 were not received till 31.3.2007.
- 9) The amount of exchange difference included in the Profit & Loss Account for the year comprises Rs. 16.31 lakhs (Cr.) for Imports and Rs. 3.33 lakhs (Cr.) for Exports.
- 10)
  - (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 31.03.2007. 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. 2<sup>nd</sup> 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.
- 11) 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.
- 12) The Rehabilitation Package of the company which was recommended by the Board for Reconstruction of Public Enterprises (BRPSE) on 16<sup>th</sup> Nov.,05, has been approved by Cabinet Committee on Economic Affairs (CCEA) on 27<sup>th</sup> July,06. Accordingly, the suitable provisions / adjustments have been made in the account during the year 2005-06 except Rs.6.28 crore capitalised which was kept under Interest (Capitalised) Account, has been adjusted in the current year.
- 13) On production of DDT (supplied to NVBDCP), provision of subsidy of Rs.5 crore from Ministry of Health & Family Welfare, has been made during the year.
- 14) Up to the year 2005-06 the expenditure incurred on Voluntary Retirement of employees under VRS including gratuity and leave encashment was amortised over period of 5 years beginning from the year of relieving. From the year 2006-07, the company has changed its policy and now only the amount of Ex-gratia/ compensation under VRS is amortised in equal instalment over period of 5 years beginning from the year of relieving. Due to this change in accounting policy there is an increase in the expenditure by Rs. 64.63 lakhs in accounts for the year 2006-07.
- 15) The plant & machinery at Endosulfan Technical plant damaged in fire, had been deleted, last year, from Schedule of Fixed Assets, together with the amount of depreciation written off. The amount of insurance claim received amounting to Rs.1.11 crores for the loss of plant & machinery has been treated as income during the year 2006-07.
- 16) Plant & Machinery of gross value Rs. 582.67 lakhs (previous year Rs. 577.40 lakhs), WDV Rs. 4.39 lakhs (previous year Rs. 2.26 lakhs) have been removed from the plants at Udyogamandal unit. Necessary adjustment in the books will be made after analysis of its future use or otherwise.
- 17) Full and final settlement of loan taken from IPCL, was made during year. The difference amounting to Rs.1.16 crore, between the total outstanding as on 31<sup>st</sup> March,06 and settlement amount, has been shown as Other Income in the current year.
- 18) Up to the year 2005-06 the sale of IPL products has been shown as a sales. Considering the opinion given by the Institute of Chartered Accountants of India on similar type of case, from the year 2006-07, only the margin on sale of IPL products have been shown as other income and the sale of IPL products amounting to Rs. 9.99 lakhs ( previous year Rs. 323.16 lakhs) has not been shown as sales.
- 19) A sum of Rs. 59.83 lakhs has been amortised during the current year towards the Shifting Bonus paid in the year 2002-03 to the employees posted at Delhi Unit (previous year Rs. 59.83 lakhs).
- 20) Income Tax Assessment has been completed up to Financial Year 2003-04 (Assessment Year 2004-05). 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.

- 21) Particulars/Breakup of R&D Expenditure as shown in Schedule No.13 is as per Schedule No.24(C).
- 22) 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.
- 23) Keeping in view the nature of business & geographical status of the Company, the Segment Reporting under AS-17 is not applicable.
- 24) 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.
- 25) The names 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 31.03.2007 are as under:
- |    |                                    |   |                |
|----|------------------------------------|---|----------------|
| 1. | M/s.Omni Cans & Printers Pvt. Ltd. | - | Rs. 5,16,871/- |
| 2. | M/s.Organics Plastics Pvt. Ltd.    | - | Rs. 4,69,107/- |
| 3. | M/s.Packaging Remedies             | - | Rs. 1,35,003/- |
| 4. | M/s.Prasad Plastics                | - | Rs. 4,12,771/- |
- 26) Previous years figures have been re-grouped/re-arranged whenever necessary.

**C. RESEARCH AND DEVELOPMENT EXPENSES :**

	<b>Year Ended 31.03.2007 (Rupees)</b>	Year Ended 31.03.2006 (Rupees)
Opening Balance	<b>1,22,13,281</b>	2,83,53,803
Expenditure during the year	<b>8,14,739</b>	36,08,466
Amount Written off/adjusted	<b>45,16,506</b>	1,97,48,988
Closing Balance	<b>85,11,514</b>	1,22,13,281

**HINDUSTAN INSECTICIDES LIMITED**

**D. ADDITIONAL INFORMATION :**

1. Information in 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	2006-2007		2005-2006	
		CMD	Directors	CMD	Directors
		(Rupees)		(Rupees)	
1.	Salary & Allowances	4,71,367	8,41,774	6,57,368	3,90,860
2.	Co. Contribution to P.F	55,782	88,789	77,885	38,590
3.	<b>Perquisites:</b>				
	Medical	7,176	10,764	10,764	5,189
	Canteen	7,260	11,434	10,890	5,250
4.	<b>Provisions/Payments:</b>				
	Gratuity	26,000	21,000	1,63,000	--
	Leave Encashment	30,000	59,845	1,72,289	--
	Half Pay Sick Leave	24,000	16,950	20,833	--
	<b>Total</b>	<b>6,21,585</b>	<b>10,50,556</b>	11,13,029	4,39,889

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 2006-2007**

Item	Unit Licenced/ Installed Capacity	Opening Stock				Production				Sales				Closing Stock				
		Current Year		Previous year		Current Year		Previous Year		Current Year		Previous year		Current Year		Previous year		
		Quantity	Value	Quantity	Value	Quantity	Year	Quantity	Year	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
DDT Technical	MT	6344	222.870	0.00	223.505	0.00	4495.050	4428.681	0.000	0.00	0.00	0.00	0.00	599.598	0.00	222.870	0.00	
DDT Formulation	MT	12688	276.800	266.07	277.055	298.61	6826.000	8563.395	6830.800	7690.97	8563.650	8434.86	287.000	313.95	276.800	266.07		
DDT 75% WP	MT		0.000	0.00	0.000	0.00	620.355	0.000	445.190	915.19	0.000	0.00	175.165	293.36	0.000	0.00		
Mancozeb	MT	1000	159.705	131.19	134.835	109.98	458.925	501.375	0.000	0.00	0.000	0.00	143.228	111.06	159.705	131.19		
BHC Formulation	MT	3000	37.650	0.00	37.650	0.00	0.000	0.000	0.000	0.00	0.000	0.00	37.650	0.00	37.650	0.00		
Malathion Technical	MT	1800	19.135	23.74	171.915	184.79	1301.400	953.450	489.800	532.41	428.294	446.13	89.835	99.23	19.135	23.74		
Malathion Formulation	MT	3200	405.350	205.88	18.350	8.45	2256.000	2121.750	2416.500	1002.46	1734.750	724.12	244.850	114.38	405.350	205.88		
Butachlor Tech.	MT	500	34.030	67.13	17.820	30.53	175.850	274.370	63.400	105.44	165.175	272.73	92.720	183.08	34.030	67.13		
Hiltaklor 50% EC	KL	905	40.360	56.04	51.048	70.47	200.580	166.490	203.333	236.51	182.860	217.88	39.180	54.45	40.360	56.04		
Monocrotophos Technical	MT	300	2.380	5.19	45.706	108.45	118.610	44.350	0.000	0.00	18.820	36.51	9.383	19.41	2.380	5.19		
Hilcron 36% SL	KL	255	45.610	94.51	83.337	171.78	217.500	229.700	219.781	410.32	268.742	498.13	43.193	90.12	45.610	94.51		
Dicofol Tech	MT	150	32.490	131.32	36.913	153.17	49.277	37.515	57.250	223.46	37.000	145.26	12.075	48.50	32.490	131.32		
Hilfol 18.5% EC	KL		19.259	37.80	25.618	49.58	66.080	14.090	59.908	79.26	20.469	37.29	30.627	55.06	19.259	37.80		
Endosulfan Technical	MT	1600	103.500	251.12	0.000	0.00	1213.375	265.375	839.425	1820.56	55.000	123.67	37.078	87.84	103.500	251.12		
Endosulfan Formulation	KL	1910	111.448	199.16	68.389	119.66	1134.100	852.370	1099.760	1622.06	809.153	1322.10	145.394	250.09	111.448	199.16		
Hawk 85% SL	KL		0.857	0.00	4.504	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		93.336	119.89	117.375	147.05	342.090	240.540	388.913	409.68	264.278	310.87	65.405	83.22	93.336	119.89		
Hilbeech 50% WDP	MT		0.245	0.00	3.920	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.245	0.00	0.245	0.00		
Hilcopper	MT		3.965	5.53	9.220	12.44	0.310	39.790	5.033	8.42	45.065	59.18	2.462	4.75	3.965	5.53		
Hilcyperin 10% EC	KL		23.497	36.21	21.679	30.53	6.400	36.620	18.892	24.82	34.797	45.60	10.552	15.24	23.497	36.21		
Hilcyperin 25% EC	KL		13.472	38.97	16.349	43.95	4.260	9.580	8.937	20.28	12.467	29.39	8.538	22.71	13.472	38.97		
Hil Btk	MT		0.993	0.00	0.993	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.993	0.00	0.993	0.00		
Hil Bti	KL		10.105	0.00	10.105	0.00	0.000	0.000	0.000	0.00	0.000	0.00	10.105	0.00	10.105	0.00		
Hilfen 20% EC	KL		10.942	19.15	12.133	20.14	0.000	10.180	3.879	5.95	11.384	15.99	4.883	8.50	10.942	19.15		
Hilmala 50% EC	KL		50.410	58.89	51.340	60.05	256.600	199.430	261.130	272.46	200.287	204.01	46.052	50.44	50.410	58.89		
Hilphate	MT		25.706	80.88	24.328	62.29	105.500	88.204	94.830	243.33	84.009	224.02	36.126	105.09	25.706	80.88		
Hilproturon 75% WP	MT		0.000	0.00	0.000	0.00	10.030	9.956	9.120	18.42	9.956	20.11	0.910	2.14	0.000	0.00		
Hilquin 25% EC	KL		25.191	30.20	30.279	35.18	22.250	16.140	14.919	25.36	21.283	35.48	27.438	34.92	25.191	30.20		
Hilthane M-45	MT		94.542	93.12	66.277	59.90	45.510	0.000	463.948	416.33	448.698	394.39	92.784	86.19	94.542	93.12		
Hilthoate 30% EC	KL		0.461	0.00	0.461	0.54	0.000	0.000	0.000	0.00	0.000	0.00	0.461	0.00	0.461	0.00		
Hilhit 25% EC	KL		0.000	0.00	0.125	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00		
Hilthion	MT		1.000	0.00	1.000	0.00	0.000	0.000	0.000	0.00	0.000	0.00	1.000	0.00	1.000	0.00		
			<b>1865.307</b>	<b>1951.99</b>	<b>1562.227</b>	<b>1777.54</b>	<b>19926.052</b>	<b>19103.351</b>	<b>13994.748</b>	<b>16083.69</b>	<b>13416.137</b>	<b>13597.72</b>	<b>2295.785</b>	<b>2133.73</b>	<b>1865.307</b>	<b>1951.99</b>		

**B. QUANTITATIVE DETAILS IN RESPECT OF CAPACITIES, SALES AND STOCK DURING THE YEAR 2006-2007 (Contd.)** (Rupees 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	Current Year		Previous year		
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
B/F		1865.307	1951.99	1562.227	1777.54	19926.052	19103.351	13994.748	16083.69	13416.137	13597.72	2295.79	2133.73	1865.307	1951.99
PPDDT	MT	14.780	9.56	12.700	10.67	164.955	44.235	0.000	0.00	0.000	0.00	43.795	80.45	14.780	9.56
Phosphomidon Tech	MT	0.000	0.00	2.758	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Plantavax 20% EC	KL	1.775	0.00	1.775	0.00	0.000	0.000	0.000	0.00	0.000	0.00	1.775	0.00	1.775	0.00
Swat-106	MT	0.000	0.00	0.330	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Hilnate	MT	1.510	6.61	0.290	0.59	2.060	1.490	1.760	8.48	0.270	1.34	1.810	8.42	1.510	6.61
Hilmitin	KL	0.037	0.00	0.037	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.037	0.00	0.037	0.00
Saimono	KL	0.030	0.05	0.031	0.05	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.030	0.05
Saifon	KL	0.440	0.73	0.540	0.90	0.000	0.000	0.000	0.00	0.100	0.14	0.440	0.73	0.440	0.73
Streptocycline	MT	0.034	0.00	0.034	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.034	0.00	0.034	0.00
Hiltzim	MT	2.538	6.08	5.713	14.53	7.960	4.940	7.686	15.82	8.114	16.46	2.721	6.41	2.538	6.08
Carboxin	MT	0.000	0.00	0.740	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Hilmit 50 EC	KL	15.669	18.94	20.187	34.96	2.050	11.350	7.280	12.26	15.768	25.88	11.013	22.03	15.669	18.94
Hiltzaphose	KL	10.212	19.76	6.892	19.24	15.020	4.950	16.800	36.86	1.630	3.25	7.907	16.10	10.212	19.76
Hilcartap 4% G	MT	89.865	33.64	103.900	38.04	517.460	497.045	518.974	146.51	533.655	155.75	74.441	25.15	89.865	33.64
Hilmeri 70 WP	KL	0.010	0.14	0.010	0.14	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.14	0.010	0.14
Hilmitida	KL	8.578	62.79	11.341	92.74	71.927	52.587	65.525	389.63	55.425	385.92	15.044	81.01	8.578	62.79
Hilphorate	MT	1.420	0.34	12.010	3.17	0.000	0.000	336.540	108.39	10.590	3.42	44.880	14.10	1.420	0.34
Hilfos	MT	3.367	10.17	0.096	0.30	14.640	3.760	8.619	22.68	0.479	1.26	9.377	28.82	3.367	10.17
Hilalpha 10 EC	KL	9.697	20.35	16.320	33.89	0.000	0.000	2.590	4.36	6.800	12.45	5.058	10.77	9.697	20.35
Prim Rhizo	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	0.040	0.13	0.000	0.00	0.000	0.00
Hilpride	KL	1.222	14.28	0.882	25.67	0.000	0.000	11.918	88.44	3.930	56.02	2.215	12.13	1.222	14.28
Hilvos	KL	12.582	28.93	0.470	1.12	13.520	44.890	13.019	24.27	32.795	65.92	13.039	28.26	12.582	28.93
Hilpower	KL	0.000	0.00	130.000	417.84	0.000	0.000	0.000	0.00	130.000	177.84	0.000	0.00	0.000	0.00
Prim Azospi	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	44.683	148.17	0.000	0.00	0.000	0.00
Prim Azotoplus	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	4.721	7.36	0.000	0.00	0.000	0.00
Prim Phosphofix	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	44.943	147.87	0.000	0.00	0.000	0.00
Sanjeevani	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	6.106	6.97	0.000	0.00	0.000	0.00
Daman	MT	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	3.086	4.59	0.000	0.00	0.000	0.00
Surakasha	MT	0.000	0.00	0.000	0.00	0.000	0.000	0.000	0.00	6.645	8.07	0.000	0.00	0.000	0.00
Hilhunter	KL	7.325	24.89	0.000	0.00	35.910	17.400	32.539	87.57	10.074	29.83	10.705	33.17	7.325	24.89
Hilzole	KL	10.737	25.14	0.000	0.00	7.170	15.850	7.070	14.04	5.130	9.78	10.847	25.53	10.737	25.14
Trinsahi	KL	6.850	15.50	0.000	0.00	33.750	9.960	26.878	53.26	3.110	6.08	13.690	29.14	6.850	15.50
DDVP	KL	12.420	30.64	0.000	0.00	29.280	53.840	11.500	13.50	14.000	17.29	12.450	17.37	12.420	30.64
Hilambada	KL	0.000	0.00	0.000	0.00	8.980	0.000	3.950	9.50	0.000	0.00	5.009	13.57	0.000	0.00
Hilpik	KL	0.000	0.00	0.000	0.00	0.000	0.000	3.204	48.56	0.000	0.00	0.957	19.87	0.000	0.00
Hilfuron	KL	0.000	0.00	0.000	0.00	0.000	0.000	246.240	43.63	0.000	0.00	178.214	31.68	0.000	0.00
Hilmitil	KL	0.000	0.00	0.000	0.00	1.465	0.000	0.000	0.00	0.000	0.00	1.465	7.01	0.000	0.00
By Products	KL	0.000	0.00	0.000	0.00	0.000	0.000	0.000	53.27	0.000	45.86	0.000	0.00	0.000	0.00
<b>Total</b>		<b>2076.406</b>	<b>2280.53</b>	<b>1889.284</b>	<b>2471.39</b>	<b>20852.199</b>	<b>19865.648</b>	<b>15316.839</b>	<b>17264.72</b>	<b>14358.230</b>	<b>14935.37</b>	<b>2762.718</b>	<b>2645.59</b>	<b>2076.406</b>	<b>2280.53</b>

1. Sales as on 31.03.2007 is after taking into consideration sales return of Rs. 71.18 lakhs.  
 2. Closing stock as on 31.03.2007 includes material worth Rs. 229.64 lakhs awaiting reprocessing.  
 3. Quantity purchase - Hilpik 4.161 KL., Hilfuron 424.4535 KL. during 2006-07.

**C. QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIALS CONSUMED**

(Rs. in Lakhs)

S. No.	Items	Unit	Current Year		Previous Year	
			Quantity	Value	Quantity	Value
1.	Alcohol	KL	1039.649	234.13	724.916	147.89
2.	Benzene	KL	35.996	17.69	33.041	13.11
3.	Chlorine	MT	834.938	85.75	561.665	55.43
4.	Oleum	MT	5607.360	156.88	5436.667	141.68
5.	Surfactants	MT	404.049	179.52	469.670	207.33
6.	Phosphorous Pentasulphide	MT	551.079	277.76	404.460	217.36
7.	Precipitated Silica	MT	164.880	49.51	172.498	51.55
8.	Maleic Anhydride	MT	436.335	279.64	335.500	228.67
9.	HCCP	MT	928.808	866.68	208.315	193.46
10.	Butendiol	MT	303.584	445.12	65.950	105.66
11.	Caustic Lye	MT	1212.939	124.32	936.484	83.99
12.	Chloro Acetylene Chloride	MT	80.050	57.59	119.796	89.82
13.	Diethyl Aniline	MT	97.291	129.87	146.051	160.61
14.	C.T.C.	MT	0.000	0.00	11.520	3.79
15.	Chlorpyriphos	KL	38.160	96.40	21.840	59.65
16.	Carbon-Di-Sulphide	MT	234.320	63.00	256.285	65.30
17.	Cyclohexanone	MT	91.096	76.92	118.681	91.29
18.	Normal Butanol Alcohol	MT	120.323	75.60	154.692	82.55
19.	Paraformal Dehyde	MT	30.650	12.86	45.435	21.08
20.	Thionyle Chloride	MT	0.000	0.00	0.000	0.00
21.	Ethylne Diamine	MT	90.770	92.69	101.153	112.94
22.	Manganese Sulphate	MT	264.000	43.36	292.000	66.66
23.	Solvents	KL	173.077	76.72	611.599	69.17
24.	Others			4551.74		4156.78
25.	Technical & Other Materials Consumption For Agro Products			942.82		1463.71
				<b>8936.57</b>		<b>7889.48</b>

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

S. No.	Items	Imported		Indigenous		Total Rs. in Lakhs
		Rs. in Lakhs	Percentage	Rs. in Lakhs	Percentage	
1	Raw Material*	1592.35 (493.27)	17.82 (6.25)	7344.22 (7396.21)	82.18 (93.75)	8936.57 (7889.48)
2	Components Store and Spare Parts**	33.57 (62.96)	7.87 (7.94)	392.92 (730.40)	92.13 (92.06)	426.49 (793.36)

\* 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)

Sl. No.	Expenditure items	2006-2007	2005-2006
1.	Raw Materials & Finished Goods	1460.31	518.51
2.	Components & Spare Parts and Capital Goods	24.44	56.52

**F. EXPENDITURE ON FOREIGN CURRENCY**

(Rs. in lakhs)

Sl. No.	Expenditure Items	2006-2007	2005-2006
1.	Travelling	2.34	0.00

**HINDUSTAN INSECTICIDES LIMITED**

**G. EARNING IN FOREIGN CURRENCY**

(Rs. in lakhs)

Sl. No. Item	2006-2007	2005-2006
1. Export (Calculated on FOB basis)	<b>1233.51</b>	26.69

**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)**

Sl. No. Expenditure Items	2006-2007 (Rupees)	2005-2006 (Rupees)
1. Salaries, Wages & Other benefits to Employees	<b>640057</b>	845453
2. Lease Rent	<b>98820</b>	98820
3. Property Tax	<b>437085</b>	243138
4. Electricity Charges	<b>1163400</b>	1145537
5. Water Charges	<b>381421</b>	474638
6. Repairs & maintenance of building	<b>1060474</b>	879720
7. Guest House Expenses	<b>394142</b>	443944
8. Depreciation on Fixed Assets	<b>263833</b>	281730
Total	<b>4439232</b>	4412980

**EXPENDITURE ON SOCIAL OVERHEADS AS REQUIRED BY GOVERNMENT OF INDIA, MINISTRY OF FINANCE O.M. NO. BPE/(17)/ADV (F)/69 DATED 5.03.1969 (AS FURNISHED BY MANAGEMENT AND NOT VERIFIED BY AUDITORS).**


Sl. No. Expenditure Items	2006-2007 (Rupees)	2005-2006 (Rupees)
1. Maintenance of School & Education Facilities	<b>1521325</b>	2393071
2. Medical Facilities	<b>26968455</b>	25681442
3. Subsidised Transport	<b>8217966</b>	8382375
4. Social & Cultural Activities	<b>173292</b>	185188
Total	<b>36881038</b>	36642076


**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 FURNISHED BY MANAGEMENT AND NOT VERIFIED BY AUDITORS).**

Sl. No. Expenditure Items	2006-2007 (Rupees)	2005-2006 (Rupees)
1. Expenditure on Publicity	<b>1788273</b>	1762301

Schedules 1 to 24 form an integral part of the Accounts and are duly authenticated.

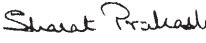
As per our report of even date  
For Raghu Nath Rai & Co.  
Chartered Accountants

  
(S.R. Sahoo)  
Asstt. Co. Secretary

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

  
(R.P. Khandelwal)  
Director (Finance)

  
(K. Harikumar)  
Chairman & Managing Director

  
(Sharat Prakesh )  
Partner

Place : New Delhi  
Dated : 11.7.2007

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2007

	Rs.	Rs.
<b>I. CASH FLOW FROM OPERATION ACTIVITIES</b>		
Net Profit/(Loss) as per profit and loss account		<b>56,571,933</b>
<b>A. Adjustment for:</b>		
ADD:		
i. Miscellaneous expenditure written off	28,975,986	
ii. Depreciation	32,335,654	
iii. Loss on sale of Fixed Assets	13,107	
	61,324,747	
LESS:		
i. Interest Income	648,279	
ii. Interest on Term Loan	11,625,275	
iii. Prior Period Income	26,661,849	
iv. Profit on sale of Fixed Assets	57,604	
	38,993,007	
Operating Profit Before Working Capital Changes	78,903,673	
<b>B. (INCREASE)/DECREASE IN CURRENT ASSETS</b>		
i. Decrease in Debtors	272,473,793	
ii. Increase in Stock	(92,829,231)	
iii. Increase in loans and advances	(76,346,125)	
<b>C. INCREASE / ( DECREASE) IN CURRENT LIABILITIES</b>		
Increase in Current Liabilities	45,664,864	
Miscellaneous Expenditure Incurred	(1,849,700)	
	226,017,274	
<i>Net Cash Flow from Operating Activities</i>		<b>226,017,274</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
i. Purchase of Fixed Assets	(18,479,831)	
ii. Increase in Capital Work In Projects	(2,018,529)	
iii. Expenditure on New Projects	-	
iv. Proceeds from Sale of Fixed Assets	62,599	
v. Interest Received	2,016,600	
vi. Increase in Investment	-	
	(18,419,161)	
<i>Net Cash Flow from Investing Activities</i>		<b>(18,419,161)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
i. Decrease in Secured Loans	(127,719,373)	
ii. Increase in Unsecured Loans	68,000,000	
	(59,719,373)	
<i>Net Cash Flow from Financing Activities</i>		<b>(59,719,373)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>147,878,740</b>
<b>CASH AND CASH EQUIVALENT AS ON 01.04.2006 ( See Note )</b>		<b>57,631,265</b>
<b>CASH AND CASH EQUIVALENT AS ON 31.03.2007 ( See Note )</b>		<b>205,510,005</b>

## HINDUSTAN INSECTICIDES LIMITED

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### NOTE TO CASH FLOW STATEMENT

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

	<u>As at 31.03.2007</u>	<u>As at 31.03.2006</u>
Cash in hand	548,303	2,638,294
Remittances in Transit	3,409,525	10,523,286
Balances with banks	201,552,177	44,469,685
Total	<u>205,510,005</u>	<u>57,631,265</u>

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As per our report of even date  
For Raghu Nath Rai & Co.  
Chartered Accountants



(S.R. Sahoo)  
Asstt. Co. Secretary

Place : New Delhi  
Dated : 11.7.2007



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



(R.P. Khandelwal)  
Director (Finance)



(K. Harikumar)  
Chairman & Managing Director

  
(Sharat Prakesh )  
Partner

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No.  State Code  (Refer Code list)

Balance Sheet Date     
 Date Month Year

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

Public Issue	Rights Issue	Govt.
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
Bonus Issue	Private Placement	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	

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

Total Liabilities	Total Assets
<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="2"/>	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="2"/>

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

#### Sources of Funds

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

Secured Loans	Unsecured Loans
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

#### Application of Funds

Net Fixed Assets (Including New projects under Erection)	Investments
<input type="text"/> <input type="text"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/>

Net Current Assets	Misc. Expenditure
<input type="text"/> <input type="text"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/>

Accumulated Losses
<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="2"/>

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

Turnover	Total Expenditure (Net)																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td>1</td><td>7</td><td>2</td><td>6</td><td>4</td><td>7</td><td>2</td></tr> </table>			1	7	2	6	4	7	2	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td>1</td><td>9</td><td>0</td><td>1</td><td>7</td><td>8</td><td>3</td></tr> </table>			1	9	0	1	7	8	3
		1	7	2	6	4	7	2											
		1	9	0	1	7	8	3											

Profit/Loss before tax	Profit/Loss after tax																
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td>+</td><td> </td><td> </td><td>5</td><td>9</td><td>4</td><td>0</td><td>0</td></tr> </table>	+			5	9	4	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td>+</td><td> </td><td> </td><td>5</td><td>6</td><td>5</td><td>7</td><td>2</td></tr> </table>	+			5	6	5	7	2
+			5	9	4	0	0										
+			5	6	5	7	2										


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


Earning per Share in rupees during the year	Dividend rate %												
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>2</td></tr> </table>								6	2	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td>N</td><td>I</td><td>L</td></tr> </table>	N	I	L
							6	2					
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, Kolkata-700 001.

  
(S.R. Sahoo)  
Asstt. Co. Secretary

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

  
(R.P. Khandelwal)  
Director (Finance)

  
(K. Harikumar)  
Chairman & Managing Director

Place : New Delhi  
Dated : 11 July, 2007

## 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 at 31.3.2007	As at 31.3.2006
1.	The Financial Year of the Subsidiary Company ended on	31.3.2007	31.3.2006
2.	Shares of the Subsidiary Company held by HIL on the above date.		
	(i) Number	<b>49,666 of</b>	49,666 of
		<b>Rs. 1000/- each</b>	Rs. 1000/- each
	(ii) Extent of Holding	<b>76%</b>	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 in the accounts of HIL for the year	<b>Nil</b>	Nil
	(ii) Not dealt with in the accounts of HIL for the year	<b>(-) 11,34,92</b>	(-) 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	<b>Nil</b>	Nil
	(ii) Not dealt with in the account of HIL for the year	<b>(-) 32,45,02</b>	(-) 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 2006-07 are not available.