

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

My colleagues on the Board and I have great pleasure in welcoming you to the 54th Annual General Meeting of the Company. The Directors' Report and the statements of Annual Accounts for the year ended 31st March, 2008 together with the Report of Statutory Auditors and with "NIL" comments from CAG of India thereon have already been circulated, and with your permission, I take them as read.

HIL, which was incorporated in 1954 for manufacture of DDT for the control of malaria, has played a pivotal role in improving the rural health of India. Before HIL started production of DDT, there were 75 million reported cases of malaria per year, which have come down to 2 million annually in 2001, thereby saving not only the precious lives and huge spend on the health budget, but also improving the financial health of the rural poor as malaria also results in loss of wages due to absence of work, reduced productivity, etc. The success India could achieve in control of malaria due to effective use of DDT has been well appreciated in the public health circles globally.

The company continues to be the sole supplier of DDT for the National Vector Borne Disease Control Programme of Ministry of Health, Govt. of India and has earned a name as a dependable quality supplier.

Expanding the social commitment perspective beyond the national boundaries, HIL decided to focus in Africa where every second a child dies due to malaria. With a renewed focus on DDT as the most effective tool in the fight against malaria, which is endorsed by WHO, with more and more countries in Africa choosing to switch back to DDT, HIL finds a great potential and has positioned itself as a global DDT supplier. In the year 2007-08, your company exported DDT to countries like Mozambique, Gambia, etc.

HIL has also played an important role in improving the agricultural productivity of India. In spite of difficulties and challenges like fragmented land holdings (86% of farms less than an acre), limited access to credit, extension, infrastructure and markets, India has become the second largest food producer in the world. India is also the second largest producer for many principal food crops like rice, wheat, etc. but suffers a crop loss of about Rs. 1,40,000 crores/year and judicious use of pesticides can control this to a very great extent. China whose population size is comparable to India produces 500 million tonnes of foodgrains though they have lesser agricultural land than India. It is worth mentioning here that India is one of the lowest pesticide consuming countries in the Globe with a consumption of less than 500 gm/hectare and hardly only one fourth of crop area is protected against pests and crop protection is highly limited to irrigated crops. 90% of rainfed area receive no crop protection. India by adopting scientific agricultural practices involving right use of farm inputs like seed, fertilizers and pesticides can equal China's agricultural productivity which is now twice that of India. To feed the ever increasing population, ensure food security and maintain the growth momentum of our economy, agriculture has to grow beyond 4% per annum and to achieve this, chemical pesticide is a key input.

With over 140 million hectares of cultivable land, abundant sunlight and vast human resources in rural areas, India can, indeed, be the food basket of the world.

I am pleased to state that while meeting its social commitments as a responsible PSU, HIL has not forgotten its responsibility as a commercial undertaking and continued to improve its performance. The company posted an all time record gross sales turnover of Rs.210.19 crores as against Rs.200.57 crores in the year 2006-07 and a gross profit of Rs.11.63 crores as against Rs.11.00 crores in the previous year.

It is a matter of great pride for all of us in HIL that this record was achieved inspite of 12% reduction in DDT orders from Ministry of Health and the turnover from DDT was only Rs.85.47 crores in 2007-08 as against Rs.91.58 crores in 2006-07. The gross agro chemical turnover grew by 12.80%, which is more than the industry average, to Rs.103 crores in 2007-08 from Rs. 91.32 crores in 2006-07.

The company also achieved highest ever export turnover of Rs.21.20 crores (more than US\$ 5 million) during the year.

It is my pleasure to inform you that the company which signed a Memorandum of Understanding with the Govt. in 2007-08, after a long gap, is likely to get 'Excellent' ranking as per self evaluation.

In its pursuit of unlocking the potential of land assets, your company is moving ahead for generating additional revenue by grant of development rights for HIL's land at Guru Gobind Singh Marg, New Delhi.

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

Your Company has seen many ups and downs in the past and inspite of various adverse conditions 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, Cost Accounts Branch, Ministry of Finance, Company's Bankers, Auditors and all the shareholders and look forward for their continued support. My sincere thanks to the employees of HIL at all levels. I would like to place on record that but for their contribution and dedication, the results achieved would not have been possible. I expect the same determination and spirit to continue in future to improve the performance of the Company.

Thanking you all.

New Delhi,
August 29,2008

(K. Harikumar)
Chairman & Managing Director.

DIRECTORS' REPORT

To
The Members

On behalf of the board of Directors, I am privileged to present the 54th 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, 2008.

1. FINANCIAL PERFORMANCE:

Your company continued to improve its performance and posted operational profits for yet another year. The company achieved an all time record gross turnover of Rs.210.19 crores (Previous year Rs.200.57 crores) and recorded a gross profit of Rs.11.63 crores (previous year gross profit of Rs.11.00 crore) before providing for depreciation and interest. The net profit for the year after providing for depreciation and interest was at Rs.6.52 crore (previous year net profit of Rs.5.66 crore). The current year's financial results are summarized as under:-

Description	(Rs. in crore)	
	2007-08	2006-07
Gross Profit (Profit before depreciation, interest and tax)	11.63	11.00
Less: Depreciation	3.31	3.23
Interest	1.26	1.83
Profit before tax	7.06	5.94
Fringe Benefit Tax	0.54	0.28
Net Profit for the year	6.52	5.66
Add: Brought forward loss	(-) 19.78	(-) 25.44
Profit/Loss carried forward	(-) 13.26	(-) 19.78

The accumulated losses of the company have been brought down to Rs.13.26 crores from Rs.19.78 crores the previous year and the net worth of the company has increased to Rs.76.52 crores as against net worth of Rs. 69.73 crores the previous year.

2. PRODUCTION PERFORMANCE:

The total production achieved during the current year was 19,845 MT/KL against 20,852 MT/KL during the previous year. Reduction in the total production was due to lower quantity of DDT ordered by Ministry of Health & Family Welfare. The production of non DDT products have increased from 8746 MT/KL during 2006-07 to 9699 MT/KL during 2007-08. The Company achieved highest ever production in products like Malathion Technical and its various Formulations and Endosulfan Technical and its Formulations.

3. SALES PERFORMANCE:

The gross sales turnover during the year was Rs.210.19 crore as against Rs.200.57 crore during the previous year inspite of 12% reduction in order for DDT from NVBDCP, Ministry of Health & Family Welfare. The turnover achieved is the highest since inception.

3.1. NVBDCP SALES:

Ministry of Health & Family Welfare continued to remain as the 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:

	2007-2008		2006-2007	
	Qty. (MT)	Value (Rs.in crore)	Qty. (MT)	Value (Rs.in crore)
DDT (F)	6000	85.47	6825	91.58
MALATHION	27.250	0.52	44	0.55
TOTAL		85.99		92.13

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.103.00 crore during the year as against Rs.91.32 crore during the previous year, thereby registering a growth rate of more than 12.80%. The Company could achieve highest ever sales in products like Malathion 25% WP, Hilmala, Hildan etc.

3.3 EXPORTS:

The company achieved an export turnover of Rs.21.20 crore (previous year Rs.17.12 crore) of Malathion Technical, Endosulfan Technical & its formulation and DDT 75%. Your company earned highest ever foreign exchange of more than 5 Million dollars towards the export of our products to various countries.

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 organisation with unparalleled performance and the Rajbhasha Golden Shield for implementation of Official Language.

Rasayani unit which was accredited with ISO:9001 certification during 2004-05, and International Environment Standard of ISO:14000 in 2005-06 obtained the certificate of compliance of Occupational Health and Safety Management System in June,2007.

Bathinda unit also made similar efforts to achieve Quality System Standards and was awarded ISO-9001:2000 certification from Bureau of Indian Standard (BIS). Udyogamandal unit renewed its ISO:9001 accreditation and also won the best safety performance award from National Safety Council – 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 currently operates the Voluntary Retirement Scheme only for unqualified/excessive employees of Bathinda Unit.

Manpower: The total manpower as on 31.03.2008 was 1534 employees, comprising of 286 executives and 1248 non-executives compared to 1602 employees comprising of 297 executives & 1305 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 31.03.2008 was :-

	<u>No.</u>
Scheduled Castes	222
Scheduled Tribes	86
OBC	690

Total	998

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

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

2. Assist local bodies in the supply of drinking water, in setting up of Primary Health Centres etc. as and when such requirements arose. The majority of beneficiaries belong to SCs & STs communities.

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

During the year, the company has been awarded the **Golden Shield** by the Hon'ble Minister of Chemicals & Fertilizers, Sri Ram Vilas Paswan for best performance in "A" Region to increase the use of Hindi in official work among all PSUs under the Department of Chemicals & Petrochemicals.

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

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

During the year, 10 employees of the Head Office & Units got cash awards and certificates and 13 employees got certificate in the various Hindi Competitions conducted by the Kendriya Sachivalaya Hindi Parishad.

During the year, the Sub-Committee of Parliament on Official language inspected the Head Office of the Company and the performance of the Company was appreciated.

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 the period under review;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the Annual Accounts on a "going concern" basis.

11. COMPLIANCE WITH CORPORATE GOVERNANCE:

Hindustan Insecticides Limited is a Government Company, the entire shareholding is held by Govt. of India. Although Corporate Governance is not mandatory to HIL, however HIL has been continuously making efforts towards raising the standards of Corporate Governance. Report on Corporate Governance is annexed as Annexure-I.

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

In accordance with the provisions of the Code of Corporate Governance, a Code of Conduct for the Board members and senior management was framed and made effective by the Board w.e.f. 1st July 2008.

13. BOARD OF DIRECTORS:

The following Directors retired at the conclusion of the 53rd Annual General Meeting of your Company held on 30.8.2007.

1. Shri K. C. Misra.
2. Ms Asha Rani Rungta.

Shri K. C. Misra and Ms Asha Rani Rungta were re-appointed as Part time official Directors w.e.f. 6.9.2007 and again joined the Board of Directors of the Company w.e.f. the said date.

Shri Saubir Bhattacharyya ceased to be a Director as Part time non-official Director w.e.f. 19.9.2007. Board place on record its deep appreciation for the valuable contribution made by him during his tenure of Directorship.

14. 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.

15. 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 2007-08 in respect of the units/offices shown against each:

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.
M/s. P.D.M. Agrawal & Co., Mumbai	Rasayani Unit and Regional Sales Offices at Akola and Ahmedabad.
M/s. George & Sebastian, Kochi	Udyogamandal Unit and Regional Sales Office at Hyderabad and Coimbatore.
M/s. Das Maity & Associates, 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.

16. COST AUDITORS:

The following were appointed as Cost Auditors of the Company for the year 2007-08 in terms of Section 233-B of the Companies Act, 1956.

Shri V. V. Ramankutty, Kochi.	-	Udyogamandal Unit.
Shri B. C. Patel, Kalyan.	-	Rasayani Unit.
Shri H. K. Goel, Delhi	-	Bathinda Unit.

17. REPORTING/REFERENCE TO BIFR:

HIL ceases to be Sick Industrial Company from the purview of BIFR under Section 3(1)(0) of the SICA Act with effect from 19.9.2007.

18. SUBSIDIARY COMPANY (SPCL) :

The Subsidiary Company i.e. Southern Pesticides Corporation Limited (SPCL) was ordered to be wound up on 2.4.2002. The Company was officially handed over to Official Liquidator attached to A. P. High Court, Hyderabad. Since, the Company is under liquidation, permission is not required from Ministry of Company Affairs, hence Annual Accounts of SPCL are not enclosed. However, a statement on the holding of interest in the said Company as required under Section 212 of the Companies Act, 1956, is annexed to the Annual Accounts of the Company.

19. 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 2007-08.

For and on behalf of the Board of Directors.

(K. HARIKUMAR)
CHAIRMAN & MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance.

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

Board of Directors

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

During the financial year 2007-08, the following Directors were on the Board of HIL.

Executive Directors:

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

Non-Executive Directors:

Shri K. C. Misra - Joint Secretary,
Ministry of Chemicals & Fertilizers.
Smt. Asha Rani Rungta - Dy. Secretary (Finance),
Ministry of Chemicals & Fertilizers.
Shri Saubir Bhattacharyya - BIFR Nominee Director.

Administrative Ministry has taken up the matter regarding appointment of independent Directors since Directors can be appointed by President of India.

Number of Board Meeting/Attendance of each Directors at Board Meeting and the last AGM held during the year 2007-08.

Date of Meeting	Place of Meeting	Directors present.
28.5.2007	New Delhi	6 Nos
06.07.2007	New Delhi	5 Nos
14.09.2007	New Delhi	6 Nos
19.10.2007	New Delhi	5 Nos
24.12.2007	New Delhi	5 Nos
18.03.2008	New Delhi	5 Nos

Sl. No.	Name of Directors	Number of Board meetings attended.	Attendance at last AGM held on 30.8.07	No. of other Directorship in other companies as on 31.3.08.
1.	Shri K. Harikumar	6 Nos	Yes	Nil
2.	Shri K. C. Misra	6 Nos	No	1 #
3.	Ms Asha Rani Rungta	6 Nos	Yes	1 ##
4.	Shri Saubir Bhattacharyya *	2 Nos	No	Nil
5.	Shri R. P. Khandelwal	6 Nos	Yes	Nil
6.	Shri K. V. George	6 Nos	Yes	Nil

* Ceased to be Director w.e.f. 19.09.2007.

Hindustan Organics Chemicals Ltd.

Karnataka Antibiotics & Pharmaceuticals Ltd.

Audit Committee.

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

1. Shri K. C. Misra, Chairman.
2. Shri K. Harikumar, Member.
3. Ms Asha Rani Rungta, Member.

During the year 2007-08, two Audit Committee Meetings were held on 06.07.2007 & 18.03.2008 which were attended by all three Members.

Remuneration committee.

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

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

Share holders/investors grievance committee.

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

Annual General Meetings.

Sl. No.	Year	Location	Date & Time	Whether any special resolution passed.
1.	2004-05	New Delhi	27.12.2005 (12.00 Noon)	No
2.	2005-06	New Delhi	28.09.2006 (3.00 PM)	Yes
3.	2006-07	New Delhi	30.08.2007 (12.30 PM)	No

Disclosures

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

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

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

Means of communication

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

General shareholders information

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

ANNEXURE TO DIRECTORS' REPORT**FORM A****Form for Disclosure of particulars with respect to Conservation of Energy**

	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
A	POWER AND FUEL CONSUMPTION			
1	ELECTRICITY			
	Total Units	KWH	13376967	12994626
	Total Amount	Rs.	58962843	59139853
	Rate/Unit	Rs.	4.41	4.55
2	FURNACE OIL			
	Quantity	KL	4044.74	4518.66
	Total Amount	Rs.	83140927	76855264
	Rate/KL	Rs.	20555.31	17008.42
3	FUEL OIL (HSD)			
	Quantity	KL	216.12	130.94
	Total Amount	Rs.	7150386	4358359
	Rate/Unit	Rs.	33085.26	33285.16
B.	Consumption per unit of production			
	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
1	DDT TECHNICAL			
	Electricity	KWH	1156	909
	Furnace Oil	LTR	881	793
2	DDT FORMULATION			
	Electricity	KWH	628	562
3	MALATHION TECHNICAL			
	Electricity	KWH	1016	962
	Furnace Oil	LTR	235	279
4	MALATHION FORMULATION			
	Electricity	KWH	89	88
5	ENDOSULFAN TECHNICAL			
	Electricity	KWH	1157	1326
	Furnace Oil	LTR	323	323
6	ENDOSULFAN FORMULATION(HILDAN)			
	Electricity	KWH	25	25

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

	DESCRIPTION	UNIT	CURRENT YEAR	PREVIOUS YEAR
7	MONOCROTOPHOS TECHNICAL			
	Electricity	KWH	1249	1275
	Furnace Oil	LTR	383	377
8	MONOCROTOPHOS FORMULATION			
	Electricity	KWH	25	25
9	BUTACHLOR TECHNICAL			
	Electricity	KWH	496	488
	Furnace Oil	LTR	1126	229
10	BUTACHLOR FORMULATION			
	Electricity	KWH	46	25
11	DICOFOL TECHNICAL			
	Electricity	KWH	4148	6975
	Furnace Oil	LTR	726	1048
12	DICOFOL FORMULATION			
	Electricity	KWH	25	25
13	HILMALA			
	Electricity	KWH	26	25
14	PP DDT			
	Electricity	KWH	214	204
	Furnace Oil	LTR	115	101
15	MANCOZEB			
	Electricity	KWH	1833	2275
	Furnace Oil	LTR	55	65
	Fuel Oil (HSD)	LTR	201	221
16	HILVOS			
	Electricity	KWH	25	25
17	DDVP Technical			
	Electricity	KWH	306	293

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 environment 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 minimize 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 Imidacloprid 17.8% SL formulation has been completed successfully and the pilot plant scale up to 5.0 kg level has been achieved. Shelf life studies are in progress. The recipe is ready for commercial scale up.
 - b) Recipe development of Acetamiprid 20% SP formulation has been completed successfully and the shelf life studies are in progress. Scale up to pilot plant level at 5.0 kg has been achieved successfully. The recipe is ready for commercial scale up.
 - c) Recipe development of Tricyclazole 75% WP formulation has been completed successfully and the shelf-life studies are in the progress. Scale up to pilot plant level at 5.0 kg has been achieved successfully. The

- recipe is ready for commercial scale up.
- d) Recipe development of combination recipe Endosulfan 35% + Cypermethrin 5% EC formulation has been completed successfully and the pilot plant scale up to 5.0 kg level has been achieved. The shelf life studies are in progress. The recipe is ready for commercial scale-up.
 - e) An alternate method in the laboratory scale for the chlorination of DDE to tetra chloro compound in Dicofol process has been developed. The method is viable and is expected to reduce the chlorination Time.
 - f) The in-house impurity profile study of Endosulfan (tech) has been undertaken and the report is matching with international Norms. The report has been submitted for registration of the product in African countries for export market.

3. Future Plan of action

- i) To develop single step process for Thiomethoxam(Tech) from readily available intermediates, standarisation and scale up to a suitable pilot plant level.
- ii) To develop single step process for Imidacloprid(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) To develop recipe for neem oil based eco-friendly botanical pesticide having Azadirachtin 3000 PPM from indigenously available diluents and adjavants.
- v) To develop recipe for neem oil based eco friendly botanical pesticide having Azadirachtin 10,000 PPM from Indigenously available diluents and adjavants.
- vi) To conduct a systematic pilot plant study for the new method of chlorination of DDE to Tetrachloro compound in Dicofol process at a suitable scale with an aim to design the chlorinator at the commercial scale.

- vii) To continue the study for the search of new solvents, fillers, emulsifiers and other raw-materials used in various formulations, which are eco-friendly and cost effective in order to make our products 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. 25,82,538
b)	Recurring	Rs. 56,01,067
c)	Total	Rs. 81,83,605

FORM C

FOREIGN EXCHANGE EARNING & OUTGO:

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

During the year, the Company exported 389.10 MT of Endosulfan Technical, 692.80 MT of DDT 75% WP, 60 MT of Malathion Technical, 8.80 KL of Hilmala 50% EC and 364.44 KL of Hildan.

- ii) Total foreign exchange earnings & outgo:

	<u>(Rs./Crore)</u>
Foreign Exchange Earnings	20.84
Foreign Exchange Outgo	14.11

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE HINDUSTAN INSECTICIDES LIMITED FOR THE YEAR ENDED 31ST MARCH 2008.

The preparation of financial statements of Hindustan Insecticides Limited for the year ended on 31st March 2008 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 15th July 2008.

I on behalf of 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 31st March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

**(Saroj Punhani)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II,
New Delhi.**

Place: New Delhi.
Dated: 27.08.2008.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s **HINDUSTAN INSECTICIDES LIMITED** as at 31st March, 2008 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 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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. 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.

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 31st March, 2008; and
- 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

New Delhi

Dated: 15th July 2008

(SHARAT PRAKASH)

Partner

Membership No. 96267

ANNEXURE

Re: HINDUSTAN INSECTICIDES LIMITED

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.
 - (b) All the assets have been physically verified by the management during the year except at Bathinda. Other than location 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.
- (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.

- (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 Coimbatore, RSO Hyderabad RSO North, Head Office and R&D Centre.
- (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 31st March 2008.
- (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 31st March, 2008 for a period of more than six months from the date they become payable except Sales Tax amounting to Rs.0.63 lakh in case of RSO Akola.
- (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 31st March, 2008 which have not been deposited on account of a dispute is Rs.6,15,597 as Kerela Govt. Sales Tax with the Deputy Commissioner (Appeals) and Rs. 2,80,807 as Central Sales Tax with the Assistant Commissioner(Asst.) in respect of Udyogmandal Unit.
- (x) The Company has not incurred cash losses during the financial year covered by our audit. The accumulated losses of the Company are not more than 50% of its net worth as on 31st March, 2008. 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 31st March, 2008.

- (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.457 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 31st March, 2008.

For RAGHU NATH RAI & Co.
Chartered Accountants

Place: New Delhi
Date: July15, 2008

(SHARAT PRAKASH)
Partner
Membership No. 96267

HINDUSTAN INSECTICIDES LIMITED.**BALANCE SHEET AS AT 31ST MARCH, 2008.**

	SCHEDULE	AS AT 31.3.2008		AS AT 31.3.2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
<u>SHAREHOLDERS' FUNDS</u>					
Share Capital	1	913,324,000		913,324,000	
Reserves & Surplus	2	-	913,324,000	-	913,324,000
<u>LOAN FUNDS</u>					
Secured Loans	3	-		-	
Unsecured Loans	4	117,200,000	117,200,000	75,000,000	75,000,000
TOTAL			<u>1,030,524,000</u>	<u>988,324,000</u>	
APPLICATION OF FUNDS					
<u>FIXED ASSETS</u>					
Gross Block	5	1,099,088,456		1,105,054,934	
Less : Depreciation		797,770,345		797,652,637	
Net Block		<u>301,318,111</u>		<u>307,402,297</u>	
Capital Work-in-Progress		12,593,967	313,912,078	18,541,263	325,943,560
NEW PROJECTS UNDER ERECTION	6		105,332		94,130
INVESTMENTS	7		520,000		520,000
<u>CURRENT ASSETS, LOANS & ADVANCES</u>					
Inventories	8	502,296,191		565,668,215	
Sundry Debtors	9	508,841,740		450,141,757	
Cash and Bank Balances	10	312,155,525		124,261,597	
Loans and Advances	11	222,588,896		289,721,023	
		<u>1,545,882,352</u>		<u>1,429,792,592</u>	
LESS: CURRENT LIABILITIES & PROVISIONS	12	<u>977,958,199</u>		<u>984,041,026</u>	
NET CURRENT ASSETS			567,924,153		445,751,566
MISCELLANEOUS EXPENDITURE	13		15,464,091		18,212,155
PROFIT & LOSS ACCOUNT			132,598,346		197,802,589
Deficit as per Accounts annexed					
TOTAL			<u>1,030,524,000</u>		<u>988,324,000</u>

Accounting Policies and Notes on Accounts

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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: 15.07.2008

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

(R.P.Khandelwal)
Director (Finance)

(K. Harikumar)
Chairman & Managing Director

(Sharat Prakash)
Partner
Membership No. 96267

HINDUSTAN INSECTICIDES LIMITED.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	<u>SCHEDULE</u>	<u>YEAR ENDED</u> 31.03.2008 Rs.	<u>YEAR ENDED</u> 31.03.2007 Rs.
<u>INCOME</u>			
GROSS SALES	14	2,101,947,050	2,005,679,622
LESS: EXCISE DUTY		<u>243,529,058</u>	<u>279,207,811</u>
NET SALES		1,858,417,992	1,726,471,811
TERMINAL BENEFITS FOR DELHI UNIT		40,692,887	-
SUBSIDY ON SALE OF DDT		40,000,000	50,000,000
PROFIT ON SALE OF ASSETS OF DELHI UNIT		27,027,347	-
EXPORT BENEFITS		-	1,015,754
OTHER INCOME	15	20,287,280	39,595,538
INCREASE/(DECREASE) IN STOCK	16	-18,348,200	112,880,432
		<u>1,968,077,306</u>	<u>1,929,963,535</u>
<u>EXPENDITURE</u>			
MATERIALS CONSUMED	17	827,672,356	893,656,849
MANUFACTURING EXPENSES	18	322,292,905	296,826,254
EMPLOYEES' REMUNERATION AND BENEFITS	19	558,077,825	527,011,860
SALES, ADMINISTRATION AND OTHER EXPENSES	20	150,430,569	130,648,975
INTEREST	21	12,577,167	18,287,907
DEPRECIATION		33,100,775	32,335,654
MISCELLANEOUS EXPENDITURE WRITTEN OFF		2,871,495	3,014,804
		<u>1,907,023,092</u>	<u>1,901,782,304</u>
PROFIT FOR THE YEAR		61,054,214	28,181,231
PRIOR PERIOD ADJUSTMENTS (NET)	22	9,532,169	31,218,377
PROFIT BEFORE TAX FOR THE YEAR		70,586,383	59,399,608
FRINGE BENEFIT TAX		5,382,140	2,827,676
NET PROFIT FOR THE YEAR		<u>65,204,243</u>	<u>56,571,931</u>
ADD: DEFICIT BROUGHT FORWARD		-197,802,589	-254,374,520
BALANCE (DEFICIT) CARRIED TO BALANCE SHEET		<u>-132,598,346</u>	<u>-197,802,589</u>
Accounting Policies and Notes on Accounts	23		

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

(S.R.Sahoo)
Asstt. Co. Secretary
Place: New Delhi.
Dated: 15.07.2008.

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

(R.P.Khandelwal)
Director (Finance)

(K. Harikumar)
Chairman & Managing Director

(Sharat Prakash)
Partner
Membership No. 96267

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2008**

SCHEDULE 1 - SHARE CAPITAL:	<u>AS AT 31.3.2008</u>		<u>AS AT 31.3.2007</u>	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
10,00,000 Equity Shares of Rs.1,000/- each		1,000,000,000		1,000,000,000
Issued, Subscribed and Paid-up:				
9,13,324 (Previous year 9,13,324) Equity Shares of Rs.1,000/- each fully paid-up (Note: Out of above 2,847 Equity Shares have been allotted as fully paid-up Shares pursuant to a contract for consideration other than cash)		913,324,000		913,324,000
		<u>913,324,000</u>		<u>913,324,000</u>

SCHEDULE 2 - RESERVES AND SURPLUS:	As on 31.03.2007	Additions During 2007-08	Deductions During 2007-08	As on 31.03.2008
Capital Reserve:	-	-	-	-
GENERAL RESERVE	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE 3 - SECURED LOANS:	<u>AS AT 31.3.2008</u>		<u>AS AT 31.3.2007</u>	
	Rs.	Rs.	Rs.	Rs.
From Bank (Secured by hypothecation of raw-materials, work-in-progress, finished goods and book debts)		-		-
		<u>-</u>		<u>-</u>

SCHEDULE 4 - UNSECURED LOANS:				
Term Loans:				
- Govt of India	117,200,000		71,500,000	
Interest Accrued and due	-		-	
		117,200,000		71,500,000
- Others				
- Indian Petro Chemicals Ltd.				3,500,000
(Note: Amount due within 12 months Rs.2,25,22,500/- Previous year Rs. 35,00,000/-)				
TOTAL		<u>117,200,000</u>		<u>75,000,000</u>

HINDUSTAN INSECTICIDES LIMITED.

SCHEDULE 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION					NET BLOCK		
	COST AS AT 01.04.2007	ADDITIONS INCLUDING TRANSFER DURING THE YEAR	SALES/ TRANSFER WRITE OFF DURING THE YEAR	TOTAL COST AS AT 31.03.2008	RATE OF DEPRN. (%)	UPTO 01.04.2007	DURING THE YEAR	WRITTEN BACK ADJUSTED DURING THE YEAR	TOTAL UPTO 31.03.2008	AS AT 31.03.2008	AS AT 01.04.2007
1. LAND											
a) FREEHOLD	19756501	0	0	19756501		0	0	0	0	19756501	19756501
b) LEASEHOLD	24752455	0	0	24752455	1.00	2102794	249655	0	2352449	22400006	22649661
2. BUILDING											
a) FACTORY BUILDING	118740132	11080630	-544852	129275910	3.34	54921932	2948875	-541944	57328863	71947047	63818200
b) OFFICE BUILDING	13966782	0	-353314	13613468	1.63	7123970	170788	-353146	6941612	6671856	6842812
c) TOWNSHIP	25389131	0	0	25389131	1.63	19947799	270238	0	20218037	5171094	5441332
3. PLANT, MACINERY AND EQUIPMENTS											
a) PLANT & MACHINERY	817822832	14930553	-28418786	804334599	10.34	658250110	26506028	-28373317	656382821	147951778	159572722
b) LAB.FIRE SAFETY EQUIPT.	24737554	459460	-1082723	24114291	4.75	17054521	559279	-1082526	16531274	7583017	7683033
c) SERVICE EQUIPMENT	1359676	0	0	1359676	9.50	1132797	42382	0	1175179	184497	226879
4. RAILWAY SIDING	3535736	0	0	3535736	4.75	3535735	0	0	3535735	1	1
5. FURNITURE, FIXTURES AND OFFICE EQUIPMENTS											
a) FURNITURE & FIXTURES	7070655	143306	-603594	6610367	6.33	6679001	132119	-600787	6210333	400034	391654
b) OFFICE EQUIPMENT	7738244	273400	-735996	7275648	4.75	5124542	234547	-732253	4626836	2648812	2613702
c) COMPUTER	10346294	93470	0	10439764	16.21	7913861	837365	0	8751226	1688538	2432433
d) TYPEWRITER & DUPLICATOF	1106239	630	-376312	730557	4.75	1087575	2537	-376190	713922	16635	18664
e) LIBRARY BOOKS	962007	8758	-15396	955369	10.00	907352	10252	-13861	903743	51626	54655
6. VEHICLES	5140058	0	-639588	4500470	9.50	3338971	273131	-639572	2972530	1527940	1801087
7. TUBEWELL	573181	0	-293525	279656	1.63	486089	3593	-293520	196162	83494	87092
8. STREET YARD LIGHTING	21986649	107401	0	22094050	4.75	8006184	879029	0	8885213	13208837	13980465
9. MEDICAL EQUIPMENT	70808	0	0	70808	7.07	39404	5006	0	44410	26398	31404
TOTAL	1105054934	27097608	-33064086	1099088456		797652637	33124824	-33007116	797770345	301318111	307402297
PREVIOUS YEAR	1146383849	31302457	-72631373	1105054934		793574475	32341370	-28263208	797652637		
CAPITAL WORK IN PROGRESS										12593967	18541263
TOTAL										313912078	325943560
The Depreciation has been charged as under:-										Current Year	Previous Year
(a) Profit & Loss Account.....										33100775	32335654
(b) Capital Project Adjustments.....										24049	5716
Total										33124824	32341370

HINDUSTAN INSECTICIDES LIMITED.
SCHEDULE-6: NEW PROJECTS UNDER ERECTION

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	AS AT 01.04.2007	ADDITIONS DURING THE YEAR	SALES/ ADJUSTMENT/ CAPITALISED DURING THE YEAR	AS AT 31.03.2008	AS AT 01.04.2007	DURING THE YEAR	WRITTEN BACK ADJUSTED DURING THE YEAR	AS AT 31.03.2008	AS AT 31.03.2008	AS AT 01.04.2007
CWIP-BUILDING	0	105332	0	105332	0	0	0	0	105332	0
CWIP-PLANT & MACHINERY	94130	0	-94130	0	0	0	0	0	0	94130
TOTAL	94130	105332	-94130	105332	0	0	0	0	105332	94130
Total of Previous Year	94130	0	0	94130	0	0	0	0	94130	

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2008**

SCHEDULE 7- INVESTMENTS(Long Term-Unquoted)	AS AT 31.3.2008		AS AT 31.3.2007	
	Rs.	Rs.	Rs.	Rs.
a) Shares in Subsidiary Company (Trade):				
49666 Equity Shares of Rs.1000/- each in the SPCL	49,666,000		49,666,000	
Less : Provision for fall in value	49,666,000	-	49,666,000	-
b) Shares in Co-Operative Societies (Non-trade):				
(Fully paid Equity Shares of Rs.100 each)				
100 Shares in HIL Employees Co-operative Credit Society Ltd.,Udyogamandal	10,000		10,000	
100 Shares in HIL Consumer Co-operative Stores Ltd., Udyogamandal	10,000	20,000	10,000	20,000
Share Money Advance to Kerala Enviro Infrastructure Ltd. (Pending Allotment)		500,000		500,000
TOTAL		520,000		520,000

SCHEDULE 8 - INVENTORIES:

(As taken, valued and certified by the Management)

A. Stock-in-trade (including in transit)

i) Raw Materials	70,663,455		86,106,235	
ii) Work-in-Progress	123,452,660		116,929,929	
iii) Finished Goods	215,984,836	410,100,951	264,559,155	467,595,319
B. By-Products		39,496		39,496
C. Stores and Spares		91,993,851		97,842,193
D. Loose Tools		161,893		191,207
TOTAL		502,296,191		565,668,215

SCHEDULE 9 - SUNDRY DEBTORS (Unsecured):

(Considered good, unless otherwise stated below):

(A) Debts Outstanding for a period exceeding six months:

i) Considered Good	110,655,756		153,353,650	
ii) Considered Doubtful	31,549,065		31,549,065	
(Includes Rs. 2,71,23,513/-)	142,204,821		184,902,715	
(Previous year Rs.2,71,23,513/-) from the Southern Pesticides Corporation Ltd.-Subsidiary Company)				
Less: Provision	31,549,065	110,655,756	31,549,065	153,353,650
(B) Other debts :		398,185,984		296,788,107
TOTAL		508,841,740		450,141,757

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2008**

	AS AT 31.3.2008		AS AT 31.3.2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10 - CASH AND BANK BALANCES				
a) Cash Balance on hand (including Cheques/Drafts)		27,501,715		548,303
b) Remittances in Transit		16,432,335		3,409,525
c) Balances with Scheduled Banks:				
- In Cash Credit Accounts	194,177,466		55,835,072	
- In Current Accounts	71,748,050		62,296,868	
- In Margin Money /Fixed Deposit Accounts	2,276,531		2,152,401	
- In Saving Bank Accounts	19,428		19,428	
		<u>268,221,475</u>		<u>120,303,769</u>
TOTAL		<u>312,155,525</u>		<u>124,261,597</u>

SCHEDULE 11 - LOANS AND ADVANCES

(Unsecured-considered good except as otherwise stated)

a) Loan to HIL Co-operative Society		30,000		30,000
b) Interest Accrued on Deposits /Advances		6,303,626		7,457,114
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.8,74,035/- : Previous year Rs.14,34,890)	17,433,064		15,140,000	
Considered Doubtful	1,811		1,811	
	<u>17,434,875</u>		<u>15,141,811</u>	
Less: Provision	1,811	17,433,064	1,811	15,140,000
Export Incentive receivable				
i) Considered good	-		-	
ii) Considered Doubtful	1,348,900		1,348,900	
	<u>1,348,900</u>		<u>1,348,900</u>	
Less: Provision	1,348,900	-	1,348,900	-
- Others:				
i) Considered good	145,057,082		205,946,774	
ii) Considered Doubtful	4,202,449		4,202,449	
	<u>149,259,531</u>		<u>210,149,223</u>	
Less: Provision for Bad and Doubtful Advances	4,202,449	145,057,082	4,202,449	205,946,774
d) Due from Govt. of India /IPFT)		17,390,468		18,452,904
e) Due from the Southern Pesticides Corporation Ltd. (Subsidiary Company)	286,398,664		286,398,664	
Less: Provision	286,398,664	-	286,398,664	-
f) Security/Other Deposits		15,163,714		14,744,762
g) Balance with Customs,Port Trusts and Central Excise		18,025,358		24,617,715
h) Claims Receivable:				
- Considered good	3,185,584		3,331,754	
- Considered Doubtful	8,253,352		8,232,729	
	<u>11,438,936</u>		<u>11,564,483</u>	
Less: Provision	8,253,352	3,185,584	8,232,729	3,331,754
TOTAL		<u>222,588,896</u>		<u>289,721,023</u>

* includes due from:

-Directors Rs.2,500/- (Previous year Rs.10,407)

-Officers Rs.12,01,474/- (Previous year Rs.10,96,030)

(Maximum Balance due:

Directors Rs.2,24,701/- (Previous year Rs.4,46,697)

Officers Rs.18,03,081/- (Previous year Rs.24,23,300)

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2008**

	AS AT 31.3.2008		AS AT 31.3.2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS				
(A) CURRENT LIABILITIES:				
a) Sundry Creditors:				
* Small Scale Industrial Undertakings	2,417,445		1,533,752	
Others	<u>272,998,741</u>	275,416,186	<u>366,556,212</u>	368,089,964
b) Advances from Customers		55,924,776		22,190,970
c) Statutory Liabilities:				
- Contributory Provident Fund	1,882,228		3,011,661	
- Liability for TDS on interest	<u>-</u>	1,882,228	<u>-</u>	3,011,661
d) Security Deposits/Earnest Money		47,160,221		50,239,376
e) Other Liabilities		206,839,297		207,048,151
f) Interest Accrued but not due on Unsecured Loans		4,991,000		4,015,904
Total (A)		<u>592,213,708</u>		<u>654,596,026</u>
(B) PROVISIONS:				
- For Half Pay Sick Leave		23,461,402		17,731,000
- For Gratuity		249,117,209		222,458,000
- For Leave Salary		113,119,516		89,256,000
- For Bonus		<u>46,364</u>		<u>-</u>
Total (B)		<u>385,744,491</u>		<u>329,445,000</u>
TOTAL (A+B)		<u>977,958,199</u>		<u>984,041,026</u>

(* as identified by Management)

SCHEDULE 13 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Research and Development Expenditure	7,471,366	8,511,514
Deferred Revenue Expenditure (V.R.S.)	7,992,725	9,700,641
TOTAL	<u>15,464,091</u>	<u>18,212,155</u>

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008**

	Year Ended 31.03.2008		Year Ended 31.03.2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 14 - SALES				
* Gross Sales		2,101,947,050		2,005,679,622
Less: Excise Duty		243,529,058		279,207,811
Net Sales		1,858,417,992		1,726,471,811
* 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				

SCHEDULE 15 - OTHER INCOME

a) Interest:				
- From Banks	3,651,141		43,842	
- From Staff and Others	433,350		604,437	
		4,084,491		648,279
b) Rent (including on staff quarters)		454,184		118,447
c) Proceeds of Experimental Farm Produce		80,779		99,598
d) Profit on Sale of Assets		69,584		57,604
e) Excess Provisions and Unclaimed Credit Balances written back		123,093		174,753
f) Miscellaneous Income		15,475,149		38,496,857
TOTAL		20,287,280		39,595,538

SCHEDULE 16 - INCREASE/(DECREASE) IN STOCK

A) OPENING STOCK:				
Finished Goods	264,559,155		228,053,295	
By-Products	39,496		30,691	
Work-in-Progress	116,929,929		53,080,447	
		381,528,580		281,164,433
Less : Excise duty adjusted		23,703,388		12,516,285
Total		357,825,192		268,648,148
B) CLOSING STOCK:				
Finished Goods		215,984,836		264,559,155
By-Products		39,496		39,496
Work-in-Progress		123,452,660		116,929,929
Total		339,476,992		381,528,580
Increase/(Decrease) (B-A)		-18348200		112880432

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008**

SCHEDULE 17 - MATERIALS CONSUMED:	Year Ended 31.03.2008		Year Ended 31.03.2007	
	Rs.	Rs.	Rs.	Rs.
Opening Stock	70,447,506		54,518,245	
Purchase	820,221,741		915,083,411	
	-----	890,669,247	-----	969,601,656
Less:				
Adjustments and transfers	2,958,827		2,927,031	
Consumed in other Departments	2,957,062		2,570,270	
	-----	5,915,889	-----	5,497,301
		-----		-----
		884,753,358		964,104,355
Less : Closing Stock		57,081,002		70,447,506
		-----		-----
Total		827,672,356		893,656,849
		=====		=====

SCHEDULE 18 - MANUFACTURING EXPENSES:

Repacking, Formulation and Drying Charges		1,323,801		1,021,776
Packing Materials Consumed		81,060,534		70,454,356
Stores & Spares Consumed		2,502,222		1,142,925
Carriage Inward		3,301,569		2,250,627
Water Charges		11,580,873		7,868,588
Power & Fuel		145,722,888		140,474,480
Laboratory Expenses		1,601,529		1,057,350
Research & Development Expenses		180,598		187,501
Other Work Expenses		13,854,576		12,581,255
Excise Duty		17,282,826		23,703,388
Repairs & Maintenance:				
Plant & Machinery	34,814,291		30,313,121	
Building	9,067,198		5,770,887	
	-----	43,881,489	-----	36,084,008
		-----		-----
TOTAL		322,292,905		296,826,254
		=====		=====

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008**

	Year Ended 31.03.2008	Year Ended 31.03.2007
	Rs.	Rs.
SCHEDULE 19 - EMPLOYEES' REMUNERATION AND BENEFITS:		
Salaries, Wages & Allowances	401,675,084	358,648,334
Contribution to Provident Fund	31,835,614	33,413,148
Staff Welfare Expenses	80,409,873	85,031,901
Contribution to Employees State Insurance	133,165	108,725
Contribution to HIL Employees Welfare Fund	17,237	14,819
Bonus	1,395,323	-
Gratuity	42,564,768	49,749,435
Contribution to Kerala and Maharashtra Welfare Fund	46,761	45,498
Total	558,077,825	527,011,860

SCHEDULE 20 - SALES, ADMINISTRATION AND OTHER EXPENSES:

Rent (Net)	3,490,706	3,220,009
Rates & Taxes	4,459,876	5,343,599
Insurance	3,420,051	4,669,501
Electricity & Water Charges	2,067,774	2,249,777
Advertisement	5,827,977	3,885,017
Publicity	2,313,254	1,788,273
Printing & Stationery Expenses	2,042,556	1,975,146
Postage and Communications	3,031,829	3,281,681
Travelling Expenses:		
- C M D	306,495	390,637
- Directors	399,287	577,687
- Others	8,985,782	9,147,156
	9,691,564	10,115,480
Vehicle Expenses:		
- Repairs & Maintenance	479,141	698,398
- Running	551,338	570,047
	1,030,479	1,268,445
Legal & Professional Charges	4,941,834	3,386,161
PAYMENT TO AUDITORS (Including Branch Auditors)		
- Audit Fees	120,000	120,000
- Tax Audit Fees	60,000	60,000
- Reimbursement of Expenses	19,193	75,675
	199,193	255,675
Security Expenses	11,894,807	11,494,349
Staff Training Expenses	896,508	400,857
Balance C\F	55,308,408	53,333,970

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008**

	Year Ended 31.03.2008	Year Ended 31.03.2007
	Rs.	Rs.
<u>SCHEDULE 20-SALES, ADMINISTRATION AND OTHER EXPENSES (CONTD.)</u>		
Balance B/F	55,308,408	53,333,970
Bank Charges	5,201,156	4,799,919
Repairs & Maintenance- others	2,350,279	1,977,919
Freight, Cartage & Handling Expenses	40,639,328	35,709,201
Miscellaneous Expenses	10,140,177	10,678,938
Computer Expenses	633,954	936,819
Entertainment Expenses	1,176,572	827,156
Discount on Sales	25,881,506	19,902,709
Loss on Sale/write off Assets	-	13,107
Provision for Irrecoverable/Doubtful Debts, Claims & Others	7,673,116	1,089,869
Township Expenses	1,426,073	1,379,368
Total	<u>150,430,569</u>	<u>130,648,975</u>

SCHEDULE 21 - INTEREST

On Term Loans	9,610,554	4,015,904
On Others	3,039,134	14,284,282
	-----	-----
	12,649,688	18,300,186
Less : Considered attributable and transferred to: - Miscellaneous Expenditure (Schedule 13)	72,521	12,279
Total	<u>12,577,167</u>	<u>18,287,907</u>

HINDUSTAN INSECTICIDES LIMITED.**SCHEDULES ANNEXED TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008**

<u>SCHEDULE 22 - PRIOR PERIOD ADJUSTMENTS (NET)</u>	AS AT 31.3.2008		AS AT 31.3.2007	
	Debit	Credit	Debit	Credit
Sales	103,845	5,180	34,954,906	-
Interest	-	-	543,935	1,000
Materials	107,187	11,877,029	-	4,509,552
Manufacturing Expenses	619,873	-	-	-
Personnel Expenses	-	71,005	368,808	66,236
Sales & Admn. Expenses	887,949	111,574	911,091	580,369
Depreciation	5,763	-	-	27,205,784
Others	1,674,239	866,237	1,183,380	36,817,556
Total	<u>3,398,856</u>	<u>12,931,025</u>	<u>37,962,120</u>	<u>69,180,497</u>
Net Balance		<u>9532169</u>		<u>31218377</u>

HINDUSTAN INSECTICIDES LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2007-08.
SCHEDULE 23 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

- 1) **Accounting Concepts:**
The Company prepares its accounts on accrual basis under the historical cost convention.
- 2) **Fixed Assets:**
All fixed assets are stated at historical cost reduced by depreciation provided.
- 3) **Expenditure on Project under Erection:**
 - a) All direct expenditure incurred by the company during the construction of projects is capitalised.
 - b) Interest paid on long term loans, allocable to the project is capitalised.
- 4) **Depreciation:**
 - a) Depreciation is provided on straight line method based on estimated useful life of assets as per the rates prescribed in Schedule XIV of the Companies Act, 1956.
 - b) Cost of leasehold land is amortised over the period of the lease.
 - c) Items, each costing Rs.5,000 or less, are fully depreciated in the year of acquisition.
- 5) **Investments:**
Investments categorised as "Long Term" are carried at cost.
- 6) **Inventory Valuation:**
 - a) Stock-in-trade:
 - Inventories are valued at lower of cost and net realisable value.
 - Cost of conversion includes cost directly related to units of production such as direct labour and systematic allocation of fixed and variable overheads incurred in converting raw materials into finished goods.
 - The cost of finished goods includes liability towards excise duty paid/payable on excisable finished goods held as inventory, such liability being considered on the basis of provisional/ known sale price where the final prices are not determined.
 - b) Stores and Spares are valued at cost.
 - c) The costs are based on the weighted average cost.
- 7) **Redundant/Damaged Equipment/Materials:**
The Profit/Loss on redundant/damaged equipments/materials is accounted for in the year of disposal of such equipments/materials.
- 8) **Retirement Benefits:**
Provision is made as at the end of each financial year on the basis of actuarial valuation to cover the liability in respect of employees towards:
 - a) Gratuity on death / retirement; and
 - b) Accumulated leave.

- 9) **Grant-in-aid:**
The grants received from Govt. of India are deducted from the related expenditure.
- 10) **Deferred Revenue Expenditure:**
The expenditure (net of Grant in Aid, if any) incurred on account of Ex-gratia/compensation paid on Voluntary Retirement of employees under the Voluntary Retirement Scheme is amortised in equal instalments over a period of five years beginning from the year of relieving.
- 11) **Foreign Currency Transactions:**
- a) Transactions in foreign exchange, are accounted at the exchange rate prevailing on the date(s) of the transaction(s).
 - b) Exchange difference arising out of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except those arising on repayment of liability incurred for acquiring of fixed assets.
- 12) **Research & Development Expenses:**
- a) Expenditure on Research and Development in relation to new projects is allocated in the ratio of salaries of staff attributable to the individual units/components comprising the various projects.
 - b) Expenditure on Research & Development including process modification, except for existing plants/ products or where the same is considered infructuous, 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.

HINDUSTAN INSECTICIDES LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR 2007-08
SCHEDULE 23 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(Contd.):

B. NOTES ON ACCOUNTS:

	As at <u>31.03.2008</u>	As at <u>31.03.2007</u>
1) Claims against the company not acknowledged as debts.	2,14,46,931	2,69,13,193
2) Contracts on Capital Account not provided for (net of advances).	59,98,819	53,34,237
3) Contingent Liabilities:		
a) Bank Guarantees issued on behalf of the company.	91,25,453	86,97,400
b) Letters of Credit outstanding.	3,29,17,000	1,18,70,000
c) Counter Guarantees given by the Company in favour of:		
i) Financial Institutions for House Building Loans taken by the employees of the Company.	1,66,61,938	1,96,24,338
ii) IDBI/IFCI/ICICI/LIC for Loans Sanctioned to the Southern Pesticides Corpn Ltd. (Subsidiary Company).	28,78,86,000	30,45,47,938
	-----	25,53,31,000

d) Pay revision arrears	14,50,00,000	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 th July,06.		
6) No provision has been made in the accounts of the company as at 31.3.2008, in respect of the following amounts which are considered good and recoverable:		
a) <u>Sundry Debtors:</u> Outstanding for more than three years amounting to Rs.391.20 lakhs.		
b) <u>Loans and Advances:</u> Outstanding for more than three years amounting to Rs 170.84 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.232.41 lakhs and raw material and packing material worth Rs.23.84 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.166.83 lakhs is awaiting reprocessing. Accordingly no provision has been made for the same.
- e) Pending investigation, the finished goods of Rs.2.04 lakhs were found short and stores items of Rs.0.26 lakhs were found excess on physical verification as on 31.03.2008 have not been adjusted in the accounts.
- 8) Difference in the prices adopted in the accounts for 2007-08 over the provisional prices at which supplies to NVBDCP (formerly NAMPA) have been made amounts to Rs.1162.94 lakhs. Further, sales for the year includes Rs.93.21 lakhs towards price difference for the years 2005-06. Final price for the year 2006-07 were not received till 31.3.2008.
- 9) The amount of exchange difference included in the Profit & Loss Account for the year comprises Rs.43.10 lakhs (Cr.) for Imports and Rs.12.04 lakhs (Dr.) 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 31.03.2008. SPCL was referred to BIFR and BIFR issued order for winding up of SPCL. The Hon'ble High Court of Andhra Pradesh has issued orders for closure of SPCL w.e.f. 2nd April 2002 and all the assets and liabilities have been handed over to Official Liquidator. As any return/payment against the Investment, Sundry Debtors and Loan & Advances is doubtful, the investment in SPCL 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) On production of 6000MT of DDT (supplied to NVBDCP), provision of subsidy of Rs.4 crore from Ministry of Health & Family Welfare, has been made during the year as per policy for subsidy approved by CCEA.
- 13) Plant & Machinery of gross value Rs.118.11 lakhs (previous year Rs.582.67 lakhs), WDV Rs.7.62 lakhs (previous year Rs. 4.39 lakhs) have been removed from the plants at UDL unit. Necessary adjustment in the books will be made after analysis of its future use or otherwise.
- 14) Income Tax Assessment has been completed up to Financial Year 2004-2005 (Assessment Year 2005-06). 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.
- 15) Plant & Machinery, Building equipments etc. except administrative block, Building and land at Delhi unit operation of which were closed w.e.f. 1.12.1996 were sold during the year by an auction through MSTC. The profit on sale of those amounting to Rs. 270.27 has been shown separately in the Profit & Loss Account.
- 16) For DDT manufactured at Delhi Unit and supplied to NVBDCP (NAMP), the Company received during the year payment of Rs.406.93 lakhs from Ministry of Health towards reimbursement of terminal benefits to the employees of the erstwhile Delhi unit which was closed as per directions of Hon'ble Supreme Court of India. This item has been shown separately in the Profit & Loss Account.
- 17) Particulars/Break-up of R&D Expenditure as shown in Schedule No.13 is as per Schedule No.24(C).
- 18) 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.
- 19) Keeping in view the nature of business & geographical status of the Company, the Segment Reporting under AS-17 is not applicable.
- 20) 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.
- 21) 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 31.03.2008 are as under:
- | | |
|--|-------------|
| 1. M/S.ABCD Drums & Barrels Industries | 6,03,593/- |
| 2. Omni Cans & Printers Pvt. Ltd. | 12,39,011/- |
| 3. Prasad Plastics | 2,19,526/- |
| 4. Mastan Tin Works | 2,31,420/- |
| 5. Bharat Products | 2,39,375/- |

- 22) Grant-in-aid of Rs.1 crore for implementation of ERP has been released by Govt. of India at the end of the year. It has been shown under 'Money in Transit' as it was received by the Company on 3rd April 2008.
- 23) Capital work in progress includes Rs.103.15 lakhs in respect of an equipment which the company started using from the year 2006-07. The contract for the supply and erection of it is not satisfactorily completed by the vendor and the same is under dispute and arbitration. Hence no depreciation is charged. Had it been capitalised and depreciated, the depreciation, closing inventory and loss for the year would have been higher by Rs.10.59 lakhs, Rs.0.49 lakhs and Rs.10.10 lakhs respectively.
- 24) As per order of Hon'ble Supreme Court, 57% land of closed Delhi Unit was to be transferred to DDA. The formal process of surrendering 6.13 acres was completed during the year.
- 25) Previous years figures have been re-grouped / re-arranged wherever necessary.

C. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31.03.2008	Year ended 31.03.2007
Opening Balance	85,11,514	1,22,13,281
Expenditure during the year	18,31,346	8,14,739
Amount Written off/adjusted	28,71,494	45,16,506
Closing Balance	74,71,366	85,11,514

D. ADDITIONAL INFORMATION

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

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

S.No.	Particulars	2007-08		2006-07	
		C.M.D.	Directors	C.M.D.	Directors
1.	Salary & Allowances	5,56,016	11,75,771	4,71,367	8,41,774
2.	Co. Contribution to P.F.	58,635	1,21,045	55,782	88,789
3.	<u>Perquisites:</u>				
	Medical	7,176	14,352	7,176	10,764
	Canteen	7,260	14,520	7,260	11,434
4.	<u>Provisions/Payments:</u>				
	Gratuity	35,972	28,711	26,000	21,000
	Leave Encashment	75,906	1,01,589	30,000	59,845
	Half Pay Sick Leave	17,851	56,505	24,000	16,950
	Total	7,58,816	15,12,493	6,21,585	10,50,556

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 2007-2008. (Rs. in lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock				Production		Sales				Closing Stock			
			Current Year		Previous Year		Current Year Quantity	Previous Year Quantity	Current Year		Previous Year		Current Year		Previous Year	
			Quantity	Value	Quantity	Value			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
DDT Technical	MT	6344	599.598	0.00	222.870	0.00	3441.200	4495.050	0.000	0.00	0.000	0.00	488.229	0.00	599.598	0.00
DDT Formulation	MT	12688	287.000	313.95	276.800	266.07	6002.100	6826.000	6003.100	7520.89	6830.800	7690.97	286.000	364.63	287.000	313.95
DDT 75% WP	MT		175.165	293.36	0.000	0.00	574.748	620.355	692.802	1223.53	445.190	915.19	57.161	101.11	175.165	293.36
Mancozeb	MT	1000	144.928	111.06	159.705	131.19	412.700	458.925	35.825	31.17	0.000	0.00	93.371	80.88	143.228	111.06
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	89.835	99.23	19.135	23.74	1367.000	1301.400	445.350	506.69	489.800	532.41	118.675	133.38	89.835	99.23
Malathion Formulation	MT	3200	244.850	114.38	405.350	205.88	2733.000	2256.000	2439.500	1017.99	2416.500	1002.46	538.350	254.23	244.850	114.38
Butachlor Tech.	MT	500	92.720	183.08	34.030	67.13	31.500	175.850	68.497	111.85	63.400	105.44	18.150	33.64	92.720	183.08
Hiltaklor 50% EC	KL	905	39.180	54.45	40.360	56.04	151.990	200.580	187.332	220.10	203.333	236.51	3.821	5.45	39.180	54.45
Monocrotophos Technical	MT	300	9.383	19.41	2.380	5.19	103.000	118.610	3.000	6.57	0.000	0.00	13.070	27.05	9.383	19.41
Hilcron 36% SL/Saimono	KL	255	43.193	90.12	45.610	94.51	235.000	217.500	238.451	481.79	219.781	410.32	40.146	86.26	43.193	90.12
Dicofol Tech	MT	150	12.075	48.50	32.490	131.32	86.382	49.277	57.250	226.80	57.250	223.46	27.300	116.03	12.075	48.50
Hilfol 18.5% EC	KL	-	30.627	55.06	19.259	37.80	68.040	66.080	76.406	105.94	59.908	79.26	17.827	30.79	30.627	55.06
Endosulfan Technical	MT	1600	37.078	87.84	103.500	251.12	1567.000	1213.375	1096.823	2220.12	839.425	1820.56	73.855	143.12	37.078	87.84
Endosulfan Formulation	KL	1910	145.394	250.09	111.448	199.16	1137.580	1134.100	1118.245	1671.92	1099.760	1622.06	164.245	282.33	145.394	250.09
Hawk 85% SL	KL	-	0.857	0.00	0.857	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.857	0.00	0.857	0.00
Hilban 20% EC	KL	-	65.405	83.22	93.336	119.89	453.140	342.090	464.565	515.95	388.913	409.68	48.281	67.34	65.405	83.22
Hilbeech 50% WDP	MT	-	0.245	0.00	0.245	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.245	0.00	0.245	0.00
Hilcopper	MT	-	2.462	4.75	3.965	5.53	20.355	0.310	17.495	44.73	5.033	8.42	3.877	12.22	2.462	4.75
Hilcyperin 10% EC	KL	-	10.552	15.24	23.497	36.21	5.220	6.400	5.761	6.70	18.892	24.82	7.213	11.15	10.552	15.24
Hilcyperin 25% EC	KL	-	8.538	22.71	13.472	38.97	4.530	4.260	5.628	12.98	8.937	20.28	5.123	13.20	8.538	22.71
Hil Btk	MT	-	0.993	0.00	0.993	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.936	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	-	4.883	8.50	10.942	19.15	1.770	0.000	2.401	2.50	3.879	5.95	1.015	1.87	4.883	8.50
Hilmala 50% EC	KL	-	46.052	50.44	50.410	58.89	292.500	256.600	287.629	320.63	261.130	272.46	55.259	64.06	46.052	50.44
Hilphate	MT	-	36.126	105.09	25.706	80.88	123.040	105.500	148.982	383.94	94.830	243.33	7.430	24.31	36.126	105.09
Hilproturon 75% WP	MT	-	0.910	2.14	0.000	0.00	1.960	10.030	2.870	5.79	9.120	18.42	0.000	0.00	0.910	2.14
Hilquin 25% EC	KL	-	27.438	34.92	25.191	30.20	1.350	22.250	6.580	10.66	14.919	25.36	17.535	16.36	27.438	34.92
Hilthane M-45	MT	-	91.084	86.19	94.542	93.12	50.800	45.510	500.660	458.32	463.948	416.33	24.875	10.60	92.784	86.19
Hilthoate 30% EC	KL	-	0.461	0.00	0.461	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.461	0.00	0.461	0.00
Hilthion	MT	-	1.000	0.00	1.000	0.00	0.000	0.000	0.000	0.00	0.000	0.00	1.000	0.00	1.000	0.00

B. QUANTITATIVE DETAILS IN RESPECT OF CAPACITIES, SALES AND STOCK DURING THE YEAR 2007-2008. (Rs. in lakhs)

Item	Unit	Licenced/ Installed Capacity	Opening Stock				Production		Sales				Closing Stock				
			Current Year		Previous Year		Current Year Quantity	Previous Year Quantity	Current Year		Previous Year		Current Year		Previous Year		
			Quantity	Value	Quantity	Value			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
PPDDT	MT	-	43.795	80.45	14.780	9.56	127.575	164.955	0.000	0.00	0.000	0.00	9.800	18.97	43.795	80.45	
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	
Hilnate	MT	-	1.810	8.42	1.510	6.61	1.445	2.060	1.667	8.44	1.760	8.48	1.423	6.06	1.810	8.42	
Hilmilin	KL	-	0.037	0.00	0.037	0.00	0.000	0.000	0.000	0.00	0.000	0.00	0.032	0.00	0.037	0.00	
Saimono	KL	-	0.000	0.00	0.030	0.05	0.000	0.000	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	
Saifon	KL	-	0.440	0.73	0.440	0.73	0.000	0.000	0.000	0.00	0.000	0.00	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	
Hilzim	MT	-	2.721	6.41	2.538	6.08	15.000	7.960	13.217	28.21	7.686	15.82	4.408	11.79	2.721	6.41	
Hilmite 50 EC	KL	-	11.013	22.03	15.669	18.94	3.710	2.050	11.599	20.18	7.280	12.26	3.253	5.57	11.013	22.03	
Hilzaphose	KL	-	7.907	16.10	10.212	19.76	14.680	15.020	14.770	31.37	16.800	36.86	7.777	15.04	7.907	16.10	
Hilcartap 4% G	KL	-	74.441	25.15	89.865	33.64	421.880	517.460	477.705	129.70	518.974	146.51	6.686	2.95	74.441	25.15	
Hilmetri 70 WP	KL	-	0.010	0.14	0.010	0.14	0.000	0.000	0.000	0.00	0.000	0.00	0.010	0.14	0.010	0.14	
Hilmida	KL	-	15.044	81.01	8.578	62.79	82.998	71.927	87.887	475.10	65.525	389.63	9.896	49.64	15.044	81.01	
Hilphorate	MT	-	44.880	14.10	1.420	0.34	0.000	0.000	188.440	68.04	336.540	108.39	21.095	6.47	44.880	14.10	
Hilfos	MT	-	9.377	28.82	3.367	10.17	7.000	14.640	11.701	32.37	8.619	22.68	4.659	12.07	9.377	28.82	
Hilapha 10 EC	KL	-	5.058	10.77	9.697	20.35	0.000	0.000	0.420	0.77	2.590	4.36	3.688	8.03	5.058	10.77	
Hilpride	KL	-	2.215	12.13	1.222	14.28	19.578	0.000	19.782	119.93	11.918	88.44	1.951	9.89	2.215	12.13	
Hilvos	KL	-	13.039	28.26	12.582	28.93	15.012	13.520	20.939	38.71	13.019	24.27	7.285	15.72	13.039	28.26	
Hilhunter	KL	-	10.705	33.17	7.325	24.89	54.550	35.910	52.772	141.93	32.539	87.57	10.448	35.29	10.705	33.17	
Hilzole	KL	-	10.847	25.53	10.737	25.14	9.950	7.170	10.175	19.99	7.070	14.04	9.670	20.38	10.847	25.53	
Trinsahi	KL	-	13.690	29.14	6.850	15.50	31.240	33.750	42.459	82.44	26.878	53.26	2.371	5.69	13.690	29.14	
DDVP	KL	-	12.450	17.37	12.420	30.64	6.050	29.280	2.750	3.20	11.500	13.50	4.300	6.95	12.450	17.37	
Hilambada	KL	-	5.009	13.57	0.000	0.00	9.960	8.980	6.389	13.68	3.950	9.50	8.579	20.51	5.009	13.57	
Hilpik	KL	-	0.957	19.87	0.000	0.00	0.000	0.000	0.000	0.00	3.204	48.56	0.000	0.00	0.957	19.87	
Hilfuron	KL	-	178.214	31.68	0.000	0.00	0.000	0.000	128.993	20.51	246.240	43.63	49.140	8.74	178.214	31.68	
Hilmil	KL	-	1.465	7.01	0.000	0.00	0.770	1.465	1.302	7.27	0.000	0.00	0.923	4.62	1.465	7.01	
Hilblast	KL	-	0.000	0.00	0.000	0.00	3.970	0.000	2.636	23.23	0.000	0.00	1.334	10.67	0.000	0.00	
Hilsulf	KL	-	0.000	0.00	0.000	0.00	10.000	0.000	8.340	6.44	0.000	0.00	1.660	1.40	0.000	0.00	
Marchlore	KL	-	0.000	0.00	0.000	0.00	143.280	0.000	140.930	153.08	0.000	0.00	2.350	2.52	0.000	0.00	
By Products	KL		0.000	0.00	0.000	0.00	0.000	0.000	0.000	52.03	0.000	53.27	0.000	0.00	0.000	0.00	
Total			33652	2762.718	2645.59	2076.406	2280.53	19844.553	20852.199	15150.023	18584.18	15316.839	17264.72	2337.047	2159.85	2762.718	2645.59

1. Sales as on 31.03.2008 is after taking into consideration sales return of Rs.82.23 lakhs.
2. Closing stock as on 31.03.2008 includes material worth Rs. 166.83 lakhs awaiting reprocessing.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

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

 State

5	5
---	---

 (Refer Code list)
Code

5	5
---	---

Balance Sheet

3	1
---	---

0	3
---	---

2	0	0	8
---	---	---	---

Date

3	1
---	---

0	3
---	---

2	0	0	8
---	---	---	---

Date Month Year

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

Public Issue

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

 Rights Issue

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

 Govt.

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

Bonus Issue

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

 Private Placement

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

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

Total Liabilities

		1	0	3	0	5	2	4
--	--	---	---	---	---	---	---	---

 Total Assets

		1	0	3	0	5	2	4
--	--	---	---	---	---	---	---	---

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

Sources of Funds

Paid-up Capital

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

 Reserves & Surplus

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

Secured Loans

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

 Unsecured Loans

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

Application of Funds

Net Fixed Assets (Including new projects under erection)

			3	1	4	0	1	7
--	--	--	---	---	---	---	---	---

 Investments

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

Net Current Assets

			5	6	7	9	2	4
--	--	--	---	---	---	---	---	---

 Misc. Expenditure

				1	5	4	6	4
--	--	--	--	---	---	---	---	---

Accumulated Losses

			1	3	2	5	9	8
--	--	--	---	---	---	---	---	---

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>8</td><td>5</td><td>8</td><td>4</td><td>1</td><td>8</td></tr> </table>			1	8	5	8	4	1	8	<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>7</td><td>0</td><td>2</td><td>3</td></tr> </table>			1	9	0	7	0	2	3
		1	8	5	8	4	1	8											
		1	9	0	7	0	2	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>7</td><td>0</td><td>5</td><td>8</td><td>6</td></tr> </table>	+			7	0	5	8	6	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td>+</td><td> </td><td> </td><td>6</td><td>5</td><td>2</td><td>0</td><td>4</td></tr> </table>	+			6	5	2	0	4		
+			7	0	5	8	6												
+			6	5	2	0	4												
(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>7</td><td>1</td></tr> </table>								7	1	<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						
							7	1											
N	I	L																	

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

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

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

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

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

(R.P. Khandelwal)
Director (Finance)

(K. Harikumar)
Chairman & Managing
Director

Place : New Delhi.
Dated:15.07.2008.

STATEMENT OF SUBSIDIARY COMPANY

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

(Rs. in thousand)

Sl.No.	Items	As on 31.3.2008	As at 31.3.2007
1.	The Financial Year of the Subsidiary Company ended on	31.3.2008	31.3.2007
2.	Shares of the Subsidiary Company held by HIL on the above date		
	(i) Number	49,666 of Rs. 1000/- each	49,666 of Rs. 1000/- each
	(ii) Extent of Holding	76%	76%
3.	The net aggregate amount of profit of the Subsidiary Company for the Financial year so far as it concerns HIL		
	(i) Dealt with the accounts of HIL for the year	Nil	Nil
	(ii) Not dealt with in the accounts of HIL for the year	(-)11,34,92	(-)11,34,92
4.	The Net Aggregate amount of Profit (+)/Loss(-) of the Subsidiary Company cumulative till end of the Year so far as it concerns HIL		
	(i) Dealt with in the accounts of HIL for the year	Nil	Nil
	(ii) Not dealt with in the accounts of HIL for the year	(-) 32,45,02	(-)32,45,02

Note: The above information is based on Annual Accounts of the subsidiary company for the year 2001-02 (last audited accounts). Since the subsidiary company is under liquidation, the accounts for the year 2007-08 are not available.

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH 2008

	Rs.	Rs.
I		
<u>CASH FLOW FROM OPERATION ACTIVITIES</u>		
Net Profit/(Loss) as per profit and loss account		65,204,243
A. Adjustment for:		
<u>Add:</u>		
I Miscellaneous expenditure written off	7,100,081	
II Depreciation	33,100,775	
III Interest Paid	12,577,167	
	52,778,023	
<u>Less:</u>		
I Interest Income	4,084,491	
II Profit on sale of Fixed Assets	27,096,929	
	<u>31,181,420</u>	
<i>Operating Profit Before Working Capital Changes</i>	86,800,846	
B. (Increase)/Decrease in Current Assets		
I Increase in Debtors	(58,699,983)	
II Decrease in Stock	63,372,022	
III Decrease in loans and advances	65,978,639	
C. Increase / (Decrease) in Current Liabilities		
I Decrease in Current Liabilities	(6,082,827)	
II Miscellaneous Expenditure Incurred	(4,327,968)	
	<u>147,040,729</u>	
<i>Net Cash Flow from Operating Activities</i>		147,040,729
II		
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
I Purchase of Fixed Assets	(21,056,182)	
II Expenditure on New Projects	(105,332)	
III Proceeds from Sale of Fixed Assets	27,153,901	
IV Interest Received	5,237,979	
	<u>11,230,366</u>	
<i>Net Cash Flow from Investing Activities</i>		11,230,366

III	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>	
I	Increase In Unsecured Loans	42,200,000
II	Interest Paid	<u>(12,577,167)</u>
	Net Cash Flow from Financing Activities	29,622,833
	NET INCREASE IN CASH AND CASH EQUIVALENTS	187,893,928
	CASH AND CASH EQUIVALENT AS ON 01.04.2007 (See Note)	<u>124,261,597</u>
	CASH AND CASH EQUIVALENT AS ON 31.03.2008 (See Note)	<u>312,155,525</u>

Note to Cash Flow Statement:-

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

	31.3.2007	31.3.2008
CASH IN HAND	548,303	27,501,715
REMITTANCES IN TRANSIT	3,409,525	16,432,335
BALANCES WITH BANK	<u>120,303,769</u>	<u>268,221,475</u>
TOTAL	<u>124,261,597</u>	<u>312,155,525</u>

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
Membership No.96267

Place: New Delhi.
Dated: 15.07.2008

C. QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIALS CONSUMED

S.NO.	ITEM	UNIT	(Rs. in lakhs)			
			Current Year		Previous Year	
			Qty.	Value	Qty.	Value
1	ALCOHOL	KL	985.425	198.90	1039.649	234.13
2	BENZENE	KL	36.215	18.38	35.996	17.69
3	CHLORINE	MT	701.679	68.61	834.938	85.75
4	OLEUM	MT	4341.282	283.64	5607.36	156.88
5	SURFACTANTS	MT	190.785	96.36	404.049	179.52
6	PHOSPHOROUS PENTASULPHIDE	MT	585.852	304.70	551.079	277.76
7	PRECIPITATED SILICA	MT	140.650	43.40	164.88	49.51
8	MALEIC ANHYDRIDE	MT	467.725	297.22	436.335	279.64
9	HCCP	MT	1175.460	989.23	928.808	866.68
10	BUTENDIOL	MT	391.508	496.22	303.584	445.12
11	CAUSTIC LYE	MT	1916.548	193.80	1212.939	124.32
12	CHLORO ACETYLE CHLORIDE	MT	14.250	10.25	80.05	57.59
13	DIETHYL ANILINE	MT	18.182	24.27	97.291	129.87
14	EMULSIFIER	MT	26.718	20.98	15.736	9.42
15	CHLORPYRIPHOS	KL	49.875	115.74	38.156	96.4
16	CARBON-DI-SULPHIDE	MT	206.300	57.77	234.32	63
17	CYCLOHEXANONE	MT	120.724	106.08	91.096	76.92
18	NORMAL BUTANOL ALCOHOL	MT	20.527	12.90	120.323	75.6
19	PARAFORMAL DEHYDE	MT	5.625	2.42	30.65	12.86
20	CHLORAL	MT	1380.606	598.32	1844.331	868.81
21	ETHYLNE DIAMINE	MT	82.080	93.58	90.77	92.69
22	MANGANESE SULPHATE	MT	341.300	36.94	264	43.36
23	SOLVENTS	KL	185.596	79.63	173.077	76.72
24	DIATOMACEOUS EARTH POWDER	MT	860.920	31.41	699.095	25.68
25	AROMAX	MT	688.167	270.27	617.245	244.95
26	MCB	MT	2958.650	1338.58	3982.845	1846.37
27	CLAY	MT	443.970	13.60	550.213	14.27
28	HCS	MT	379.499	123.74	440.189	136.38
29	TOLUNE	MT	110.465	47.76	113.928	50.81
30	T C	MT	522.222	115.85	411.528	122.21
31	GARLAS	MT	370.390	165.01	285.769	127.42
32	E. CHLORIDE (EDC)	MT	31.976	9.19	67.372	20.6
33	E P H	MT	28.010	31.25	22.08	26.68
34	REMAX	MT	40.140	16.27	85.29	25.61
35	MINTROLUEM	MT	31.006	24.47	0.98	0.01

C. QUANTITATIVE DETAILS IN RESPECT OF RAW MATERIALS CONSUMED

S.NO.	ITEM	UNIT	(Rs. in lakhs)			
			Current Year		Previous Year	
			Qty.	Value	Qty.	Value
36	ZINC SULPHIDE	MT	39.100	9.71	45.5	10.96
37	IGSURF	MT	72.380	36.85	58.01	28.05
38	JEEMOL	MT	13.250	11.36	13.35	11.74
39	ISROMUL	MT	33.540	27.66	34.1	27.46
40	SOYABEAN OIL	MT	17.000	12.77	8.8	6.51
41	PROFANNAPHOS	KL	6.995	15.15	14.64	32.98
42	OTHERS			618.34		1766.02
43	TECHNICAL & OTHER MATERIALS CONSUMPTION FOR AGRO PRODUCTS			1208.14		91.62
			20032.592	8276.72	22050.35	8936.57

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

S.NO.	ITEM	IMPORTED		INDIGENOUS		TOTAL Rs. in Lakhs
		Rs. in Lakhs	Percentage	Rs. in Lakhs	Percentage	
1	RAW MATERIAL *	1534.19 (1592.35)	18.54 (17.82)	6742.53 (7344.22)	81.46 (82.18)	8276.72 (8936.57)
2	COMPONENTS STORE AND SPARE PARTS **	0.80 (33.57)	0.19 (7.87)	426.39 (392.92)	99.81 (92.13)	427.19 (426.49)

* Includes for trial runs.

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

E. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2007-2008	2006-2007
1	RAW MATERIALS & FINISHED GOODS	1407.77	1460.31
2	COMPONENTS AND SPARE PARTS AND CAPITAL GOODS	1.05	24.44

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	EXPENDITURE ITEMS	2007-2008	2006-2007
1	TRAVELLING	1.93	2.34

G. EARNING IN FOREIGN CURRENCY

(Rs. in Lakhs)

S. NO.	ITEMS	2007-2008	2006-2007
1	EXPORT (CALCULATED ON FOB BASIS)	2083.83	1233.51

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

S.NO.	EXPENDITURE ITEM	AS AT 2007-2008 (Rupees)	AS AT 2006-2007 (Rupees)
1	SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES	420897	640057
2	LEASE RENT	98820	98820
3	PROPERTY TAX	216080	437085
4	ELECTRICITY CHARGES	1105346	1163400
5	WATER CHARGES	636620	381421
6	REPAIRS & MAINTENANCE OF BUILDING	576959	1060474
7	GUEST HOUSE EXPENSES	161247	394142
8	DEPRECIATION ON FIXED ASSETS	262728	263833
		<u>3478697</u>	<u>4439232</u>

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

S.NO.	EXPENDITURE ITEMS	AS AT 2007-2008 (Rupees)	AS AT 2006-2007 (Rupees)
1.	MAINTENANCE OF SCHOOL & EDUCATION FACILITIES	3392719	1521325
2.	MEDICAL FACILITIES	25297594	26968455
3.	SUBSIDISED TRANSPORT	7553604	8217966
4.	SOCIAL & CULTURAL ACTIVITIES	262365	173292
		<u>36506282</u>	<u>36881038</u>

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

S.NO.	EXPENDITURE ITEMS	AS AT 2007-2008 (Rupees)	AS AT 2006-2007 (Rupees)
1	EXPENDITURE ON PUBLICITY	2313254	1788273

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

(S.R.Sahoo)
Asstt. Co. Secretary
Place : New Delhi.
Dated:15.07.2008.

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

(R.P.Khandelwal)
Director (Finance)

(K. Harikumar)
Chairman & Managing Director

(Sharat Prakash)
Partner
Membership No. 96267