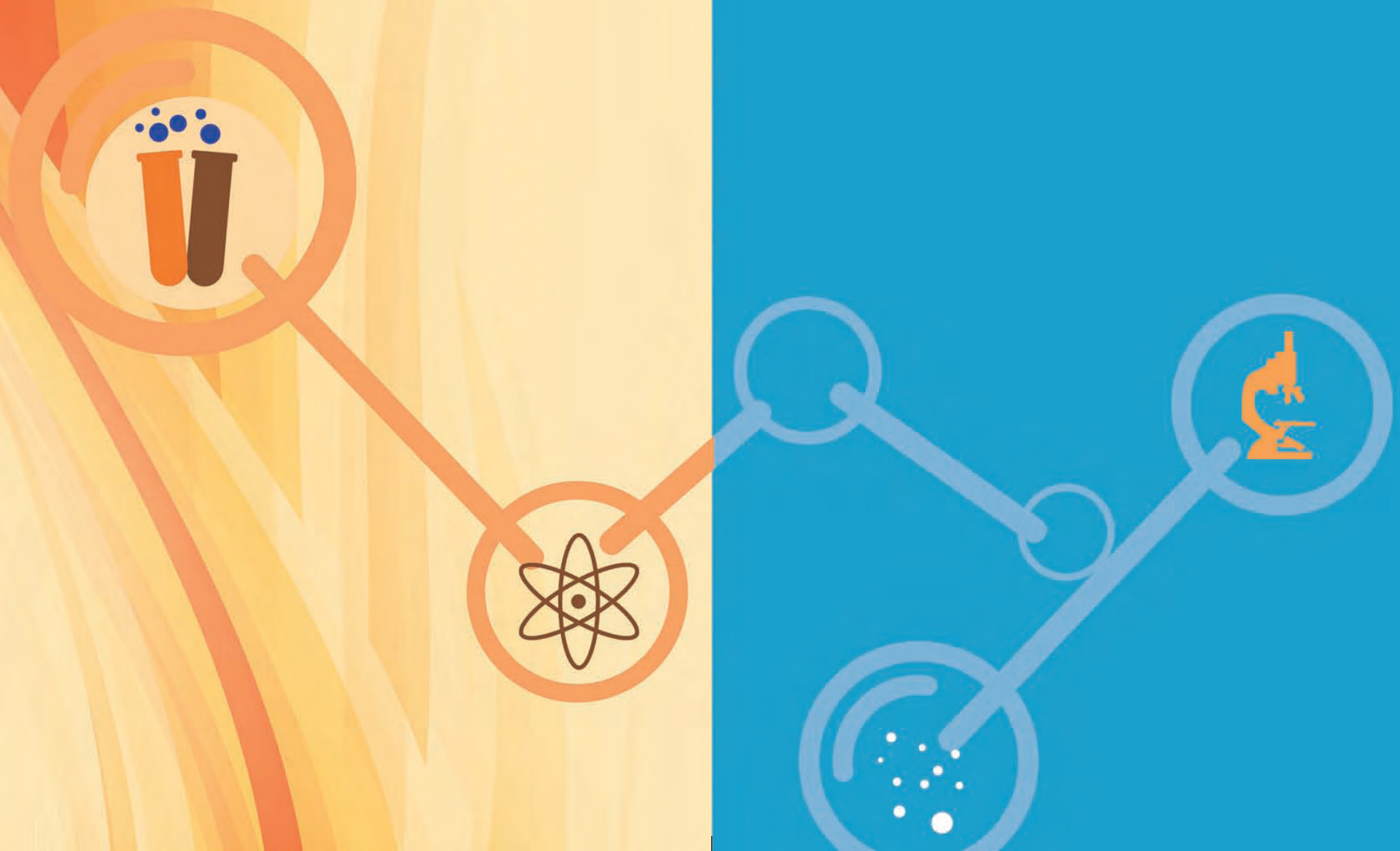
Himadri Chemicals and Industries Limited

KNOWLEDGE PAYS

Himadri Chemicals and Industries Limited I Annual report, 2010-11



WHEN YOU ONLY INVEST IN PHYSICAL PRODUCTION

ASSETS, RETURNS DECLINE OVER TIME.

DUE TO INCREASING KNOWLEDGE-BASED INVESTMENTS, WE ACHIEVED A COMPOUNDED ANNUAL **GROWTH OF 32.51% IN OUR TOPLINE AND 36.61% AT THE PAT LEVEL IN THE FIVE YEARS LEADING TO 2010-11.**

CARBON.

A WORLD OF POSSIBILITIES.

At Himadri Chemicals and Industries Limited, we took this simple insight ahead and created a multi-product, multi-geography Company.

Using unique processes. Creating pioneering products.

Resulting in high margins on the one hand and growing revenues on the other.

Putting knowledge at work.

- Commenced operations in December 1990 with its headquarters in Kolkata, India
- India's leading and only integrated specialty carbon corporation and largest coal tar pitch (CTP) manufacturer
- Seven manufacturing facilities in India and one in China
- Core competence lies in the specialty niche business of coal tar distillation
- Among the few global manufacturers of zero quinolene insoluble (QI) coal tar pitch, a critical input in graphite electrodes manufacture and raw material for high value-added carbon materials
- Among few global manufacturers of Advanced Carbon Material, a critical input in lithium-ion batteries
- Research & development centre recognised by the Government of India

Mission

- Ensure customer satisfaction by strengthening core competencies in developing best-in-class products, processes and people – and delivering global standards of excellence
- Be a cost leader while being a responsible corporate citizen and adhering to our core values
- Unlock the potential of all employees and encourage them to excel in their professional, personal and social lives
- Protect the environment, maintain high levels of safety and address social concerns in the regions of operation

Presence

- Four facilities in West Bengal
- One facility each in Visakhapatnam (Andhra Pradesh), Korba (Chhattisgarh), Vapi (Gujarat), and China.

Product applications

Himadri's products are critical inputs in downstream industries like aluminium, steel, automobile, graphite electrode, infrastructure, lithium-ion batteries, tyres and other rubber products, in addition to clean and green power generated by the Company.

Leading global long-term investors

- Bain Capital India Investments
- Citigroup Venture Capital International Growth Partnership Mauritius Ltd (CVCI)
- IFC, Washington
- DEG, Germany

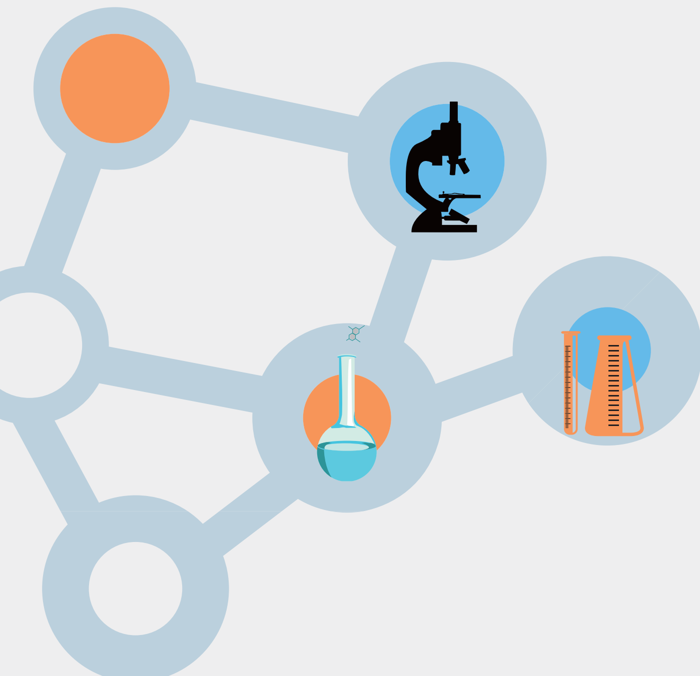
Vision

To become a globally acclaimed leader in carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovation and customer satisfaction

Comprehensive portfolio

Product	End use
Coal tar pitch – binder grade	Used as a binder of anodes and electrodes, a prime input in aluminum and graphite electrodes manufacture
Coal tar pitch – impregnating	Used as a prime input in graphite electrodes manufacture and raw material for high value-added carbon materials
Coal tar oils	Used as a carbon black feedstock
Naphthalene	Used in the manufacture of dye and dye intermediates, super plasticisers and tanning agents
Super plasticisers (SNF)	Used in ready mix concrete and for admixture manufacture
Advanced carbon material	Used in making anodes for lithium-ion batteries
Carbon black	Used in tyre, rubber application, plastics, coating, ink and battery
Corrosion protection products	
Himcoat enamel	Provides anti-corrosion protection to underground and off-shore pipelines
Himcoat Primer-B and Himtape	Oil and gas pipelines, tanks, underground structures and fittings, water and sewage pipelines, fire hydrant lines, pipe joints, fittings and couplings
Himwrap	Provides complete protection to the underground pipeline, protecting the enamel against soil stress, pipe shift, moisture, bacteria and root growth

Knowledge at work, 2010-11



Financial highlights

- Revenues increased 48.51% from Rs. 47,141.94 lacs in 2009-10 to Rs. 70,008.26 lacs
- EBIDTA increased to Rs. 20,635.39 lacs with a margin of 29.48%
- PAT increased to Rs. 11,438.91 lacs with a margin of 16.34% in 2010-11
- Strengthened the networth position of the Company from Rs. 73,640.57 lacs in 2009-10 to Rs. 84,578.11 lacs in 2010-11
- Strengthened the gross block (including Capital work-in-progress) from Rs. 70,622.45 lacs in 2009-10 to Rs. 97,118.33 lacs in 2010-11

Post balance sheet developments

The Company reported the following developments in the first quarter of 2011-12:

- Revenues of Rs. 21,136.97 lacs
- EBIDTA of Rs. 5,861.24 lacs
- PAT of Rs. 3,063.04 lacs
- EBIDTA margin of 27.73%
- PAT margin of 14.49%
- Cash profit of Rs. 4,241 lacs

Milestones

2004

Established a new coal tar distillation unit in Mahistikry

2005

Started to double production capacity in Mahistikry

2006

Commercialised a by-product refining plant at Mahistikry

2007

Established a new pitch melting facility at Korba in Chhattisgarh

Operational highlights

- Increased coal tar distillation capacity by 48% at the end of March, 2010 and 100% capacity utilisation from the second quarter of 2010-11
- Embarked on carbon black capacity expansion by 100%.
- Higher utilisation of SNF capacity
- Embarked on increase in SNF capacity by 278%, through a new manufacturing facility at Mahistikry
- Enhancing power plant capacity at Mahistikry by 67%.
- Establishing a 100% export oriented unit in Falta SEZ to manufacture advanced carbon materials
- Expanding the capacity of the existing coal tar distillation plant at Mahistikry
- Finalised plans to set up a new coal tar distillation plant in Odisha
- Establishing a manufacturing unit in China.
- Recognised as a research and development centre

Marketing highlights

- Entered new geographies to market products
- Established SNF quality with established customers
- Established carbon black quality in the domestic and international markets
- Established a coal tar pitch manufacturing presence in China for mainly supply to global market (operational during FY 11-12)
- Commenced the export of liquid coal tar pitch from the liquid pitch terminal at Haldia.

100%

Coal tar distillation capacity utilisation from Q2 FY 2010-11.

2008

Commenced production of the Advanced Carbon Materials plant

2009

- Commissioned production at the carbon black plant in Mahistikry
- Established a power plant at Mahistikry
- Commenced SNF commercial production through the acquisition of a plant in Vapi

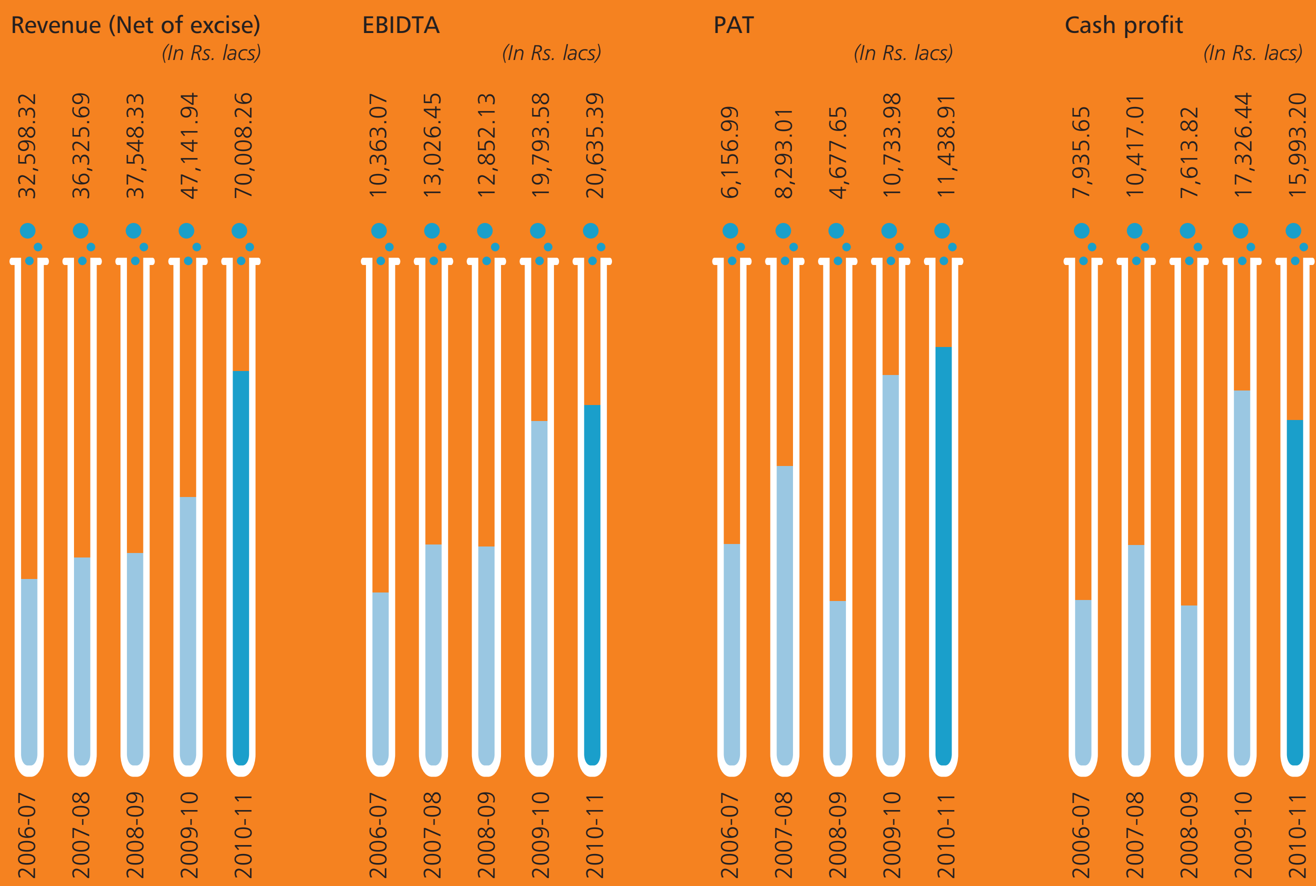
2010

- Completed additional expansion of the coal tar pitch plant in Mahistikry
- Completed the capacity expansion of SNF in Vapi

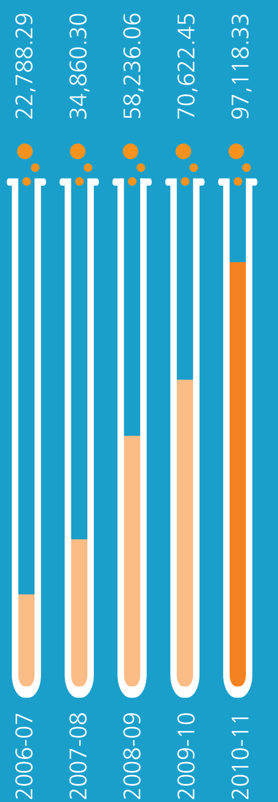
2011

- Recognised as a research and development centre by the government of India
- Began several capacity expansion projects – carbon black, SNF and power plant at Mahistikry, 100% export oriented unit in Falta SEZ for advanced carbon material and a coal tar pitch plant in China

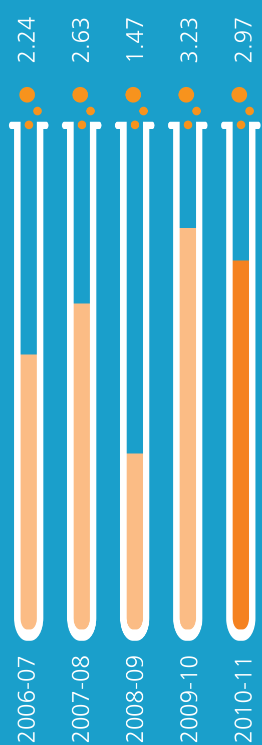
Knowledge pays. Again and again.



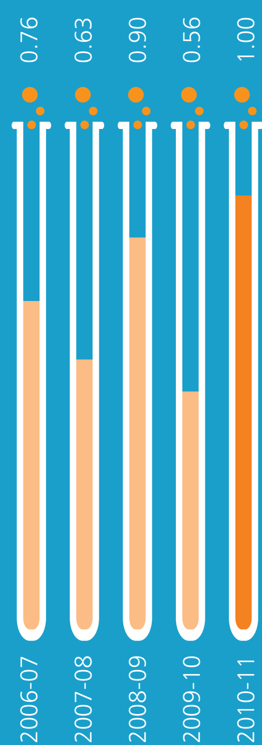
Gross block (including capital work in progress) *(In Rs. lacs)*



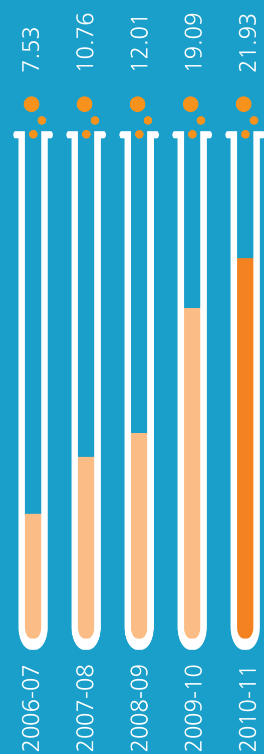
EPS (basic) *(In Rs.)*



Debt-equity ratio



Book value per share *(In Rs.)*



We manufactured

2

products upto 2005.

We have extended our value chain to

8

products in 2011.

Knowledge pays.

- The two products that we were engaged in upto 2005 comprised coal tar pitch and oils.
- We successfully leveraged our insight into core carbon competence by integrating our product portfolio forward by launching six products – Advanced Carbon Material, impregnating pitch, purified naphthalene, SNF, clean and green power and carbon black.
- We serve core sectors of the economy like aluminum, graphite electrode and carbon black to aluminum, graphite, automobiles, lithium-ion batteries, infrastructure, dye and dye intermediate and power.

We were in

3

locations until 2005.

We will be in

10

locations by FY 2011-12.

Knowledge pays.

- Over the last few years, we employed an effective location strategy to deliver the best customer service at attractive economies; in some cases, we built vertically integrated plants (e.g. Mahistikry); in others, we extended our presence closer to our end customers. Our vertically integrated specialty carbon complex at Mahistikry helps us reduce costs and allows us to offer customers a wider product mix. Our co-located facilities help reduce logistic costs and offer customers unmatched and just-in-time service
- In Korba (located three miles from a key customer), we provide coal tar pitch on a just-in-time basis, reducing our customer inventory requirements. At Mahistikry, we leverage our broad product portfolio to reduce manufacturing costs.

We had an EBIDTA margin of

10.95%

in 2005.

In 2010-11, we reported an EBIDTA margin of

29.48%

Knowledge pays.

- When we were largely a single product Company, we were a simple processor - we bought raw materials, we processed and we marketed. Today, we are a fundamentally different Company. We leveraged our knowledge and deep research capabilities to broaden our product portfolio, which we will continue
- As a result, we are a large integrated organisation – a unique global example in our industry
- Our vertical integration has resulted in high margins and strong cash generation enabling us to reinvest to sustain our growth

We had

0

prominent institutional shareholders until 2005.

We now have

4

globally respected financial institutions funding us.

Knowledge pays.

- Bain Capital India Investments, Citigroup Venture Capital International Growth Partnership Mauritius Ltd (CVCI), IFC and DEG made it possible for us to fund our growth in a timely way, enabling us to capitalise on marketplace opportunities
- Collectively they provided Rs. 379 cr in equity and Rs. 90 cr in debt over five years (a further disbursement of Rs.125 cr is due of the total sanctioned debt).
- The insight and support of these institutions strengthened our strategy, operations and governance in line with global standards
- As a result, we strengthened our market capitalisation from Rs. 68 cr in 2005 to Rs. 1,684 cr (as on 31 March 2011)

We used to be a manufacturer that purchased

100%

of our raw material requirements until 2009.

We now generate

25%

of our raw material requirements, reflecting our growing integration.

Knowledge pays.

- We achieved a high degree of vertical integration so that one end product is actually the raw material for the other
- This helped us lower raw material costs, improve raw material availability and maintain consistent quality
- Coal tar distillation generates three by-products. From these by-products we make carbon black and SNF. Over time, we increased capacities for some of our by-products to match capacity increases in CTP, resulting in a more diversified and stable revenue base
- The breadth and depth of our forward integration efforts made it possible for us to become globally competitive producers of several new niche products

We were an organisation with less than

150

employees untill 2005.

We have grown our manpower by over

400%

in the last six years.

Knowledge pays.

- We possess deep experience and expertise in several areas like coal tar chemistry, specialty carbon products, an ability to manufacture coal tar pitch as per the customers requirement, advanced carbon material, carbon black and SNF as per customer needs.
- We recruit selectively, train intensively and delegate extensively
- In 2010-11, our R&D unit was recognised as a Research and Development centre by the Government of India

Chairman's statement

"We commissioned our projects on time in the earlier years. We now expect our carbon black, power, SNF, advanced carbon and China plants to start in the current year. These developments will establish the foundation for significant growth in the years to come."

Mr. D. P. Choudhary
Chairman

For years we were a coal tar pitch Company. Today, we are a leading specialty carbon corporation. For years we were an India-centric organisation. Today, we are an organisation with a global footprint.

We created a sound financial foundation to drive our growth: A gearing of 1.0 corresponding to a net worth of Rs. 845.78 cr and a cash profit of Rs. 159.93 cr at the close of FY 2010-11.

What gives me pleasure is that we achieved several significant milestones over the last few years:

- We integrated our capacities and captured value across an entire chain starting from one input (coal tar)
- We successfully scaled new products from pilot to commercial capacities
- We translated our potential into tangible results
- We attracted globally respected institutions to invest in our Company
- We extended our presence from one region to several across the world

This foundation makes me optimistic about our prospects.

Industry overview

Himadri is the largest manufacturer of coal tar pitch (CTP) and by-products in India; it is an example of a globally unique and vertically integrated specialty carbon corporation.

The principal users of CTP are aluminium and graphite manufacturers, who cumulatively consume 91% of the total CTP produced.

Asia's CTP consumption is expected to increase significantly due to a shift in aluminium production from Europe to the Middle East, China and India, owing to cost and demand considerations. The Indian aluminum industry is likely to emerge as a powerful player in this evolving industry environment, given its rapid consumption growth, increasing downstream applications, competitive production costs, vast captive bauxite reserves and access to economically attractive coal mines for generating captive power.

Per capita consumption numbers are indicative of the potential: India's per capita metal consumption is a mere 1.3 kgs compared with 25 kgs in the US, 19 kgs in Japan and 10 kgs in Europe. As India continues to develop, incomes will grow, resulting in higher living standards. Given this, more aluminum will be consumed as happened in the western world.

The graphite industry accounts for about 13% of the country's CTP production. CTP is required to make graphite electrodes, which, in turn, are used to make steel through the electric arc furnace (EAF) route. The increasing deployment of EAF-based steel production and favourable industry outlook are expected to strengthen graphite electrode demand. This, in turn, will catalyse demand for Himadri's Binder and Zero QI impregnating coal tar pitch.

This holds true for India's steel sector as well. The Indian steel sector is expected to increase its production capacity from 75.463 million TPA presently to 110 million TPA by 2012-13.

Himadri Chemicals will capitalise on India's large growth opportunity by expanding its coal tar distillation capacity in locations closer to key customers. By doing this, we expect to retain and grow our share of the Indian CTP market.

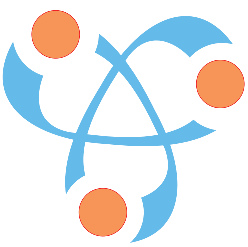
Beyond India

Himadri is also positioned to benefit from the large and growing Chinese market. China's aluminium consumption is expected to grow rapidly, driven by two key reasons. First, the infrastructure growth of the country, and second, the country's growing emphasis on becoming a consumption-driven economy. China's abundant coal tar availability will help fuel this growth in coal tar pitch demand. Himadri's cutting-edge technology and infrastructure in China (e.g. large liquid pitch terminal at port) will allow us to build a large presence in that geography. Additionally, it will serve as a base that will allow us to serve other key global consumption centers.

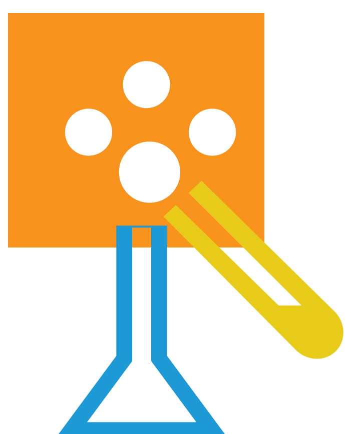
We also plan to replicate our India strategy in China to drive margins and volumes.

The big message at Himadri is that a lot of good has happened at Himadri but the best is yet to come.

Mr. D. P. Choudhary
Chairman



We created a sound financial foundation to drive our growth: A gearing of 1.0, corresponding to a net worth of Rs. 845.78 cr and a cash profit of Rs. 159.93 cr at the close of FY 2010-11.



Q&A

"We reported a topline of Rs. 486.65 cr in 2009-10 and Rs. 713.88 cr in 2010-11. With the commissioning of additional capacities our turnover will grow significantly in the years to come."

Q: Were you happy with the Company's working during the year under review?

A: I was happy with our performance during the financial year under review: We commissioned our projects on schedule, we moved ahead with our China project and we proceeded with the integration of the Mahistikry complex, which translated into higher operational efficiencies. This is reflected in our improved performance despite some challenges faced by the industry.

Q: Why did margins decline and how are margins going to move during the current year?

A: In 2009-10, we made timely raw material procurement. This inventory was acquired at a low cost, given the overall global slowdown. We did not enjoy that advantage in 2010-11, resulting in increased raw material costs. Also, during the current year, the Company faced constraints in the domestic availability of coal tar due to a two-three quarter delay in the commissioning of new coke oven capacities by steel plants, which resulted in temporary raw material shortage. The Company proposes to import raw material and there could be some stress on margins in the near term, but with the phased commissioning of these coke oven batteries, margins are expected to stabilise.

In the second quarter of 2011-12, the Company expects to commission its expanded capacity of Carbon Black. This will generate additional revenues during the current financial year, though in the short run the profits margins may not rise in the same proportion. In the long run this is expected to stabilise, once the additional capacity of Coal Tar Distillation is in place.

Q: What projects were commissioned on schedule?

A: Let us consider each of the projects we worked on during the last financial year and commissioned and stablised within one year of commencement at 100% capacity utilisation:

- **Coal tar pitch:** We expanded our coal tar pitch production capacity by 48%; we not only stabilised the incremental capacity but achieved 100 per cent capacity utilisation. This highlights the strength of our internally developed technology.
- **Carbon black:** We leveraged our internally produced creosote oils to vertically integrate into carbon black in 2009.

Anurag Choudhary, CEO, Himadri Chemical & Industries Limited, reviews the Company's performance in 2010-11 and looks ahead with optimism

- **SNF:** We expanded the capacity at the unit we acquired in Vapi in 2009. During the financial year under review, we operated this capacity at higher capacity utilisation.

- **Power plant:** We operated our 12 MW Independent power plant and supplied electricity to the state electricity grid.

Q. What projects is the Company currently working on?

A: Currently we are working on a number of projects, which will be commissioned during the next 24-30 months:

- Expanding the coal tar distillation capacity by 100%, which includes a brownfield and greenfield expansion.

- Expanding the carbon black capacity by 100%, which is expected to commence operations by the first half of 2011-12.

- Expanding the SNF capacity by 278% by setting up a greenfield plant at Mahistikry. This incremental capacity will be commissioned during the first half of 2011-12 – the largest SNF capacity in India, and the only vertically integrated plant using internally produced naphthalene.

- Expanding the power plant capacity by 67% during 2011-12.

- Setting up an advanced carbon material plant at the Falta SEZ, which we expect to commission during 2011-12.

- Setting up a greenfield coal tar pitch plant in China. along with liquid pitch terminal for the export of liquid pitch to the global market.

Q: What is the concept of a comprehensive Carbon corporation that Himadri is being positioned as?

A: Carbon in any form is the most valuable element and coal tar is one of the most valuable forms of carbon. It is a power house of more than 250 organic chemicals and depending on the volume at which one is operating, one can derive attractive value out of it. At Himadri, our core focus lies in deriving value out of this single raw material and leveraging it to another level altogether. We have been able to manufacture coal tar pitch, advance carbon material, carbon black and SNF from coal tar and this is not the end of the possibilities, but there are a host of products which will be added to this product basket, which will help us add significant value. As a carbon corporation, a host of opportunities will add significant value to our Company and stakeholders, evolving our business model to a model business in the unique world of carbon.

Q: You indicated that the Company will extend its geographical presence in China. How will that benefit the Company?

A: The commissioning of a coal tar pitch unit in China will be a turning point in our history for a number of reasons:

- For the last few years, our focus was on servicing the growing demand for our core products in India. Commissioning our plant in China will mark the beginning of our journey to become a global player

- For years we maintained that our costs are globally competitive. While we did not export large quantities of our products in the past, we now have the platform and ability to service the large and growing global market.

- For years we had no surplus capacity to service growing global demand; we will now leverage the large availability of raw materials within China to build a winning business there – increasing new coal tar pitch capacity, creating a world-class liquid pitch terminal and emerging as a dependable supplier to Chinese and other international buyers

- For years, we serviced high growth customers across India by co-locating with them and offering various value-added services (e.g. liquid pitch supply); we will now extend this same service model to the fragmented aluminum market in China.

Q: How does the Company intend to strengthen its business?

A: The Company has blueprinted a detailed road map for the next five year, which clearly reflects our strategy in strengthening our long term business and relationships. We are setting up a full-fledged coal tar distillation plant proximate to key raw material suppliers and end customers. We intended to set up melting facilities on a pan-India basis, on the same model as done in Korba, which will strengthen relationships and develop long term interdependence. Additionally, we are evaluating a number of opportunities, which will help us integrate vertically and enter new adjacent opportunities.

Q: What are these diverse initiatives likely to do for the Company?

A: These initiatives will translate into sustained rapid growth, while continuing to reduce risk. Consider the following:

- We reported a topline of Rs. 486.65 cr in 2009-10 against Rs. 713.88 cr in 2010-11, and expect to grow significantly in the years to come

- We also reduced risk during the same period – moving from a single product to a diversified portfolio of high-growth carbon material and chemical products.

These factors make us a unique global Company.

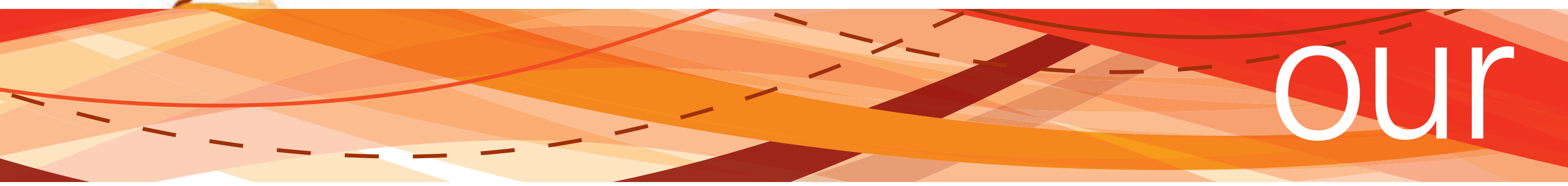
Mr. Anurag Choudhary
CEO

Diverse product portfolio

Himadri is the only Company in India and among few in the world to manufacture a wide range of value-added specialty carbon products catering to downstream industries like metal, steel, automobile, infrastructure, power generation and lithium-ion batteries.

Scale of operations

Himadri is the largest manufacturer of coal tar pitch in India (with a 65+% share of installed capacity) and we will progressively become one of the world's largest, reducing costs while we meet the growing global demand for our products



Locational advantage

Himadri has plants across India. We have four facilities on the outskirts of Kolkata to cater to the demand in East India, one in Visakhapatnam (Andhra Pradesh) to cater to South India, and one in Vapi (Gujarat) to cater to West India. Finally, our facility in China will cater to local Chinese and international demand.

Advanced logistics fleet

Himadri has dedicated 110 temperature-controlled tankers – the largest fleet of its kind in India – which maintains a temperature of 220 degrees centigrade to transport liquid pitch to customers.

Core competence

Himadri evolved from a coal tar pitch manufacturer to an integrated specialty carbon corporation, manufacturing a variety of carbon by-products and specialty value-added products, commanding a premium.

Brand

Himadri possesses more than two decade-rich industry experience; it emerged as a preferred vendor for large companies, owing to its superior product quality.

Technology

Himadri developed a robust technology using in-house resources, capable of manufacturing products that meet the stringent quality criteria of large downstream customers, reducing production costs.

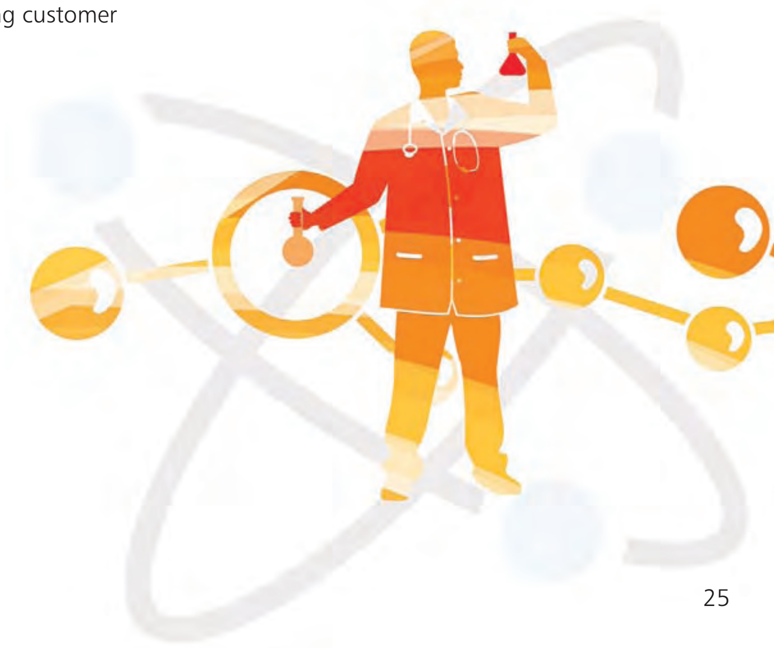
strengths

Innovative

Himadri consistently developed new and unique products. It is among only a few global producers of Zero Quinolene Insoluble (QI), Impregnating coal tar pitch and advanced carbon material.

Quality

Himadri practices stringent statistical process control to enhance product quality and produce coal tar pitch in line with demanding customer needs.



Product analysis

Coal tar pitch

Industry overview

COAL TAR, A BY-PRODUCT GENERATED FROM THE PROCESSING OF COKING COAL INTO LOW ASH METALLURGICAL COKE IN A RECOVERY-TYPE COKE OVEN PLANT, IS PRIMARILY SOURCED FROM STEEL MANUFACTURERS. COAL TAR IS DISTILLED TO DERIVE COAL TAR PITCH, A COMPLEX INDUSTRIAL PRODUCT WITH 22 CHEMICAL AND PHYSICAL PROPERTIES. THE DISTILLATION ALSO PRODUCES VARIOUS INTERMEDIATE CHEMICAL PRODUCTS.

Company overview

Himadri Chemicals is India's largest coal tar pitch manufacturer; it is also among a few global manufacturers to possess an integrated specialty carbon complex. The Company distills coal tar across four locations in India and intends to commission a plant in China during the current financial year. The Company is also among only a few companies in the world to manufacture Zero QI Impregnation coal tar pitch and advanced carbon material, a value-added carbon product.

Highlights, 2010-11

- Increased coal tar capacity by 48% at the end of March, 2010; production was stabilised in the second quarter
- The coal tar pitch plants reported peak capacity utilisation

Industry optimism

Metcoke industry: Global met coke production increased from 400 million tonnes in 2005 to around 600 million tonnes in 2010 and is projected to increase to 800 million tonnes by 2015-16.

Coal tar pitch: Coal tar pitch requirement accounts for about 10% of finished aluminium production by volume. Following a growing demand for aluminium in India, coal tar pitch demand is also expected to increase: from 122,000 TPA in 2010 to a projected 467,000 TPA in 2015.

Graphite industry: The global carbon and graphite industry is expected to grow to USD 7.5 billion by 2015, riding on the growth in the iron and steel, automotive and other diverse sectors.

Graphite electrode demand in India will rise due to an expected increase in steel production through electric arc furnaces (EAF), owing to increased availability of scrap from industries, and a growing concern for the environment. EAF converts scrap back to steel. The capital cost involved in this process is much less than that for blast furnaces, and it is not affected by the volatility in iron ore and coal prices. Thus, the graphite electrode demand is likely to be robust in the mid-long-term scenario.

Global graphite production in 2010 is expected to be about 1.1 million tonnes, with India having an installed capacity of about 130,000 TPA. China is the world's largest graphite producer, with a production of about 800,000 TPA.

Outlook

- Coal tar pitch commercial production in our China plant is targeted to commence during 2011-12
- High capacity utilisation is targeted across its plants
- Exports targeted to grow as a proportion of production
- Work on capacity expansion in coal tar pitch distillation expected to begin; plant will capitalise on the proximity to raw materials and customers

Advanced carbon materials

Industry overview

ADVANCED CARBON MATERIAL IS PRODUCED FROM COAL TAR AND USED IN THE MANUFACTURE OF ANODES IN LITHIUM-ION BATTERIES. DEMAND FOR ADVANCED CARBON PRODUCTS INCREASED SIGNIFICANTLY AS LITHIUM-ION BATTERIES NOW FORM AN INTEGRAL PART OF MOST COMPUTING AND COMMUNICATION DEVICES.

The lithium-ion battery is light, has a high capacity, high voltage, long life and is pollution-free. It is widely used in mobile phones, laptops, power tools, digital cameras, audio devices, games and implantable medical devices. Its use is being extended to hybrid electric vehicles and electric vehicles. Technical innovations in the segment to develop thin-film batteries and high-energy density lithium-ion batteries can unlock opportunities.

Company overview

Himadri Chemicals, through its 100% export oriented unit, commenced the manufacture of advanced carbon materials in 2008. The Company leveraged two decades of industry experience to develop technical capabilities to enter this specialised segment. It is the only Company outside Japan to possess the technology to manufacture this high quality-intensive advanced carbon material from coal tar products.

Highlights, 2010-11

- Commenced work on setting up a 100% EOU in Falta (SEZ); the unit will commence operations during 2011-12

Industry optimism

The global lithium-ion industry is estimated to be a USD 13-billion market (dominated by consumer durables) and is expected to triple to USD 44 billion by 2015. The electronics industry (USD 13 billion), automotive industry (USD 13 billion) and power storage sector (USD 18 billion) will be the biggest sources of demand. Asia is expected to account for most of the growth in this segment (around 50%) according to SANYO.

In India, telephone and wireless subscribers reached 806.13 million and 791.38 million respectively with a teledensity (telephones per 100 people) of 67.67. The industry is expected to grow 12-13% annually, attract an investment of USD 55.95 billion, grow in excess of USD 100 billion and enjoy a subscriber base of a billion by 2014. As a result, Indian mobile handset revenues are expected to grow from USD 5.73 billion in 2010 to USD 7.83 billion in 2016 (Source: IBEF).

Outlook

- The Company plans to upgrade its technical skills and graduate from carbonised pitch manufacture to graphitised pitch to increase finished product realisation and directly cater to end-use customers
- It expects to scale its advanced carbon material capacity and emerge as a significant global player

Other derivatives

Company overview

THE COMPANY LEVERAGED ITS SKILLED RESEARCH AND TECHNOLOGY CAPABILITIES TO COMMENCE THE MANUFACTURE OF SEVERAL BY-PRODUCTS FROM THE DISTILLATION OF COAL TAR USED BY DOWNSTREAM INDUSTRIES.

Naphthalene: Naphthalene is a by-product of coal tar distillation and used in Sulfonated Naphthalene Formaldehyde, dye and organic compound intermediates in fine chemicals, pharmaceuticals, beta naphthol, phthalic anhydride, tanning agents, moth balls and domestic disinfectants. The Company leveraged this product to manufacture Sulfonated Naphthalene Formaldehyde.

Sulfonated Naphthalene Formaldehyde (SNF): The Company commenced the manufacture of SNF through the acquisition of an SNF plant at Vapi (Gujarat) under a long-term lease agreement. The Company produces SNF in liquid and powder form which can be used in ready mix concrete, enhancing strength, fluidity and rationalising cement consumption. The product is also used as a dispersing agent in dyes, leather and agro industries. In 2010-11, the Company increased SNF capacity by 125%.

The Company also embarked on a capacity expansion by setting up a greenfield capacity which will increase the Company's SNF capacity by 278% at Mahistikry, scheduled for commissioning in 2011-12.

The Company enjoys a lower production cost due to its backward integration; almost 70% of the manufacturing cost of SNF is derived from naphthalene (also manufactured by the Company).

Himcoat enamel: This coal tar-based thermoplastic polymeric coating is produced from the plasticisation of coal tar pitch, coal and distillates, followed by the addition of inert fillers. This product is used as a corrosion protection agent for underground and offshore pipelines. The product manufactured by the Company conforms to BS 4164, AWWA C203 and IS 15337 (2003) standards. The enamel coating provided by Himadri enjoys the following advantages:

- Permanent corrosion protection and resistance to soil bacteria and marine organisms
- Reduced moisture absorption and inert to soil chemicals
- Better electrical insulation
- Insolubility in hydrocarbon
- Excellent adhesion to metal
- Retains form under soil pressure
- Good flexibility and temperature susceptibility
- Resistant to cathodic disbonding

Himcoat primer- B: This product has a chlorine-based synthetic primer, modified and adjusted with plasticisers and stabilisers and blended with special solvents. This product conforms to BS 4164 and AWWA C203 standards and is compatible with Himcoat EnamelTM. It is used as a coating in oil and gas pipelines, tanks, underground structures and fittings, water and sewage pipelines, fire hydrant lines, pipe joints, fittings and couplings. The primer manufactured by the Company has the following advantages:

- It can be used in any season and can dry quickly under all climatic conditions
- Free-flowing property permits coverage of 10-12 sq. mt. per litre on new pipe surfaces while old and rough pipes require 10% to 20% extra coverage depending on pipe surfaces
- It is tasteless and odourless and can be used to coat pipes from the inside
- It is free-flowing and fast-drying, with excellent bonding between metallic surfaces and coating

Himtape: This specially formulated plasticised coal tar coating is completely saturated and bonded to both sides of a high tensile strength fabric. It is used to protect underground gas, oil and water pipelines and buried metal surfaces from corrosion and electrolysis. The product conforms with AWWA C203 and IS 15337(2003) standards. Its application is similar to that of Himcoat

Primer with the following advantages:

- Easy to use and provides uniform thickness coating
- Resistant to water, electricity, cathodic disbonding, petroleum product, alkali, abrasion, soil bacteria, marine organism and root growth
- Good flexibility, not susceptible to high temperatures and is environment-friendly
- Excellent adhesion to metal surfaces

Himwrap: This fibreglass tissue, impregnated with plasticised coal tar enamel and dusted with inorganic parting agents, prevents sticking to the roll. It conforms with AWWA C203 and IS 15337(2003) standards. It provides complete underground pipeline protection from soil stress, pipe shift, moisture, bacteria and root growth. The product is rust-proof, possesses high tensile strength and controls porosity.

Carbon black

Industry overview

CARBON BLACK IS A TYPE OF PURE ELEMENTAL CARBON IN THE FORM OF COLLOIDAL PARTICLES. IT IS MANUFACTURED THROUGH THE INCOMPLETE COMBUSTION OR THERMAL DECOMPOSITION OF GASEOUS OR LIQUID HYDROCARBONS UNDER CONTROLLED CONDITIONS.

IT IS A BLACK, FINELY DIVIDED PELLET OR POWDER THAT FINDS APPLICATION AS ONE OF THE WORLD'S MOST IMPORTANT INDUSTRIAL CHEMICALS. IT IS USED IN RUBBER, PLASTICS, COATING, INK, BATTERY AND CONVEYOR BELTS. THE RUBBER INDUSTRY CONSUMES AROUND 90% OF THE WORLD'S CARBON BLACK PRODUCTION.

Company overview

The Company commenced carbon black manufacture in July 2009 at its Mahistikry plant. The Company strategically diversified into power generation through the recovery of waste heat gases. Himadri produces various carbon black variants that find applications in non-rubber and rubber industries.

Highlights, 2010-11

- Embarked on plant capacity expansion by 100% which is expected to be operational in 2011-12
- Ran the plant at full capacity utilisation levels
- Increased carbon black production by 64% from 2009-10 to 2010-11

Industry optimism

Global: The global carbon black industry is expected to grow 4.3% annually to reach 11.6 million metric tonnes by 2013. During this period, almost 60% of the carbon black demand is expected to come from the tyre industry. Tyre sector demand is expected to grow 3.7% to reach 6.9 million metric tonnes by 2013. A major production shift will occur in this industry as North America and Western Europe, which accounted for 48% of the world's carbon black production in 1998, are likely to reduce their share to just 23% by 2013. Asia-Pacific's share of the world's carbon black (36% in 1998) is likely to increase to 57% by 2013 (Source: Freedonia Group). Most carbon black manufacturing units in developed countries like Japan, the UK and Germany shut down, owing to higher costs and environmental concerns, which fueled the growth of fresh capacities in Asia, especially in India and China. It is expected that by 2015, almost 61% of the global carbon black demand is expected to come from Asia (Source: Crisil).

India: India's carbon black production increased from 470,000 MT in 2008-09 to 633,000 MT in 2009-10. This momentum is expected to sustain as the country's current carbon black installed capacity reached 700,000 MT. Besides, the Indian tyre industry is expected to grow 11-12% over FY11 and FY12, driven by higher OEM (original equipment manufacturer) demand and increasing replacement demand, driving carbon black demand.

Corporate strategy

- Gradually develop and start high-value specialty carbon black production
- Commence the expanded capacity in time and ensure 100% capacity utilisation.
- Stabilise the operation of waste heat recovery-based power plant.

The Company's manufactured products represent inputs for downstream industries, making it critical to achieve a high-quality product that is customised to the end application. This makes it imperative for a Company engaged in coal tar pitch manufacture to ascertain product quality at every stage through a statistical process control system, and ensure that the end product quality matches customer requirements.

Quality control

Highlights, 2010-11

The Company installed new equipment in its state-of-the-art laboratory to analyse the rheological properties of coal tar pitch, to improve quality and customise products.

Quality control initiatives

- Himadri has been in the business of coal tar distillation for over two decades. The Company invested significantly in technology absorption, upgradation and modernisation, which helped improve product quality and process efficiency
- The Company maintains close relationships with customers to ascertain evolving requirements, it then works on developing suitable products that meet stringent quality criteria
- The Company's laboratories are equipped with the latest technologies. The manufacturing facility is ISO 9001:2008 and ISO 14001:2004-certified
- The Company's products undergo testing in line with ASTM standards from the raw material to finished product stage. The plant is equipped with statistical process control equipment that ensures quality consistency
- The Company's products undergo stringent quality checks across 22 parameters to match stringent customer quality standards
- The Company's products undergo stringent quality checks across 22 parameters to match stringent customer quality standards

The Company's laboratories are equipped with the latest technologies. The manufacturing facility is ISO 9001:2008 and ISO 14001:2004-certified

The primary raw material required for coal tar pitch manufacture and its by-products is coal tar (a by-product of coke oven plants). It is important for a capital-intensive Company like Himadri to ensure a continuous supply of raw material to achieve a high asset utilisation and reduce production costs.

Coal tar is generally obtained from recovery type high temperature coke oven batteries through the condensation of gases at a particular temperature. Himadri enjoys strong relations with major steel plants across India and sources raw materials from them.

Raw material management

Highlights, 2010-11

- The Company finalised plans to commission a new plant, proximate to raw material sources and end product customers.

- The Company plans to set up a raw material storage facility on a pan-India basis, proximate to the steel plants and the railway network, this will enable the Company to accumulate raw material from suppliers and move through railway logistics, which is time and cost-efficient.

Inventory management initiatives

- The Company invested adequately in large raw material storage facilities, generally maintaining a three-month inventory to ensure uninterrupted production

- The Company possesses insulated tanks to maintain raw material temperatures, enhancing productivity. This optimises the production process and reduces the material processing time

- The Company strategically entered China to enhance raw material security, as China is the world's largest coke producer

- Plant automation makes it possible for the Company to restock depleting raw material

- The Company invested adequately in large raw material storage facilities, generally maintaining a three-month inventory to ensure uninterrupted production

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The Company customises products around target customers, and ensures that its products meet customers' stringent quality standards. The Company focuses on identifying the right customer, selling the right product through the right marketing medium and delivering it at the right time.

Marketing initiatives

Highlights, 2010-11

- The Company has primarily focused on selling coal tar pitch to the domestic markets but with the commencing of capacity in China , the Company will now focus on the global market including China to sell of coal tar pitch. Having the advantage of its product being already approved by major aluminum players in the world, will help the Company introduce it to the world market.
- Stablised the distribution network of carbon black on pan-India basis , within one year of commencement with new stockists and distributors.
- Stablised strong presence in SNF marketing and emerging as the major player in this line of business with one year of operation.

Marketing initiatives

- The Company provides quality products supported by timely service (technical and product support), enhancing customer trust and loyalty
- The Company's wide product portfolio and pan-India presence allows it to service a widely dispersed set of customers
- Growing global demand for coal tar and its by-products provides an opportunity to market quality products to international clients
- The Company's plant in China will allow it to cater to markets in China, the Middle East, Africa and other CIS countries
- The Company's plants in East, West, North and South India will widen its pan-India presence and reduce product delivery time, helping customers lower their inventory.

The Company provides quality products supported by timely service (technical and product support), enhancing customer trust and loyalty

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The Company's strategic advantage in terms of its location, a strong inventory management system and the availability of liquid pitch tankers, makes it possible to deliver products in a timely and economical way. This makes it possible for the Company to reduce working capital cycles for customers and itself.

Logistics management

Highlights, 2010-11

- The Company upgraded and increased its fleet of dedicated liquid pitch tankers, ensuring supply of additional volumes to the customers.
- Moved major raw material inward from road to railway network, thereby reducing the time lag and logistics cost.
- Blueprinted strategy to own its own storage tankage at various locations on pan-India basis, including ports in order to reduce the logistics cost and on-time movement of raw material.

Logistics initiatives

- The Company chose to be in all four Indian regions – its plants are well-connected to both rail and road to be closer to downstream users
- The Company is served by a dedicated fleet of 110 temperature-controlled tankers capable of carrying coal tar pitch in liquid form, at a temperature of 200 degree centigrade. These tankers maintain product quality and material temperature while in transit.
- Flexibility to transport raw material through a mix of rail and road network improves logistics efficiency and reduces costs
- The Company's plants in India will focus on servicing domestic needs (its plant in China will focus on exports), further strengthening Himadri's overall logistics management capabilities

The Company chose to be in all four Indian regions – its plants are well-connected to both rail and road to be closer to downstream users

Research and development

Himadri is engaged in the manufacture of specialty products, which require constant upgradation in terms of technology, quality and chemical composition. The Company invested significantly in a world-class research laboratory with modern equipment to improve product quality and develop new products in line with evolving customer needs.

The Company invested Rs. 916.35 lacs in research and development (of which Rs. 724.72 lacs incurred for ongoing expansion projects debited to Capital Work-in-Progress)

Highlights, 2010-11

- The Company invested Rs. 916.35 lacs in research and development (of which Rs. 724.72 lacs incurred for ongoing expansion projects debited to Capital Work-in-Progress)
- The Company received recognition as a Research and Development centre in March 2011 by Government of India, Ministry of Science & Technology, Department of Scientific & Industrial Research.
- The Company undertook several initiatives in terms of new products and higher value-addition to the existing line of products, the Company is actively working of graphitised carbon material and developing technology, resulting in optimal production costs, while stabilising the quality.
- Working on different SNF variants to be used in different industrial segments, which will result in higher value-addition.
- Working on other new products from impregnating pitch and other forms of advanced carbon material, also working on advanced carbon material for special applications.
- Specialty pitch from oil to be used for high value-added applications.
- Carbon foam and fibers which are used in high-tech applications.

Research initiatives

- Developed a variety of value-added products (advanced carbon material and super plasticisers) that address growing markets and attract higher margins
- Only Company outside Japan to develop high-end technology to produce high-quality advanced carbon material used in lithium-ion batteries
- Among few companies in the world with the capability to manufacture Zero QI impregnating coal tar pitch, a critical raw material required in the graphite electrode industry and high-value added carbon materials
- Strategic investment in a waste heat recovery system which reduced fuel consumption significantly
- Invested in a power plant that utilises waste gases to produce power
- Exploring new technologies to extract more value-added products from coal tar like anthraquinone, carbozole, phenolic fractions, quinoline products, indene and flourine
- Plans to extend capabilities from carbonisation to graphitisation of advanced carbon material, which will allow the Company to directly cater to the lithium-ion battery market
- Working on several products using Zero QI impregnating coal tar pitch as a raw material, having high value-addition

Human resources

For a Company engaged in the manufacture of specialty carbon products that require high technical expertise, human capital is our most important corporate asset. The Company has a strong team of committed and professional employees having years of experience in the coal tar industry with extensive knowledge in the field of carbon chemistry. The team is continuously motivated to work towards development of new products, enhancing production processes and adopting new technologies.

Highlights, 2010-11

- Increased the proportion of graduates within the organisation with maximum of them being highly skilled engineers
- Reduced the attrition rates in the organisation
- Provided technical and behavioral training to enhance employee skills.
- Enhanced safety concerns within the organisation thereby reducing the frequency of accidents .

HR initiatives

- Performance-based appraisal rewards employees with compensation at par with the best industry standards
- 360-degree employee feedback to ascertain performance
- Training provided to employees to improve skills
- Employees involved in the decision-making process, enhancing motivation and converging insight for corporate benefit
- Employees encouraged to maintain a work-life balance
- The Company is planning to introduce Employees Stock Option Scheme (ESOS), which will result in higher employee participation in the Company's growth, resulting in more ownership and commitment and dedication towards the organisation.

The Company increased the proportion of graduates within the organisation with maximum of them being highly skilled engineers

Industry review

Indian economy

The Indian economy grew 8.6% in 2010-11 as against 8.0% in 2009-10. Manufacturing sector growth was constant at 8.8%, and is further expected to grow by 7.0% in 2011-12. Net capital inflows into the country grew about 60% to USD 36.7 bn as on 31st March 2011. The country's foreign exchange reserves grew by USD 20 bn to USD 305.49 bn, and exports grew 31.6%. Gross fiscal deficit was 6.3% in 2009-10, falling to around 5.2% in 2010-11 and is estimated to fall further to 4.8% in 2011-12.

Aluminium industry overview

Global: Global primary aluminium production grew 9.9% from 37.0 million tonnes (MT) in 2009 to 40.65 MT and is estimated to increase by 7.5% to 43.69 MT in 2011. Global aluminium consumption increased 12.6% from 35.56 MT in 2009 to 40.02 MT in 2010 and is further expected to grow by 8.6% to reach 43.47 MT in 2011. (Source: HSBC, Brook Hunt). In 2010, global auto production accounted for about 35% of aluminium consumption. The LME prices of aluminium rose 30% from a weighted average price of USD 1,668 per tonne in 2009 to USD 2,175 per tonne in 2010.

China: China's aluminium production increased 24.1% from 12.96 MT in 2009 to 16.08 MT in 2010 and is expected to grow 10.6% to 17.78 MT in 2011. China accounts for about 40% of the total global aluminium production. China's aluminium consumption increased 16.13% from 13.88 MT in 2009 to 16.13 MT in 2010 and is expected to grow by 10.6% to 17.83 MT in 2011 (Source: HSBC, Brook Hunt).

India: The Indian aluminium industry produced 1.318 MT of aluminium in 2010; this is expected to grow to 5 MT by 2015 and 10 MT by 2020. In 2011, primary aluminium consumption is forecast to grow by 16%. India's per capita consumption of aluminium is only 1.3 kgs compared with 25 kg in the US, 19 kg in Japan and 10 kg in Europe. India has the world's fifth-largest bauxite reserves. India's aluminium consumption is likely to be boosted as automotive production is expected to grow by 12.4% in 2011-13. In India, the power, transportation and infrastructure sectors account for nearly 75% of domestic aluminum consumption. This sector will benefit from a growth in Indian infrastructure spend from an estimated Rs. 20,542 billion in the Eleventh Plan to Rs. 40,992 billion in the Twelfth Plan.

Global aluminium capacity, production and consumption

Year	Capacity (MT)	Production (MT)	Consumption (MT)
2005	36.90	31.97	31.91
2006	38.60	33.91	34.41
2007	42.33	38.13	37.98
2008	45.88	39.60	37.84
2009	49.61	37.01	35.56
2010	50.56	40.65	40.02
2011(E)	52.64	43.69	43.47
2012(E)	54.56	46.13	46.19

(Source: HSBC, Brook Hunt)

Evolving industry trends

Rising production costs due to obsolete technology, stagnating demand and rising power costs in western countries resulted in aluminium production shifting to Asia and the Middle East. The US and Europe accounted for 54% of the global aluminium production in

2004; they now account for just 37%. Asia accounted for only 32.32% of the global aluminum production in 2004, now it accounts for 53% and this is projected to increase to 64% by 2020 (Source: HSBC, Brook Hunt).

World share of aluminium production by region

	2004	2005	2006	2007	2008	2009	2010
USA	24.95	24.31	23.08	21.51	21.32	19.64	16.98
Europe	29.51	28.07	26.11	24.18	24.57	22.03	20.38
China	22.36	24.42	27.57	33.02	33.27	35.03	39.46
Other Asia	9.96	10.67	11.03	10.45	10.71	12.78	13.45
Oceania	7.50	7.04	6.71	6.07	5.80	5.97	5.51
Africa	5.72	5.48	5.50	4.76	4.33	4.54	4.22

(Source: HSBC, Brook Hunt)

Steel industry overview

Global: Global steel consumption increased 13.2% to 1,283 MT in 2010 and is expected to increase by 5.9% to 1,359 MT in 2011 and by 6% to 1,441 MT in 2012. Around 72% of global steel demand is expected to come from emerging and developing economies (up from 61% in 2007). China is the world's largest steel producer. China's steel consumption is estimated to grow from 605 MT in 2011 to 635 MT in 2012 (Source: World Steel Association).

India: Finished steel production (primary and secondary sources) grew 8.9% to 78 MT in 2010-11. Steel consumption is expected to grow 13.3% in 2011 to 68.7 MT and by 14.3% in 2012 to 78.5 MT. India's steel capacity is expected to increase by 30 MT in two years with more large scale integrated steel plants expected to be commissioned in five to seven years (Source: World Steel Association).

Power industry overview

India's power generating capacity was 173.6 GW in March 2011. The Ministry of Power targeted the addition of 52-55 GW during the Eleventh Plan (2007-12) with a year-to-date addition of 35 GW. In 2010-11, the Ministry commissioned a record 12.1 GW and synchronised 3.7 GW of projects against a target of 22 GW. In 2011-12, the Ministry targeted the commissioning of 28 GW. This capacity addition will help increase aluminum and coal tar pitch demand.

Auto industry overview

In 2010-11, India's automobile production grew 27.45% and exports grew 29.54%. India's automobile industry is expected to grow by 12-15% in 2011-12. Light commercial and passenger vehicles are expected to grow 18-21% and 16-18% respectively. It is also expected that the Indian demand for cars will grow by more than three million by 2014 (Source: SIAM).

The Indian aluminium industry produced 1.318 MT of aluminium in 2010; this is expected to grow to 5 MT by 2015 and 10 MT by 2020. In 2011, primary aluminium consumption is forecast to grow by 16%.

Finance review

Analysis of the Profit and Loss account

(Rs. in lacs)

	2010-11	2009-10	% growth
Total income	71,387.96	48,665.47	46.69
Net sales	70,008.26	47,141.94	48.51
EBIDTA	20,635.39	19,793.58	4.25
PAT	11,438.91	10,733.98	6.57

Highlights, 2010-11

- The total income of the Company increased 46.69% from Rs. 48,665.47 lacs in 2009-10 to Rs. 71,387.96 lacs in 2010-11.
- The net sales of the Company increased 48.51% from Rs. 47,141.94 lacs in 2009-10 to Rs. 70,008.26 lacs in 2010-11.
- EBIDTA grew 4.25% from Rs. 19,793.58 lacs in 2009-10 to Rs. 20,635.39 lacs in 2010-11.
- PAT grew 6.57% from Rs. 10,733.98 lacs in 2009-10 to Rs. 11,438.91 lacs in 2010-11.

Income analysis

Total income

The total income of the Company (income from operating and non-operating income) increased 46.69% from Rs. 48,665.47 lacs in 2009-10 to Rs. 71,387.96 lacs in 2010-11.

Income from operating activities

The operating income of the Company comprising net sales increased 48.51% from Rs. 47,141.94 lacs in 2009-10 to Rs. 70,008.26 lacs in 2010-11, owing to an increase in production. The Company's exports grew from Rs. 9,915.34 lacs in 2009-10 to Rs. 12,289.46 lacs in 2010-11, with its proportion to total sales decreasing by 348 basis points to reach 17.55%.

Income from non-operating activities

The non-operating income of the Company comprising other income decreased 9.44% from Rs. 1,523.53 lacs in 2009-10 to Rs.1,379.70 lacs in 2010-11, primarily owing to a decline of 52.85% in the foreign exchange gain.

Margin

(In percentage)

	2010-11	2009-10
EBIDTA margin	29.48	41.99
Net profit margin	16.34	22.77

The Company's EBIDTA and PAT margins decreased 1,251 and 643 basis points respectively despite an increase in sales. The decrease in margins was primarily because of an increase in raw material costs compared with last year, in which the Company had favourable raw material buys.

Cost analysis

The total expenditure of the Company increased 67.10% from Rs. 34,140.29 lacs in 2009-10 to Rs. 57,047.71 lacs in 2010-11.

The total income of the Company (income from operating and non-operating income) increased 46.69% from Rs. 48,665.47 lacs in 2009-10 to Rs. 71,387.96 lacs in 2010-11.

Cost components

(Rs. in lacs)

Costs	2010-11	% of total cost	2009-10	% of total cost
Operating expenses	50,752.57	88.96	28,871.89	84.56
Financial expenses	2,970.32	5.21	2,788.10	8.17
Non-cash expenses	3,324.82	5.83	2,480.30	7.27
Total	**57,047.71**	**100.00**	**34,140.29**	**100.00**

Operating expenses

Total operating expenses increased 75.79% from Rs. 28,871.89 lacs in 2009-10 to Rs. 50,752.57 lacs in 2010-11. The primary items in the operating expenses comprised:

Raw material costs: The cost of raw materials consumed increased 60.09% from Rs. 27,872.41 lacs in 2009-10 to Rs. 44,622.31 lacs in 2010-11, owing to an increase in the quantity of production along with a significant rise in the price of the raw materials. The raw material consumption, as a percentage of gross sales, increased from 52.83% in 2009-10 to 56.85% in 2010-11.

Manufacturing expenses: The Company's manufacturing expenses increased 39.43% from Rs. 6,389.86 lacs in 2009-10 to Rs. 8,909.23 lacs in 2010-11. The primary reasons for growth in the manufacturing costs are:

- Increase in power and fuel costs by 173.25% from Rs. 537.45 lacs in 2009-10 to Rs. 1,468.59 lacs in 2010-11, owing to increased production and an increase in power and fuel charges.
- Increase in employee costs by 50.15% from Rs. 831.47 lacs in 2009-10 to Rs. 1,248.45 lacs in 2010-11.
- Increase in freight and forwarding expenses by 73.97% from Rs. 1,186.69 lacs in 2009-10 to Rs. 2,064.49 lacs in 2010-11.

Financial expenses

Total financial expenses comprising interest and financial expenses increased 6.54% from Rs. 2,788.10 lacs in 2009-10 to Rs. 2,970.32 lacs in 2010-11. The increase was primarily on account of increase in external debt along with a rise in average interest rates. The interest cover of the Company reduced marginally from 6.21 times in 2009-10 to 5.83 times in 2010-11.

Non-cash expenses

The non-cash expenses comprising depreciation increased 34.05% from Rs. 2,480.30 lacs in 2009-10 to Rs. 3,324.82 lacs in 2010-11, owing to commencement of new projects in the financial year 2009-10.

Analysis of the Balance Sheet

Sources of funds

Analysis of capital employed

(Rs. in lacs)

Particulars	2010-11		2009-10	
	Amount	% of total capital employed	Amount	% of total capital employed
Share capital	3,857.33	2.18	3,857.33	3.18
Reserves and surplus	80,720.78	45.70	69,783.24	57.47
Net worth	**84,578.11**	**47.88**	**73,640.57**	**60.64**
Loan funds	84,852.79	48.04	41,424.88	34.11
Deferred tax liability	7,199.19	4.08	6,369.36	5.25
Capital employed	**1,76,630.09**	**100.00**	**1,21,434.81**	**100.00**

Capital employed

The total capital employed by the Company increased 45.45% from Rs. 1,21,434.81 lacs as on March 31, 2010 to Rs. 1,76,630.09 lacs as on March 31, 2011, following an increase in reserves and surplus and secured loans for expansion plans. The average return on capital employed by the Company decreased from 21.08% as on March 31, 2010 to 14.51% as on March 31, 2011.

Net worth

The Company's networth as a proportion of total capital employed decreased from 60.64% as on March 31, 2010 to 47.88% as on March 31, 2011 despite an increase of 14.85% from Rs. 73,640.57 lacs as on March 31, 2010 to Rs. 84,578.11 lacs due to the ploughback of operational surplus. The average return on net worth declined from 19.18% in 2009-10 to 14.46% in 2010-11

Share capital: The Company's equity share capital remained unchanged at Rs. 3,857.33 lacs comprising 38,57,32,570 equity shares of Re. 1 each.

Reserve and surplus: Reserves and surplus increased 15.67% from Rs. 69,783.24 lacs as on March 31, 2010 to Rs. 80,720.78 lacs as on March 31, 2011 – through a ploughback of operational profit

Loan funds

The total loan funds of the Company increased 104.84% from Rs. 41,424.88 lacs as on March 31, 2010 to Rs. 84,852.79 lacs as on March 31, 2011. The debt-equity ratio of the Company increased from 0.56 in 2009-10 to 1.00 in 2010-11.

Secured loans: The secured loans worth Rs. 77,777.45 lacs comprised 91.66% of the total loan funds. External commercial borrowings comprised 27.23%, working capital loans 39.36%, term loans 7.70% and non-convertible debentures 25.71% of the total secured loans.

Unsecured loans: The unsecured loans worth Rs. 7,075.34 lacs comprised 8.34% of the total loan funds. Deep discount debentures comprised 52.01% and foreign currency convertible bonds 44.17 of the total unsecured loans.

The total capital employed by the Company increased 45.45% from Rs. 1,21,434.81 lacs as on March 31, 2010 to Rs. 1,76,630.09 lacs as on March 31, 2011.

Application of funds

Gross block

The gross block increased marginally from Rs. 66,202.05 lacs as on March 31, 2010 to Rs. 68,244.27 lacs as on March 31, 2011. The return on gross block increased from 29.90% in 2009-10 to 30.24% in 2010-11. Whereas, the accumulated depreciation stood at 17.63% of gross block, reflecting the newness of assets.

Capital work-in-progress

The capital work-in-progress increased from Rs. 4,420.40 lacs as on March 31, 2010 to Rs. 28,874.06 lacs as on March 31, 2011 owing to capacity expansion projects underway.

Investments

The Company's investments increased 29.98% from Rs. 20,120.48 lacs as on March 31, 2010 to Rs. 26,151.66 lacs as on March 31, 2011 owing to investments in mutual funds.

Working capital

The Company's working capital requirement increased 66.16% from Rs. 39,353.67 lacs as on March 31, 2010 to Rs. 65,390.48 lacs as on March 31, 2011. The Company's current ratio and quick ratio stood at 2.07 and 1.41 respectively in 2010-11 compared with 2.23 and 1.47 respectively in 2009-10.

The Company's working capital as a proportion of total capital employed increased from 32.41% in 2009-10 to 37.02% in 2010-11.

Inventory: Inventory increased 51.07% from Rs. 15,859.50 lacs as on March 31, 2010 to Rs. 23,959 lacs as on March 31, 2011 owing to an increase in sales volume. The inventory cycle increased from 123 days in 2009-10 to 125 days in 2010-11.

Debtors: Debtors increased 15.99% from Rs. 13,484.57 lacs as on March 31, 2010 to Rs. 15,640.88 lacs as on March 31, 2011. Despite this, the debtors' collection period decreased from 93 days in 2009-10 to 73 days in 2010-11. Of the total debtors, only 8.94% were for a period exceeding six months.

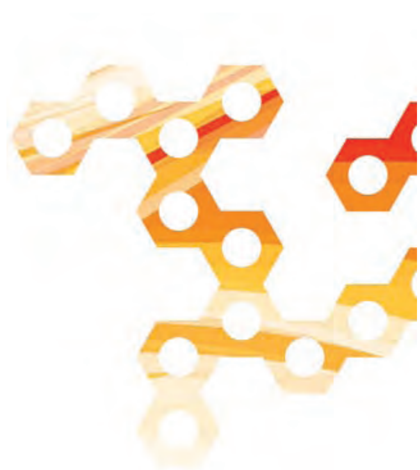
Loans and advances: Loans and advances increased 80.90% from Rs. 14,069.41 lacs as on March 31, 2010 to Rs. 25,451.44 lacs as on March 31, 2011.

Cash and bank balances: The Company's cash balance increased 216.90% from Rs. 3,163.64 lacs as on March 31, 2010 to Rs. 10,025.48 lacs as on March 31, 2011 showing better liquidity.

Current liabilities and provisions: Current liabilities and provisions increased 34.10% from Rs. 7,223.45 lacs as on March 31, 2010 to Rs. 9,686.32 lacs as on March 31, 2011 owing to an increase in creditors by 43.70%.

Taxation

The Company's provision for taxation for the current year decreased 23.47% from Rs. 3,791.20 lacs in 2009-10 to Rs. 2,901.34 lacs in 2010-11 owing to a decrease in deferred tax liability by 77.91%. The average tax rate for the current year decreased 587 basis points from 26.10% in 2009-10 to 20.23% in 2010-11.



Risk management

Risk relates to an uncertainty about events and the possible outcomes that could have a material impact on performance and prospects of the Company. It is the responsibility of management to understand the core of the business, the market conditions affecting business and devise strategies to minimise risks and maximise returns.

Himadri has well-defined and integrated risk management policies that include a clear understanding of risk, evaluating its impact on the business and taking appropriate actions to counter them. Senior management centrally devises the risk management approach, which is prudently cascaded down to managers at various organisational levels, helping the Company mitigate risks early on.

The management at Himadri ensures that risks are kept well under controllable levels to develop a sustainable business model capable of maximising stakeholders returns and improving credit ratings.

Operational risk

The management's inability to maintain high equipment uptime and improve efficiencies could lead to lower productivity and profitability.

Risk mitigation

- The Company invested adequately in large tankage facilities to store raw material, which improved coal tar availability and production
- Almost one fourth of the CTP division's production was consumed in-house for the production of value-added products, enhancing plant efficiency

Industry risk

Any downturn in the global economic environment or in the demand from coal tar pitch consuming downstream industries could impact demand for the Company's products.

Risk mitigation

- The Company enjoys huge opportunities from the aluminium sector as smelter operations cannot be discontinued resulting in continuous demand..
- The Company diversified to newer geographies (e.g. Middle East) and products (e.g. SNF, Carbon Black) to counter a decline in demand for any specific product in any location.

Funding risk

A lack of adequate funds to procure raw materials could impact the production cycle. Procuring funds at a higher cost could impact profitability.

Risk mitigation

- The Company had liquid assets of Rs. 35,863.33 lacs as on 31st March, 2011.
- It had a low gearing of 1.0, which provides room to mobilise additional funds.
- The Company enjoyed a credit rating of "AA-" for long-term funds and "PR1+" for short-term funds from CARE, enhancing its capability to borrow more funds at a low cost.

Strategy risk The inability of the management to take appropriate strategic decisions could hamper long-term viability.	**Risk mitigation** ■ Company completed an extensive review of the business and developed a five year strategic blueprint containing different initiatives designed to address risks and opportunities ■ The Company has a strong track record of sound strategic decisions ■ The Company expanded its operations in India through new plants and capacity expansions at existing plants in response to the forecast of continued demand growth ■ Diversified operations to China, a country with large raw material reserves. Himadri is attractively placed to capitalise on the opportunity there through cost-competitive, high technology and quality products ■ The only Company in India in its line of business to integrate backwards and forward. Naphthalene accounts for almost 70% of the cost involved in producing SNF benefiting Himadri; the Company also integrated forward to manufacture SNF, corrosion protection and other specialty carbon products.
Environmental risk Non-compliance with statutory environmental norms could attract penalty or censure or closure.	**Risk mitigation** ■ Invested to reduce environmental impact well below norms. It received all necessary environmental approvals from State Pollution Control Boards in the states where it operates ■ Certified for ISO 14001:2004, certifying its environment management system ■ Invested in effluent treatment plants in all factories
Competition risk Increased competition and inability of the Company to manufacture quality products at lower costs than competitors could erode market share.	**Risk mitigation** ■ Himadri is the only Indian Company with an integrated carbon complex, offering a variety of quality products at competitive prices. Product customisation helped develop long-term relationships with clients. A major portion of the Company's sales was derived from customers older than five years ■ Only Indian Company to manufacture advanced carbon material and Zero QI coal tar pitch ■ The Company's capital cost per tonne is significantly lower than the prevailing industry benchmark for greenfield projects, ensuring superior return on capital employed ■ The Company's sound logistics management infrastructure (including high temperature tankers) serves as a significant entry barrier
Raw material risk Management's inability to source raw materials at regular intervals at attractive prices can potentially disrupt production and affect margins.	**Risk mitigation** ■ The Company enjoys long-term relationships with all major Indian raw material suppliers ■ The Company's investment in adequate storage allows it to store three-months worth of raw material to sustain a continuous production flow ■ Almost one fourth of the CTP division's production is reused by the Company as raw material to manufacture specialty and value-added carbon products
Logistics risk Inability of the Company to deliver products to customers at the right time and of the right quality can increase product turnaround, hamper goodwill and lead to a probable loss of sale.	**Risk mitigation** ■ The Company has plants catering to each of India's eastern, western, southern and northern regions, reducing delivery time. These plants enjoy good rail and road connectivity ■ The Company has a dedicated fleet of 110 temperature-controlled tankers to transport liquid pitch on schedule to customers ■ Efficient logistics management ensures that all products are dispatched within time.

Risk	Risk mitigation
Quality risk The Company's inability to produce quality products could lead to a loss of goodwill or erosion in market share.	**Risk mitigation** ■ Over the years, the Company developed several R&D competencies, redesigned processes and invested in technology to improve product quality, leading to repeat sales to customers ■ Its products meet all stringent quality parameters required by customers. The Company also interacts periodically with customers to improve product quality even further ■ Its finished products are subject to extensive tests in line with international standards ■ The Company's laboratory is equipped with advanced equipment that verifies product quality by using various analytical methods ■ Its Statistical Process Control Technique ensures product uniformity
Realisations risk A decline in realisations can impact profitability.	**Risk mitigation** ■ The Company strategically increased the proportion of value-added products in its portfolio. These products enjoy high demand and a price premium ■ Flexible production process allows manufacture of products with higher demand. The Company can switch production between a wide variety of products to improve realisations ■ The Company's manufactured products are of a high quality, meeting stringent quality standards demanded by customers ■ Advanced manufacturing processes make it possible to reduce production costs
Geographic risk Inability of the Company to spread into newer geographies could affect growth.	**Risk mitigation** ■ The Company markets products to downstream industries like aluminium, steel, graphite, automobile, infrastructure and rubber across India ■ The Company's export sales in its revenue mix is 17.55% of the total net sales in 2010-11 ■ The Company's operations are spread throughout the country ■ The Company diversified its operations through a proposed manufacturing facility in China.
Liquidity risk Non-availability of adequate funds could hamper day-to-day operations and production cycle.	**Risk mitigation** ■ The Company's debtors' cycle decreased from 93 days of turnover equivalent in 2009-10 to 73 days in 2010-11 through better policies ■ Creditors' cycle was stable at 30 days of turnover equivalent, helping optimise working capital requirements ■ Working capital cycle increased from 272 days of turnover equivalent in 2009-10 to 304 days in 2010-11 ■ Liquid assets increased from Rs. 22,975.52 lacs in 2009-10 to Rs. 35,863.33 lacs in 2010-11 ■ The Company transferred 13.11% of its net profit to reserves to meet contingencies
Foreign exchange fluctuation risk A downturn in the value of currency in which the Company is dealing may lead to huge losses for the Company as a part of its revenue is derived through exports.	**Risk mitigation** ■ The Company entered into forward contracts in 2010-11 to safeguard itself from currency fluctuations. ■ The Company's export sales accounts for only 17.55% of the overall sales, reducing its foreign exchange exposure ■ The Company's plans to set up subsidiary (in China) to cater to the local demand. This will further reduce the exchange rate fluctuation risk. ■ The Company has foreign currency borrowing worth USD 107 million and imports almost 30% of its raw material. This acts as a perfect hedge on strengthening of domestic currency. Thus, on one hand if the Company loses in its receipts, it gains in payment on the other hand.

Caring for the world

Free eye operation camp

Village road - before

Village road after infrastructure development by the Company

Environment protection

Himadri made significant investments in an environment-friendly plant well within stipulated standards. The Company has an effluent treatment plant and a waste heat-based power plant. The Company consumes waste gas generated from the manufacturing of carbon black(instead of letting them escape) to generate power in order to minimise environmental impact.

The Company reduces wastage of water, fuel and energy through extensive employee training. Himadri was recognised by International Finance Corporation (IFC) for its excellence in environmental leadership. Annual environmental audits conducted by IFC certify that the Company's environmental protection measures meet stringent international standards.

Corporate social responsibility

Himadri runs a free dispensary for villagers and employees at its Mahistikry plant. In other locations, the Company worked with the local administration to distribute books and uniforms to students, commissioned tube wells to provide hygienic water; funded local schools, organised cultural and sports programmes for economical, social and cultural betterment, organised blood donation, eye treatment and health awareness camps and organised rescue and relief camps for flood-affected villages.

Health and safety

Himadri invested to ensure international safety standards in its plants. A clean and hygienic plant environment is maintained to ensure employee health and safety.

The Company consumes waste gas generated from the manufacturing of carbon black(instead of letting them escape) to generate power in order to minimise environmental impact.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report on the business and operations of the Company, together with the audited financial statements for the financial year ended 31 March 2011.

Financial Results

The performance of the Company for the financial year ended 31 March 2011 is summarised below:

(Rs. in lacs)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Gross turnover	78,491.36	52,763.02
Other income	1,379.70	1,523.53
Total income	79,871.06	54,286.55
Operating profit	20,635.39	19,793.58
Interest and finance charges	2,970.32	2,788.10
Depreciation	3,324.82	2,480.30
Profit before tax	**14,340.25**	**14,525.18**
Provision for tax		
Current Tax	2,860.00	2,488.00
Deferred tax	829.83	3,755.92
MAT credit entitlement	(788.49)	(2,452.72)
Profit after tax	**11,438.91**	**10,733.98**
Add: Surplus brought forward	20,817.10	12,032.92
Surplus available for appropriation	**32,256.01**	**22,766.90**
Appropriations		
Transfer to General Reserve	1,500.00	1,500.00
Transfer to Debenture Redemption Reserve	500.00	–
Proposed Dividend	385.73	385.73
Corporate Dividend Tax	62.58	64.07
Balance carried to balance sheet	**29,807.70**	**20,817.10**

Dividend

Your Directors recommend payment of dividend of Re 0.10 per share on 38,57,32,570 Equity Shares of Re 1/- each for the financial year 2010-11, subject to approval of members at the ensuing annual general meeting. The total payout on account of dividend (including dividend tax) will be Rs. 448.31 Lac. The dividend as proposed is in accordance with the Company's policy to pay sustainable dividends linked to the Company's long term performance, keeping in view the capital needs for the future growth plans and intent to achieve optimal financing of plans through internal accruals.

Financial Performance

Total income of the Company for the year 2010-11 increased by 47% to Rs 79,871.06 lacs from Rs 54,286.55 lacs during the previous year. The Company earned a net profit of Rs 11,438.91 lacs , as against a net profit of Rs 10,733.98 lacs in the previous year registering a growth of 6.57 % over the last year.

Windmills

During the year 2010-11, the performance of windmills at Dhule in Maharashtra remained satisfactory generating wind energy to the tune of 32,01,432 kwh units as compared to 38,51,040 kwh units of wind energy generated during the previous year. The revenue generated amounted to Rs. 129.60 Lac as compared to Rs. 150.52 Lac during the previous year.

Subsidiary / Joint Venture

Himadri Global Investment Ltd (WOS)

Himadri Global Investment Ltd is the Company's wholly-owned subsidiary. The financial statements of the subsidiary Company, as required under Section 212 of the Companies Act, 1956, are attached herewith forming a part of this report. The Company has reported a net loss of H K $ 19,83,213 for the year ended 31 March 2011.

Shandong Dawn Himadri Chemical Industry Company Limited ("SDHCICL")

In the previous year the Company started the process of setting up green field projects in China through its wholly owned subsidiary Company i.e. Himadri Global Investment Limited (HGIL) for distillation of coal tar in Longkou, Shandong Province, China. SDHCICL is a joint venture Company with 94% share holding by HGIL.

As of 31 March 2011, HGIL injected capital to the tune of HK$ 540.27 lacs (US$ 69.47 lacs) into its subsidiary SDHCICL taking HGIL's ownership to 94%. According to the Certificate of Approval for establishment of the Subsidiary, HGIL has injected a total of RMB 470 lacs into the subsidiary. The Company during the year under review, remitted Rs. 3476.59 lacs to its wholly owned subsidiary Company Himadri Global Investment Limited. The plant is expected to be operational in 2011-12.

Consolidated financial statement

In accordance with Accounting Standards AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India (ICAI) and in compliance with Listing Agreement with stock exchanges, the Company prepared consolidated financial statements. The Audited Consolidated Financial Statements along with the Auditor's Report thereon form part of the Annual Report.

Pursuant to the Circular No. 2/ 2011 issued by Ministry of Corporate Affairs, general exemption has been granted to the companies from attaching annual accounts of the subsidiary companies, therefore, the Board of Directors in its' meeting held on 23rd May 2011 has given its' consent for not attaching the Balance Sheets of its' subsidiary companies.

Expansions

Your Company has undertaken massive expansion plans and proposes to increase its production capacities of coal tar pitch, carbon black, power plant and SNF.

Coal Tar Pitch

The Company with a view to cater to demand of its coal tar pitch has proposed to expand its capacity to manufacture coal tar pitch

Carbon Black

After successful completion of the carbon black project in the financial year 2009-10, the Company embarked upon doubling the capacity to manufacture carbon black at Mahistikry, Hooghly, West Bengal

Power Plant

The Company is setting up a new 8 MW power plant to utilise waste heat gas generated during the process of manufacture of carbon black.

SNF

The Company has a manufacturing unit at Vapi in Gujarat to manufacture Sulfonated Naphthalene Formaldehyde (SNF). During the financial year under review, the capacity at Vapi plant was hiked by 125% and concurrently, an effort was made to expand the SNF capacity by 278% by setting up a green field plant at Mahistikry, Hooghly, West Bengal. This incremental capacity will be commissioned during 2011-12. The cost of these expansions will be partly financed by equity, term loans and partly through internal accruals.

Finance

Foreign Currency Loan (ECB)

During the year 2010-11, the Company has been sanctioned foreign currency loan (ECB) of US$ 9.43 million from ICICI Bank Limited, US$ 15 Million from The Hongkong & Shanghai Banking Corporation Ltd. and US$ 34 million from DEG to partly finance its' ongoing projects

Working Capital

The Company continued to enjoy the working capital facilities under multiple banking arrangements from State Bank of India, ICICI Bank, The Hong Kong and Shanghai Banking Corporation Limited, DBS Bank Limited, Citibank N.A., Central Bank, Axis Bank Limited and Yes Bank Limited. The Company has been regular in servicing these debts.

Issue of Non-Convertible Debentures

During the year 2010-11, the Company has issued secured, redeemable, non-convertible debentures on private placement basis to ICICI Bank Limited and LIC of India aggregating to Rs. 200 crores to partly finance its ongoing projects. The Company has been regular in servicing these debentures. These debentures are listed at Bombay Stock Exchange and the Company has remitted the listing fee to the Exchange on schedule.

Credit Rating by CARE

The Company continued to enjoy favourbale credit ratings from the Credit Analysis & Research Ltd (CARE) which has assigned the Company a CARE AA- rating for its' Long Term bank facilities and Non Convertible Debentures and PR1+ rating for its' short term bank facilities.

Capital expenditure

During the year 2010-11, the Company incurred a capital expenditure of Rs. 264.96 crores.

Directors

In accordance with the provisions of the Companies Act, 1956 Mr. Bankey Lal Choudhary and Mr. Sakti Kumar Banerjee, Directors of your Company, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. Particulars of the Directors seeking reappointment are given in annexure to the notice.

The terms of appointment of Mr. B.L. Choudhary as Managing Director have expired on 31 March 2011. The Board has re-appointed him as Managing Director for a further period of two years with effect from 1 April 2011. The approval of members in the ensuing Annual General Meeting would be sought for his reappointment.

Recognitions

The Company's Mahistikry Unit has been recognised by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research, vide their Letter No: F. No. TU/ IV- RD/ 3148 / 2010 dated March, 29, 2011 as In-House R & D Centre up to 31.03.2013.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for that period;
3. 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 safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis.

Conservation of energy, technology absorption and foreign exchange earning and outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be given pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure A to the Directors' Report.

Particulars of employees as per Section 217 of the Companies Act, 1956

Information in accordance with the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 (as amended vide GSR

289 (E) dated 31.03.2011) are not applicable, as none of the employees, either employed throughout the financial year or part of the financial year, was in receipt of remuneration in excess of the limit prescribed under these amended rules.

Corporate Governance

Your Company has been proactive in adopting objectives of good corporate governance for building investors' confidence and enhancing their long term wealth. A separate report on Corporate Governance together with a certificate from the auditors of the Company regarding compliance of conditions of corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchange (s) is given in Annexure hereto forming part of this Report.

Management discussion and analysis

A separate report on Management Discussion and Analysis, as required under the Listing Agreements with the stock exchanges is annexed hereto forming part of this report.

Public deposit

During the year under review, your Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and as on 31 March 2011 the Company has no unclaimed deposits or interest thereon due to any depositor.

Auditors

The Company's Auditors M/s. S. Jaykishan, Chartered Accountants, Kolkata, hold office until conclusion of the ensuing Annual General Meeting. The Company has received a written certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956 and they are not otherwise disqualified within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956 for such appointment. M/s S. Jaykishan, Chartered Accountants and the Auditors of the Company retiring at the ensuing Annual General Meeting are eligible for re-appointment.

With reference to the observation made by the Auditors regarding fixed assets records, we are to state that the Company maintains proper records of the fixed assets, whereas the details of certain fixed assets are under compilation.

The efforts are being made to complete these records at the earliest

Listing on stock exchanges

The Company's equity shares continued to be listed on the Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE). The Company has been regular in payment of listing fees to these exchanges. During the year the shares of the Company got de-listed voluntarily from the Calcutta Stock Exchange Limited (CSE).

Dematerialisation of shares

There were 37,59,45,489 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2011, representing 97.463% of the total paid-up capital of the Company. The Company's equity shares are compulsorily required to be traded in dematerialised form; therefore, members are advised to expedite the process of converting the physical shareholding into dematerialised form through their D/P(s).

Stock Split

Pursuant to stock split approved by the shareholders at the last annual general meeting held on 28 September 2010, each equity shares of face value of Rs. 10/- has been sub-divided into ten equity shares of Rupee 1/- each. The Record Date was fixed on 9th November 2010. Shareholders are requested to surrender the old share certificates to the Registrar and Share Transfer Agent for cancellation and issue of new certificates. The Company has been allotted the following new ISIN by the Depositories:

NSDL - INE 019C01026 CDSL - INE 019C01026

Industrial Relations

The industrial relations across all the works / units of the Company continued to be cordial & harmonious during the year under review. The enthusiasm and unstinting efforts of employees have enabled the Company to be at leadership position in the industry. The management, with a view to build a strong and efficient human capital in the Company, endeavors to provide excellent work environment and full motivation to every employee.

Acknowledgement

Your Directors acknowledge with deep sense of appreciation for the co-operation and support received from its customers, suppliers, financial institutions, bankers, various regulatory authorities, State Government and Central Government.

Your Directors also wish to convey their gratitude to the foreign investors and shareholders for their confidence reposed by them in the Company. We also wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the Company continues to grow and excel.

For and on behalf of the Board

	Sd/-	Sd/-
Place: Kolkata	**B.L. Choudhary**	**S.S. Choudhary**
Date: 29th July, 2011	*Managing Director*	*Executive Director*

Annexure "A" to the Directors' Report

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31 March 2011.

A. Conservation of energy

Serial number	Particulars	
a)	Energy conservation measures taken	Your Company continues to give priority on the conservation of energy on an on- going basis and wherever possible energy conservation measures have been implemented. The efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.
b)	Additional investment and proposals if any, being implemented for reduction of consumption of energy	The Company is setting up a 8 MW, power plant based on waste heat recovery during the carbon black manufacturing process at Mahistikry, Hooghly, W.B.
c)	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	The impact of above measures is expected to reduce the cost of production.
d)	Total energy consumption and energy consumption per unit of production	As per Form A (annexed)

Total energy consumption and energy consumption per unit of production was as under:

FORM - A

Form for Disclosure of Particulars with respect to conservation of energy

1. Power & fuel consumption

	Unit	Current Year	Previous Year
i) Electricity			
a) Purchased			
Unit	Kwh	1,43,31,489	28,13,702
Total	Rs.	8,96,71,461	1,49,68,459
Rate per unit	Rs./Kwh	6.26	5.32
b) Own generation through Power Plant	Kwh	1,26,24,307	2,43,10,258
ii) Fuel			
Quantity	Kltrs	474.790	359.317
Total cost	Rs.	1,30,09,304	94,09,094
Average rate	Rs/Kltr.	27,400.12	26,186.05
iii) Diesel			
Quantity	Ltrs	7,66,893	5,86,800
Total cost	Rs.	3,15,61,869	2,10,63,921
Average rate	Rs./Ltr.	41.16	35.90

2. Consumption per unit of production

	Unit	Current Year	Previous Year
Total production of Carbon Material and Chemicals	MT.	3,47,001	2,41,454
Electricity	Unit/ MT	77.682	112.336
Fuel	Ltrs/MT	1.368	1.488
Diesel	Ltrs/MT	2.210	2.430

B. Technology absorption

FORM - B

Disclosure of particulars with respect to technology absorption and Research and Development

Research and Development (R & D) and benefits derived thereon

1. Research and Development Department of the Company continued to play a vital role in the following areas:
   a) Better control in process for improving quality of the output.
   b) Finding out ways and means for saving of energy and cost.
   c) Development of new product / discovering new method of analysis.
   d) Re-cycling of wastes and research on utilisation of waste.

2. Benefits derived as a result of the above R & D
   a) Maintaining leading position in domestic market.
   b) Achieving better efficiency in fuel consumption.
   c) Better control on inputs and thereby improving the quality of the output to match with international specifications.
   d) Optimisation of resource usage and refinement of process technology.
   e) Usage of different combination of inputs in the manufacturing of coal tar pitch with improved quality.
   f) Developed a variety of value added products like Advanced Carbon Material, Super Plasticiser etc.
   g) Recognised as In-House R & D Centre by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research.

3. Future plan of action
   Exploring and developing technologies to extract more value-added products from coal tar like Anthraquinone, Carbozole, Phenolic fractions, Quinoline products, Needle Coke, Carbon Fibre, Indene and Flourine.

4. Expenditure on R & D
   Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipments and salaries of research personnel remain merged with various heads as per established accounting policy and expenditures incurred during the year under review on Research & Development are as follows :
   a) Capital expenditure : Rs. 738.20 lacs; (of which Rs.13.48 lacs capitalised during the year and debited to the respective fixed assets and Rs. 724.72 lacs incurred for ongoing expansion projects debited to Capital Work-in-progress)
   b) Recurring expenditure: Rs. 178.15 lacs;
   c) Total Research & Development expenditure: Rs. 916.35 lacs ;
   d) Total R&D expenditure as a percentage of total turnover: 1.31%

C. Foreign exchange earning and outgo

	Current Year (Rs.)	Previous Year (Rs.)
Total foreign exchange used	121,42,07,099	85,54,92,224
Total foreign exchange earned	122,89,46,154	99,15,33,615
Activities relating to exports; initiatives taken to increase exports; development of new export markets for the products and services and export plans;	The Company has taken various measures to increase the export of its' products and developed new markets in Argentina, Singapore, Japan, Indonesia, South Africa, Malaysia, Vietnam, Sri Lanka and Bangladesh.	

For and on behalf of the Board

	Sd/-	Sd/-
Place: Kolkata	**B.L. Choudhary**	**S.S. Choudhary**
Date: 29th July, 2011	*Managing Director*	*Executive Director*

Management Discussion & Analysis

Company background & Nature of business

The Company is engaged in the processing of coal tar, to produce pitch and several other value added by-products. During the year under review, the Company has embarked on expanding its capacity of carbon black, power plant and SNF. The Company has plans to expand its capacity of coal tar distillation in addition to setting up a new unit in SEZ, Falta, West Bengal for manufacturing advanced carbon materials.

Coal tar is the primary input for distillation and for manufacture of various grades of coal tar pitch which is used as an input in the manufacture of aluminum and graphite. India, in future, will be one of the leading producers of aluminum owing to large proven reserves of bauxite. Himadri is the largest supplier of coal tar pitch in the country. The domestic market has shown positive growth in terms of overall consumption of coal tar pitch. The Company is in a position to cater to not only the growth of Aluminum industries in India but also extended foreign trade by exporting surplus production to South East Asian countries, Europe, etc.

Wind Energy

The Company has two windmills in Maharashtra with a capacity to produce wind energy of 2.5 MW. These windmills are fully operational and during 2010-11, these generated revenue to the tune of Rs. 129.60 Lacs by producing 32.01 Lacs KwH of wind energy.

Joint Venture- China

With a view to expand its operations in global markets, the Company has entered into a joint venture agreement with Chinese industry, through its wholly owned subsidiary Company (Himadri Global Investment Limited, Hong Kong) and setting up a green field project for distillation of coal tar in Longkou, Shandong Province, China. The plant is expected to be operational in the year 2011-12.

Opportunities

Exports Market

During the year under review, Himadri Chemicals has identified new markets for its primary product carbon black and coal tar pitch. The Company has taken various measures to boost exports and has developed new markets in Argentina, Singapore, Japan, Indonesia, South Africa, Malaysia, Vietnam, Sri Lanka and Bangladesh. The management is optimistic about the potential in exports. The Company, with a view to cater to the demand in international markets is expanding its operations in China. Upon commissioning of this project, the Company will improve its top line and bottom line numbers.

SEZ Unit

The Company has started setting up one SEZ Unit in Falta (West Bengal) to augment its export activities – this plant is expected to be commissioned in the financial year 2011-12. The Company will be benefited immensely from this unit in the form of value added products manufactured and various kinds of fiscal initiatives to be availed from the Central Government and State Government.

Financial perspective

The Company continued to enjoy favourable working capital terms under multiple banking arrangements with various bankers. In addition, to meet the long term capital requirements, it has raised foreign currency loans in the form of External Commercial Borrowings (ECB) of US$ 15.00 millions from The Hong Kong and Shanghai Banking Corporation Limited, and of JPY 775.00 million from ICICI Bank Limited.

The Company has been sanctioned a foreign currency loan in the form of External Commercial Borrowings (ECB) of US$ 34 million by the DEG – Deutsche Investitions-und Entwicklungsgesekkschaft MBH, Germany out of which the

Company has availed US$ 6.00 millions only during the year under review.

During the year under review, the Company has issued Secured Non-Convertible Debentures aggregating to Rs. 200 Crores on private placements basis. These debentures, as per the terms of issue are listed at the Bombay Stock Exchange (BSE).

Enterprise Resource Planning

The E.R.P infrastructure is fully operational in the Company. All the divisions and departments, units have been linked with the ERP to the effect that real time data on production, sales and marketing, accounts and finance can now be shared. The management has successfully implemented the ERP system in the Company inter-connecting all units and divisions in real time. Since enterprise resource planning (ERP) is a new system and is at the evolution stage, its implementation and success is largely dependent on training of personnel and their sincere efforts. The management has provided full training to the employees through outside professionals so as to leverage the full benefits offered by the system.

Management Systems

Himadri has established a Det Norske Veritas Management System which adheres to the quality management system standards prescribed by ISO 9001: 2000. The objective of this system is to consistently improve and promote prudent management systems which ensure a greater degree of customer satisfaction. Further, the manufacturing facility is certified for ISO 14001:2004.

Credit Rating by CARE

The Company continues to enjoy the rating for its bank finance and short term borrowings and the Credit Analysis & Research Ltd (CARE) assigned the Company with a "CARE AA- "for its' long term bank facilities and non convertible debentures and "PR1+" for its short term bank facilities.

Threats

Transportation

Raw material availability and its transportation pose the major threat to the coal tar distillation industry in which the Company operates. It requires special tankers for carrying the raw material and the finished goods. Himadri heavily depends upon the road transport network for distributing its finished product. The liquid form of the raw material is procured from major steel plants across the country using special tankers to ensure the adequate flow of material without any interruption of the production process. Further, the cost of transportation remains a serious concern since the international prices of crude oil continues to surge which have a direct bearing on the cost of the Company's operations. The Company has planned to set up raw material storage depots on a pan-India basis, located close to the steel plants and the Indian Railways network: this will enable the Company to accumulate the raw material from the suppliers and move the same through railway logistics, which is more time and cost efficient. Himadri has already started to focus on moving its raw materials through the Indian Railways network.

Human Resources

A Company's employees have always been a key asset and now more companies are realising that their people are by far their most important asset because in a world where technology, processes, and products are easily duplicated and the pace of change and level of competition constantly escalate, people are key to the most reliable source of advantages i. e., better service, increased responsiveness, stronger customer relationships, and the creativity and innovation that keep a Company one step ahead.

- Himadri, had adequate employee strength across all units as on 31 March 2011. A successful management team recognises that nurturing, recruiting and retaining the best talent is vital to the long term success of the enterprise. The Company has been continuously growing into a multi products business. Its' human capital is inherent capabilities of its people. The inability to retain such talent might have an adverse impact on the business and the future performance of the Company. Employees are provided with continuous opportunities for better learning and development which are viewed as key drivers of their personal growth and the success of the Company. The management expects to retain experienced manpower through attractive remuneration packages linked directly with performance. This performance management system reinforces our work ethics. The Company has given performance-based appraisal rewards to employees with compensation at par with the best in the industry. The Company plans to introduce employees stock options, thereby increasing employee participation in the growth of the Company as well as enhancing the net worth of employees.

- **Training & Development**

The Company provides excellent on-the-job training and professional opportunity to its employees. At Himadri, we provide adequate training and development for building up human capital as the part of the Company's HR policy. Himadri provides in-house training to its employees at the basic level through the experience and qualified team of professionals which sharpen the employees talents, develop their expertise and enhance their ability and entrepreneurial skills through a comprehensive training curricula. Extensive theory instruction and shop floor training is usually provided in the shop floor and employees are trained in occupational safety, medical insurance, computer skills, technical competencies and soft skills.

Compensation

The Company has embarked on various kinds of initiatives to enhance employee motivational levels designed to boost a strong sense of belonging-ness amongst employees. To provide the best compensation package during the training is part of Himadri's HR strategy which also includes incentive-linked performance bonus. The right person for the right job is our policy. With a view to keep our compensation package competitive and benchmarked with market standards, employee satisfaction surveys are conducted on regular intervals. Reward and Recognition policies have been adopted to recognise and appreciate significant acts of the team members. All these measures have helped create a dedicated, inspired, innovative and committed pool of manpower.

Safety Measures

To provide adequate occupational safety equipment to each employee at the work place is Himadri's top priority. Each team member has been equipped with helmets, boots, and jackets. The fire-fighting equipment is accessible in and around the work place. The Company has obtained adequate medical insurance coverage for its employees and is committed to protecting the environment, ensuring a safe and hazard-free work environment.

Employee Relation

The Company provides a number of benefits such as medical insurance to employees and their families, personal accident insurance, provident fund, gratuity and special allowances. With the adoption of productive and performance-based policy at Himadri, we have had zero work interruption in the last five years which indicate the strong Employee Relations.

Enhancing shareholders value

The Company is committed to enhance shareholders wealth by improving its corporate performance. Your Company's long-term strategic vision is to create significant value addition to the wealth of the shareholders. All operations of the Company are well guided and aligned toward maximising shareholder value. The new projects for capacity expansion and diversification have been taken up for enhancement of growth in sales and profitability.

Risks & concerns

The Management is aware that all industries are prone to market cyclicality. Himadri Chemical s is exposed to specific risks that are particular to its business and the environment within which it operates, including inter alia, market risks, competition, human resources risk and economic cycle risk, among others. In addition to this, Government of India policies on imports, exports, taxation, service tax, sales tax laws, depreciation, interest rates and other related area, also have a direct or indirect impact on the performance of the Company. Apart from these, unforeseen natural disasters and geo-political problems also have an adverse impact on the performance of the Company. The Company's raw materials come from domestic procurements and imports. However, in line with further expansion, the management has been actively engaged in identifying new and alternate sources of raw materials.

The Indian economy has been showing positive growth for the last couple of years and any change or downfall in the growth rate could adversely impact performance of the Company. The Company carries out a regular detailed risk management exercise for purposes of identification processes and controls to mitigate these risks. The Audit Committee reviews the risks management framework of the Company and approves risk management action plans. The management at Himadri ensures that risks are kept well under controllable levels to develop a sustainable business model capable of maximising stakeholders' return and improving corporate credit ratings.

Statutory Compliance

The Company Secretary, as Compliance Officer, ensures compliance with SEBI regulations and provisions of the Listing Agreements. The Chief Executive Officer and Managing Director acts as the Compliance Officer for the prevention of insider trading and is empowered to take appropriate steps to strengthen the financial position of the Company. The Company, with a view to cover the risk of compliance with various rules and regulation of the Companies Act, SEBI and Listing Agreements, has adopted a system of obtaining declaration from designated persons of such compliance. It obtains confirmation from the various units of the Company of compliance with all the statutory requirements. A declaration regarding compliance with the provisions of the various statutes is made by the Managing Director and or by Chief Executive Officer.

Internal control systems

Himadri has a strong internal control culture at all its units and divisions. Internal Audit at all locations is undertaken on a regular basis to ensure that the highest standards of internal control are enforced. The Company has an adequate system of internal controls over financial reporting of all transactions. The Company has well established comprehensive internal control systems, process, rules, policies and procedures for effective monitoring and control of the entire operations of the Company and its subsidiary. With a view to ensure effective control and implementation of policies of the management, the Company has appointed an efficient team of professionals. The finance department is well staffed with experienced and qualified personnel who play an important role in implementing and monitoring the internal control environment and compliance with statutory requirements.

The Company adopted proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported correctly and to ensure compliance with policies, statutes and codes of conduct. The internal control system provides for well documented policies, guidelines, and authorisation and approval procedures. The effectiveness of the internal control is continuously monitored by the team of professionals. The Company has put in place adequate internal control measures in all the risk areas, commensurate with its nature of business and the size of operations. Steps to boost internal control systems and long term benefits of information technology have borne fruit with the implementation of the E.R.P. program in the Company. This will enable the management to review operations online and take effective and corrective measures, if required.

The Company has an Audit Committee which regularly reviews the reports submitted by the audit team. The Committee meets at regular intervals and reviews audit observations and follows upon corrective measures as suggested by auditors. The Company's internal control systems are well defined. Standard operating procedures are being framed for all material operating functions. The management meets frequently with departmental heads to remove operations and process difficulties. The subordinates are free to access their departmental heads and express their difficulties and work towards finding a solution.

The department follows risk-based audit approach and draws up an annual audit plan based on the risk perceived on each business process, validated by the line management and top leadership. The audit plan is usually approved by the senior management team which continuously reviews the performance of Company professionals to ensure adherence to stated management policies. The internal control systems are constantly reviewed and updated. The department functions independently to ensure smooth operations. It closely monitors and evaluates the efficacy and adequacy of internal control systems, their compliance with operating systems, accounting procedures and policies at all locations, including subsidiary operations.

Out look

The strength of the economic recovery during FY 2011, unanticipated by many, has highlighted the strong fundamentals of the economy as also opportunities that can be availed. It has to be acknowledged that timely and aggressive policy responses by the Reserve Bank of India have aided the growth process. Currently certain upside risks have come forward such as a surge in domestic and international prices, high current account deficit, uncertainty over the pace of recovery in certain advanced countries, volatility in the short term foreign funds inflows coupled with moderation in the FDIs. At this juncture of rapidly evolving macroeconomic risks, it becomes imperative for business to track the macro-economic performance on a constant basis.

The outlook for the FY 2011-12 of the industry within which the Company operates, despite certain market constraints, seems positive, since it has adopted various expansions to meet the increased demand of the Company's product. The Company also selected the diversification route to utilise the optimum resources available within the Company and to increase the efficacy by using the waste heat gas to power operations. This will serve twin objectives: reducing the dependence on conventional energy and minimising the over all cost of the final products. Himadri has embarked upon further expansion, producing higher value added items. The management is optimistic about sustaining the pace of growth in the foreseeable future.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be of forward looking statement, within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied. The factors that could affect the Company's performance are the economic and other factors that affect the demand – supply balance in the domestic market as well as in the international markets, changes in government regulations, tax laws and other statutes and host of other incidental implications.

Corporate Governance

1. The Company's Corporate Governance Philosophy

Good Corporate governance is an essential ingredient of good business relating to a system or processes that direct corporate resources and management strategies towards maximisation of stakeholders' confidence while ensuring transparency and accountability in the conduct of business within an acceptable limit of legal and ethical frame work. To the Company, corporate governance means, ensuring good governance through disclosures, transparency, integrity, accountability, responsibility and fairness in all its dealings with employees, shareholders, customers, suppliers and society at large. The Company has always set high projections for its' growth plans, profitability, customers' satisfaction, increasing the shareholders wealth and continues its commitments to high standards of Corporate Governance. The Board considers itself as trustee of its Shareholders, acknowledging its responsibilities to the shareholders for creating and safeguarding their wealth. During 2010-11, the Board continued its endeavors for achieving these objectives by adopting and monitoring corporate strategies, prudent business plans, major risks and ensured that the Company pursues policies and procedures to satisfy its ethical responsibilities. The Company adopts the best practices in the area of Corporate Governance, thereby protecting the interest of all its stakeholders.

The Company is in compliance with all the requirements of the corporate governance code as stipulated in Clause 49 of the Listing Agreement.

2. Board of Directors

The Company has an optimum combination of Executive and Non-Executive Directors. The Board consists of ten Directors as on 31 March 2011, out of which three Directors are Executive and seven are Non-Executive. The Chairman of the Board is a Promoter Director and half of the Board comprises Independent Directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreements with the Stock Exchanges.

The Company had no pecuniary relationship or transactions with the Non-Executive Directors during 2010-11. The Independent Directors are not related to promoters or persons occupying management positions at the Board level or any level below the Board; they were neither in employment for the last three years nor they are material suppliers, service providers or customers or a lessor or a lessee of the Company, which may affect their independence. They do not hold a substantial share in the Company. All these directors are above 21 years of age.

None of the Directors on the Board is a Member of more than ten committees and Chairman of more than five Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he is a Director. For the purpose of reckoning the limit under Clause 49, the Membership / Chairmanship of the Audit Committee and the Shareholders Grievance Committee alone has been considered.

A Management Discussion and Analysis Report, given in a separate annexure forms part of this Annual Report and is attached herewith.

Board Procedure

The members of the Board are provided all information and documents as per Annexure IA of Clause 49 pertaining to the matters to be considered at each board and committee meetings, to enable the Board to discharge its responsibilities effectively and the Chairman and the Managing Director review the overall performance of the Company.

Meetings of the Board of Directors

During 2010-11, seven meetings of the Board of Directors were held i.e., on 21April, 2010, 28 May 2010, 24 June 2010, 4 August 2010, 21 October 2010, 12 November 2010 and 9 February 2011. The maximum time gap in between two meetings was not more than three months and all required information was made available to the Board. The dates for the Board meetings were well decided in advance and communicated to the Directors and Stock Exchanges. The agenda for the meetings along with explanatory notes are usually sent in advance to each Director.

The names and categories of the Directors on the Board, their attendance at the Board meetings held during the year and at the last Annual General Meeting, as also the number of Directorship and Committee Membership position as held by them in other public limited companies as on 31 March 2011 are given as under:

Serial number	Directors' name	Category	Number of Board meetings attended	Attendance at the last AGM	Directorship in other public companies	Number of committee position held in other public limited Companies#	
						As Chairman	As Member
1.	Mr. D.P. Choudhary	Promoter, Chairman Non-Executive	2	No	4	–	–
2.	Mr. S.S. Choudhary	Promoter Executive	7	Yes	3	–	–
3.	Mr. B.L. Choudhary	Promoter Managing Director	7	Yes	5	–	–
4.	Mr. V.K. Choudhary	Promoter Executive	5	No	4	–	–
5.	Mr. S.K. Saraf	Non-Executive Independent	3	No	–	–	–
6.	Mr. S.K. Banerjee	Non-Executive Independent	6	Yes	3	–	–
7.	Mr. B.P. Dhanuka	Non-Executive Independent	7	Yes	–	–	–
8.	Dr. Basudeb Sen [1]	Non-Executive Independent	1	No	6	1	5
9.	Mr. Vivek Chhachhi [2]	Non-Executive Independent	0	No	2	–	–
10.	Rahul Kumar Yadav [3]	Non-Executive Independent	3	No	6	–	–
11.	Amit R Chandra [4]	Non-Executive Independent	5	No	1	–	–

1. Dr. Basudeb Sen was appointed an Independent Director on the Board on 4 August 2010;
2. Mr. Vivek Chhachhi ceased to be as a Director w. e. f. from 28 May. 2010;
3. Mr. Rahul Kumar Yadav was appointed as a Director with effect from 28 May 2010
4. Mr. Amit R Chandra was appointed as a Director w. e. f. 21 April 2010.

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Memberships/Chairmanships of only Audit Committee and Shareholders' Grievance Committee in all Public Limited Companies (excluding Himadri Chemicals and Industries Limited) have been considered.

Code of Conduct

The Company has prescribed Code of Conduct for its Directors and members of senior management. The declaration from the Managing Director stating that as on March 31 2011 all the Board members and the senior management personnel of the Company have adhered to the Code of Conduct for the financial year 2010-11 and the same has been included in this report.

3. Committees of Board

The Board Committees function in specific area and take informed decision within delegated authority. Each Committee of the Board exercise its functions within the scope and area as defined while constituting it. These Committees are constituted in accordance with the Listing Agreement and the Companies Act, 1956. The Company has the following seven committees:

Audit Committee
Remuneration Committee
Share Transfer Committee
Investors' Grievance Committee
Finance Committee
Share Issue and Allotment Committee
Selection Committee

Audit Committee

The Audit Committee, inter alia, provides assurances to the Board on adequacy or otherwise on internal control systems, financial disclosures and ensures due observance of the generally accepted accounting principles (GAAP) as also compliance with Accounting Standards (AS) prescribed by the Institute of Chartered Accountants of India (ICAI). The Committee provides guidance to the management in preparing of annual as well as periodical financial statements before they are submitted to the Board. It liaisons with the Company's statutory auditors. The functions of this Committee include reviewing the adequacy of audit functions, its structures and discussions with auditors on any significant findings and follow-up therewith. In short, the role of the Committee is broadly in conformity with the one laid down in the Listing Agreements with the Stock Exchanges and Section 292A of the Companies Act, 1956.

Composition

The Company constituted an Audit Committee in terms of Clause 49 of the Listing Agreement consisting of four Directors as members and two-third of its members are independent. The Chairman of the Audit Committee is an Independent and Non-Executive Director with a decade-rich experience in finance and accounts.

The Audit Committee met four times during the previous year with a maximum time gap of about four months, i.e., on 28 May 2010, 4 August 2010, 12 November 2010 and 9 February 2011. The Committee reviewed the results of operations; Statement of significant related party transactions (as defined by the Audit Committee) submitted by the management. The composition of the Audit Committee and the details of meetings attended by the each Director are as below:

Sl. No.	Names of members	Status	No. of meetings attended
1	Mr. Bhagwati Prasad Dhanuka	Chairman Non-Executive Independent	4
2	Mr. Sushil Kumar Saraf	Member Non-Executive Independent	3
3	Mr. Shyam Sundar Choudhary	Member Executive Director	4
4	Mr. Amit R Chandra	Member Non-Executive Independent	4

Remuneration Committee

a. **Constitution**

The Company has constituted, though not mandatory, a Remuneration Committee comprising Mr. Sushil Kumar Saraf as Chairman, Mr. D.P. Choudhary and Mr. S.K. Banerjee as members. The Committee is empowered to fix, review, approve and recommend the remuneration payable to Wholetime Directors and Executives. The Committee met twice during the year on 21 April, 2010 and 31 March, 2011 and reviewed the remuneration paid/ payable to its Wholetime Directors and Executives.

b. **Remuneration policy**

The remuneration of the Wholetime Directors/ Managing Director is decided by the Board based upon the recommendations of the Remuneration Committee, subject to the approval of the Company in general meeting, which inter alia is based on the criteria such as industry benchmarks, Company's performance, and the performance of the individual director concerned. The Company pays remuneration by way of salary to Wholetime Directors. Remuneration of the Executives and employees largely consists of basic salaries, perquisites and incentives. The component of the total remuneration varies from grades and is governed by the industry pattern, qualifications, experience and the responsibilities carried on by the individual employee concerned. The objectives of the remuneration policy are to motivate the deserving employee in improving their performance, along with recognising their contributions, retain best talent in the organisation and record the merits.

c. Remuneration to Directors

No remuneration except sitting fee is paid to any Independent / Non-Executive Directors. All managerial remuneration for Executive Directors/Wholetime Directors were approved by the shareholders at the Annual General Meeting and paid in accordance with the Section-I, Part-II of Schedule XIII appended to the Companies Act, 1956. A statement on the remuneration paid to the Executive Directors during the year ended 31 March 2011 is given hereunder:

Sl. No.	Names of the Directors	Designation	Gross Salary (Rs.)
1.	Mr. S.S. Choudhary	Executive Director	30,00,000
2.	Mr. B.L. Choudhary	Managing Director	30,00,000
3.	Mr. V.K. Choudhary	Executive Director	30,00,000

d. Remuneration to Independent / Non-Executive Directors (Sitting fees)

Sl. No.	Names of the Directors	Amount of sitting fees paid (Rs.)
1.	Mr. S.K. Banerjee	60,000
2.	Mr. S.K. Saraf	30,000
3.	Dr. Basudeb Sen	10,000
4.	Mr. B.P. Dhanuka	70,000
5.	Mr. D.P. Choudhary	20,000
6.	Mr. Rahul Kumar Yadav	20,000

Share Transfer Committee

The Board has formed a Share Transfer Committee consisting of Mr. S.S. Choudhary as the Chairman, Mr. S.K. Saraf and Mr. S.K. Banerjee as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialisation and other related matters.

In accordance with Clause 49 para IV (G) (iii) of the Listing Agreement of the Stock exchanges, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with a senior employee, who periodically visits the office of the Company's Registrar and Share Transfer Agents M/s S. K. Computers, Kolkata and monitors the activities.

The Committee holds periodical meetings for Transfer and Transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agents. During the financial year ended 31 March 2011, the Committee met 21 times.

The Company confirms that there were no share transfers lying pending as on 31 March 2011, and all request for de-materialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

Investors' Grievances Committee

The Board formed a Shareholders' Grievance Redressal Committee consisting of Mr. S.K. Saraf, as the Chairman, Mr. S.S. Choudhary and Mr. S.K. Banerjee as its members. The Grievance Committee reviewed the status of Investors' Complaints periodically relating to transfer and transmission of shares, non-receipt of Dividend, among others. During the year the Committee met four times. The status of the complaints is given as under:

There was 1 pending complaints at the beginning of the year and during 2010-11, total 68 complaints were received from investors, out of which 68 complaints were replied/ resolved to the satisfaction of the investors, and the balance 1 remained pending as on 31 March 2011.

Finance Committee of Director

The Finance Committee consists of Mr. S.S. Choudhary, Mr. B.L. Choudhary, and Mr. D.P. Choudhary.

Terms of reference:

The broad terms of reference of Finance Committee include the following:

- Borrow moneys (otherwise than issue of debentures) from time to time to finance project expansion and working capital and providing security;
- Execution of documents with banks and financial institutions;
- Opening of banking accounts with banks;
- Investing the funds of the Company
- Making loans;
- All other day to day operations of the Company.

During the financial year 2010-11, the Committee met 15 times.

Share Issue and Allotment Committee

The Share Issue and Allotment Committee of Directors was re-constituted on 28 January 2010 with Mr. Shyam Sundar Choudhary, Mr. Bankey Lal Choudhary and Mr. Sushil Kumar Saraf as its members. The Committee was delegated with following powers:-

- Issue and allotment of securities;
- Issue of allotment advice to the allottees;
- Making necessary entries in Register of Members of the Company;
- Making necessary applications to stock exchanges for listing of shares;

- Making necessary applications to Depositories for credit of shares into DEMAT account of the allottees;
- Filing of Return of allotment to Registrar of Companies;
- Filing of Returns and documents with Reserve Bank of India;
- Any other matters which are incidental to the issue and allotment of securities.

The Committee met two times during the year on 28 June 2010 and on 24 August 2010 for the allotment of debentures.

Selection Committee

The Selection Committee of Directors was constituted in terms of Section 314(1B) of the Companies Act, 1956 read with rule 4(7) of the Directors' Relatives (Office or Place of Profit) Rules, 2003 with Mr. B. P. Dhanuka and Mr. S. K. Banerjee as its members to act as Independent Directors and Mr. P. K. Chattaraj as an expert outsider to review and approve the terms of the appointment of relatives of directors for holding office or place of profit in the Company.

During the financial year 2010-11, the Committee met once i.e. on 21 April, 2010.

Name and Designation of Compliance Officer

Mr. B.L. Sharma, Company Secretary has been designated as Compliance Officer in terms of clause 47 (a) of the Listing Agreement with Stock Exchanges. The shareholders may send their complaints directly to the Company Secretary, Himadri Chemicals & Industries Limited, 23A, Netaji Subhas Road, (8th Floor) Kolkata- 700 001 or can email at: investors@himadri.com. Those members desire to contact over telephone may do so at +91-033-2230 9953/ 4363.

4. General Body Meetings

a) Details of location, time and date of the last three Annual General Meetings are given below:

Financial year	Type	Date	Venue	Time
2007-08	20th AGM	26 September 2008	" Kala Mandir, 48 Shakespeare Sarani, Kolkata- 700 017	2.00 pm
2008-09	21st AGM	17 September 2009	"Bharatiya Bhasha Parishad" 36-A, Shakespeare Sarani, Kolkata- 700 017	10.00 am
2009-10	22nd AGM	28 September 2010	"GYAN MANCH" 11, Pretoria Street, Kolkata- 700 071	2.30 pm

b) Details of Special Resolution (s) passed during the last three years in Annual General Meetings (AGM)

20th AGM held on 26 September 2008	1. Authorising the Board of Directors under Section 81(1A) of the Companies Act, 1956 to issue further shares and /or securities / FCCB up to the amount not exceeding US$ 500 millions.
21st AGM held on 17 September 2009	1. Authorising the Board of Directors under Section 372A of the Companies Act, 1956 for making investment from time to time in shares and securities of other bodies corporate, Government Bonds, Mutual funds etc, up to the limit not exceeding an aggregate amount of Rs. 500 cores.
EGM held on 29 January 2010	1. Issue and allotment of 63,10,000 equity shares of Rs.10/- each at price of Rs.400/- per share to Bain Capital India Investments on preferential basis in term of Section 81(1A) of the Companies Act, 1956; 2. Increasing of Foreign Institutional Investors (FII) investment limit from 24% to 49%. 3. Amendment in Articles of Association of the Company.
22nd AGM held on 28 September 2010	1. Re-appointment of Mr. S.S. Choudhary as Executive Director in terms of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 for a period of 5 years with effect from 1 April, 2010 2. Holding office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company for a period of three years with effect from 1 July 2010 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government;

	3. Holding office or place of profit by Mr. Tushar Choudhary as President – Operations of the Company for a period of three years with effect from 1 July 2010 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government; 4. Holding office or place of profit by Mr. Amit Choudhary as President – Projects of the Company for a period of three years with effect from 1 July 2010 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government; 5. Alteration in Articles of Association of the Company; **Note:** The Company has received necessary approval of the Central Government in terms of Section 314(1B) of the Companies Act, 1956 as required under Resolution No. 2, 3, and 4 aforesaid.

c) **Postal Ballot:** **No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a postal ballot is being proposed in the ensuing AGM.**

5. Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary, whose turnover or net-worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company in the immediately preceding financial year. The Company has a wholly owned subsidiary Company in Hong Kong.

The Accounts and Auditors' Report of the wholly-owned subsidiary Company were placed before and reviewed by the Board of Directors. The copies of minutes of the Board Meetings of the wholly-owned subsidiary Company were reviewed by the Board.

6. Disclosures

a. Related party transactions

Related party transactions are defined as the transactions of the Company of a material nature, with its Promoters, Directors or the management, or their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

Among the related party transactions are the contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions. All these contracts or arrangements are entered in the Register of the Contracts maintained under section 301 of the Companies Act, 1956 and the Register was placed before relevant Board Meetings. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board. There were no material transactions during 2010-11 that were prejudicial to the Company's interest.

The Board has obtained certificates / disclosures from key management personnel confirming that they did not have any material, financial and commercial interest in transactions with the Company that may have a potential conflict with the Company's interest at large.

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large. Related party transactions are included in the Notes to the annual accounts of the Company for the year ended 31 March 2011.

b. Reconciliation of Share Capital

A qualified practicing Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital confirms that the total issued / paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

c. Statutory compliances, penalties & strictures

The Company complied with the requirements of the Stock Exchanges/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchanges, SEBI or any statutory authority in any matter related to capital markets.

d. Mandatory and non-mandatory requirements

The Company complied with the mandatory requirements and adoption of non-mandatory requirements under Clause 49 of the Listing Agreement which are reviewed by the management from time to time.

e. Proceeds from issue of Debentures

During the year 2010-11, the Company raised money through issue of Secured Non-Convertible Debentures aggregating to Rs. 200 Crores. These debentures are listed at the Bombay Stock Exchange Limited. The details of utilisation of proceeds raised through issue and allotment of Debentures were disclosed to the Audit Committee.

The object of the issue was to part finance its ongoing projects, capacity expansion and to meet increased working capital requirements. Out of the above proceeds, the Company has expended Rs. 82 Crores on the objects of the issue and Rs. 118 Crores representing temporary surplus funds were invested in Mutual Funds and Fixed deposits.

f. Outstanding Foreign Currency Convertible Bonds (FCCB)

In the year 2009-10, the Company had issued to International Finance Corporation (IFC), 70 Foreign Currency Convertible Bonds (FCCB) having a face value of US$ 100,000 each aggregating to US$ 7 million. The FCCB(s) are hybrid instruments with an option of conversion into equity shares and an underlying foreign currency liability with redemption in the event of non-conversion at the end of the period.

The bond holder has an option of converting these bonds into Equity shares at any time within a period of 7 years from the date of issue at an initial conversion price of Rs. 13.50 per share (face value of Re. 1/- each) at the exchange rate prevailing on the date of conversion request. Unless the conversion option is exercised, the outstanding FCCB(s) will be redeemed in full at their par value together with interest @ 6 month LIBOR + 3.35% p.a. accrued on a compounded six monthly basis.

As at 31 March 2011 conversion option has not been exercised in respect of any Bond. The Company expects that the Bond holder will opt for conversion rather than redemption.

g. Shareholding of Non-Executive Director

As on 31 March 2011, Non-Executive Directors were holding the following shares in the Company:

Name of directors	No. of shares	%
1. D.P. Choudhary	1484280	0.384%
2. B.P. Dhanuka	15000	0.003%

None of other Directors of the Company held any equity shares of the Company.

7. Means of communication

The Company's Board of Directors publish the unaudited financial results on quarterly basis within a period of forty five days of the closure of the quarter for which the accounts are related and takes on record the financial results in the prescribed format. The quarterly, half-yearly and annual financial results are also published as per the Listing Agreements, in leading newspapers. The Company regularly intimates unaudited as well as audited financial results to the stock exchanges immediately after conclusion of the Board meeting and taken on record.

The shareholders may send their complaints, if any, directly to the Compliance Officer at investors@himadri.com.

8. General Shareholder Information

8.01 Annual General Meeting is proposed to be held at Kala-Kunj Hall, 48, Shakespeare Sarani, Kolkata- 700 017

On Wednesday the 28 September 2011 at 10.00 am.

8.02 The Company furnished information as required by Clause 49((VI) of the Listing Agreements, of the Stock Exchanges, relating to the Directors retiring by rotation and seeking reappointment. Shareholders may kindly refer to the Notice and explanatory statement convening the Company's 23rd Annual General Meeting. The names of the companies in which the persons also hold directorship and membership of committees of the Board are given separately.

8.03 Date of Book Closures

The Share Transfer and Register of Members of the Company will remain closed from 21 September 2011 to 28 September 2011 (both days inclusive).

8.04 Financial Calendar for 2011-12 (tentative schedule)

Financial Year	2011-12
Board meetings for approval of quarterly results	
Quarter ended 30 June 2011	Declared on 29 July 2011
Quarter ended 30 September 2011	Within 2nd week of November 2011
Quarter ended 31December 2011	Within 2nd week of February 2012
Annual Result for the year ended 31 March 2012 (Audited)	Within two months by May 2012
Annual General Meeting for 2011-12	In accordance with Section 166 of the Companies Act, 1956
Posting of Annual Report	Before 21 clear days
Posting of Dividend warrants	Within 30 days from the date of AGM
Receipt of proxy forms	At least 48 hrs before the meeting

8.05 Listing of shares on stock exchanges

The Company's shares are presently listed on the following stock exchanges

Sl. No.	Stock exchange	Listing code
1.	Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Fort, Mumbai- 400 001	500184
2.	National Stock Exchange of India Ltd "Exchange Plaza" Bandra-Kurla Complex, Bandra (E) , Mumbai- 400 051	HCIL

During the Financial Year 2010-11 the shares of the Company voluntarily got de-listed form the Calcutta Stock Exchange Association Limited. The Company has remitted the listing fee to the Stock Exchanges as per schedule.

8.06 Listing of Non-Convertible Debentures

During the year 2010-11 the Company has issued Secured, Redeemable, Non-Convertible Debentures on private placement basis aggregating to Rs.200 Crores. These debentures are listed at Bombay Stock Exchange Limited. The details are given hereunder:

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number
1.	9.60% Secured, Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to Rs.100 Cores issued on Private placement basis to ICICI Bank Limited	Bombay Stock Exchange Limited	946770	INE019C07015
2.	10.00 % Secured, Redeemable Non-Convertible Debentures of Rs.400/- each aggregating to Rs.100 Cores issued on Private placement basis to LIC of India	Bombay Stock Exchange Limited	946887	INE019C07023

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Exchange as per schedule.

8.07 Nomination facilities

The Companies (Amendment) Act, 1999 introduced through the new Section 109A, the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility, especially those holding shares in single name to avoid any complication in the process of transmission, in case of death of the holders.

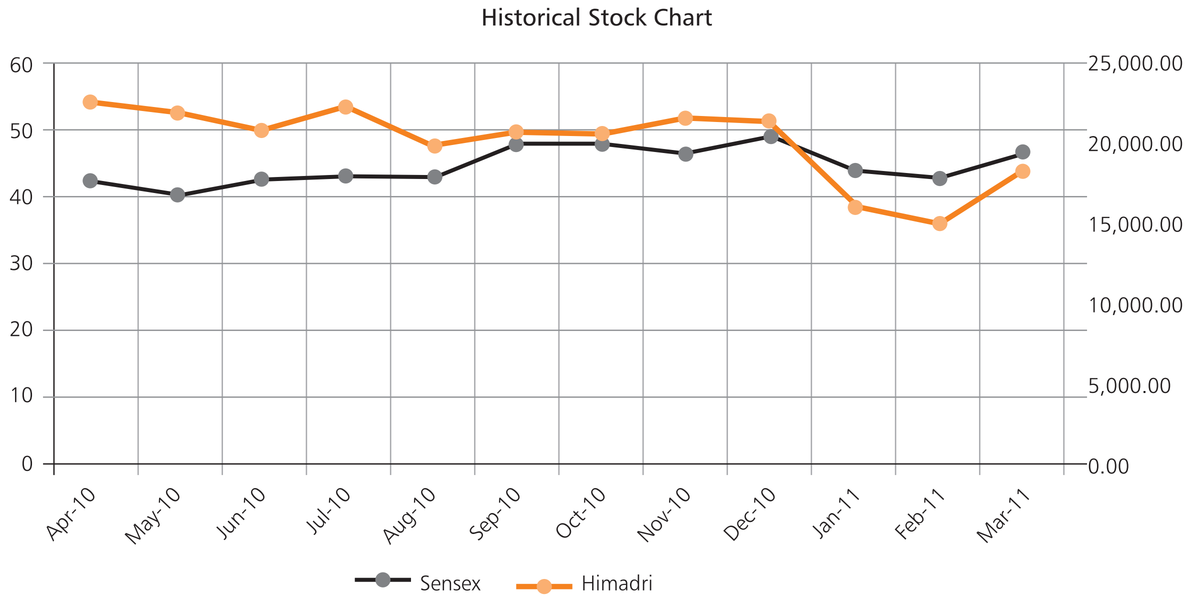
In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agents. In case of shares held in Demat form, such nomination is to be conveyed to the D/P as per the formats prescribed by them.

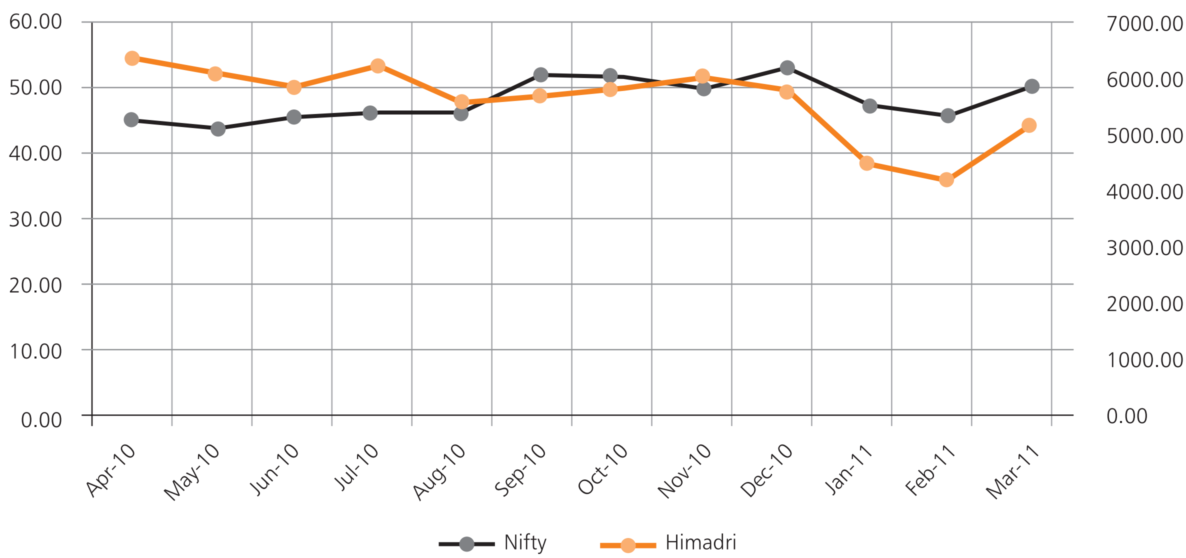
8.08 Market price data

Monthly high / low market price of the shares during the year 2010-11 at the Bombay Stock Exchange Limited and at National Stock Exchange of India Ltd were as under:

Months	Market Price (BSE) Amount in Rs.		Market Price (NSE) Amount in Rs.	
	High	Low	High	Low
April 2010	574.00	480.00	572.70	483.00
May 2010	564.90	468.00	565.50	455.80
June 2010	541.00	455.00	548.00	470.00
July 2010	543.00	482.00	539.85	490.00
August 2010	564.00	471.00	562.95	470.00
September 2010	517.50	452.00	519.95	455.00
October 2010	521.00	457.00	516.50	456.10
November 2010	516.80	48.30	515.00	48.20
December 2010	53.50	43.30	53.60	43.20
January 2011	50.50	37.60	52.00	38.00
February 2011	44.50	31.00	44.30	32.60
March 2011	47.00	31.50	47.00	31.75

Note: The equity shares of face value of Rs.10/- was sub-divided into face value of rupee 1/- each with effect from 9th November 2010.





Note: The share prices from April 2010 to October 2010 have been revised into equity shares of Re. 1 each from Rs. 10 each.

8.09 Registrar and Share Transfer Agents

The Company engaged the services of S.K. Computers of 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006, a SEBI registered Registrar as its' Share Transfer Agents for processing the transfer, sub-divisions, consolidation, splitting of securities among others. Since the shares are compulsorily required to be traded in dematerialised form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories, NSDL/CDSL, for Dematerialisation of shares. M/s S.K. Computers, was appointed as common agency to act as transfer agents for both physical and demat shares.

Pursuant to stock split approved by the shareholders at the last annual general meeting held on 28 September 2010, each equity shares of face value of Rs.10/- each has been sub-divided into ten equity shares of Rupee 1/- each. The Record Date was fixed on 9 November 2010. Shareholders are requested to surrender the old share certificates to the Registrar and Share Transfer Agent for cancellation and issue of new certificates.

8.10 Share Transfer System

The Company ensures that all transfers are duly affected within a period of one month from the date of their lodgment. The Board constituted a Share Transfer Committee for approval of the Transfers, which meets on regular intervals. Share Transfer, Duplicate issue of shares and all other investors' related activities are attended to and processed at the office of the Registrar and Transfer Agent, M/s S.K. Computers- Kolkata.

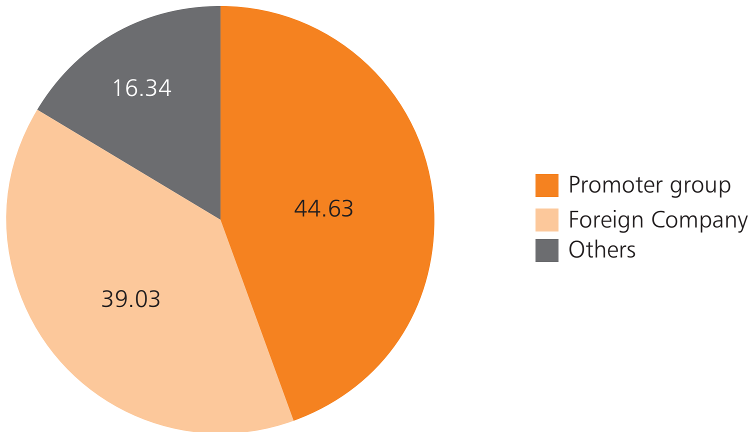
Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchanges, certificate on half-yearly basis is filed with the stock exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital for all the quarters was filed with the stock exchanges, which inter-alia gives details of share capital (both demat and physical).

8.11 Distribution of Shareholding as on 31 March 2011

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Up to 500	4,706	30.54	9,99,716	0.26
501 – 1000	5,696	36.97	55,59,226	1.44
1001 – 2000	2,610	16.94	47,94,798	1.24
2001 – 3000	969	6.29	24,59,234	0.64
3001 – 4000	367	2.38	14,08,669	0.37
4001 – 5000	318	2.06	15,47,935	0.40
5001 – 10000	360	2.34	28,28,975	0.73
10001 – 50000	287	1.86	61,14,422	1.59
50001 – 100000	33	0.21	23,11,346	0.60
100000 and above	63	0.41	35,77,08,249	92.73
Total	**15,409**	**100.00**	**38,57,32,570**	**100.00**

8.12 Shareholding pattern as on 31 March 2011

Category of shareholders	Number of shareholders	Number of shares	% of holding
(A) Promoter Group			
(a) Directors & relatives	8	1,27,28,600	3.30
(b) Bodies corporate	7	15,94,11,310	41.33
Sub- total (A)	**15**	**17,21,39,910**	**44.63**
(B) Non-promoters			
(a) Mutual funds / UTI	6	34,40,000	0.89
(b) Financial institutions / banks	5	21,900	0.01
(c) Foreign institutional investors	8	22,23,168	0.58
(d) Foreign Company	2	15,05,70,070	39.03
(e) Bodies corporate	387	2,02,40,577	5.25
(f) Individuals	14,913	3,69,33,741	9.57
(g) NRI(s)	73	1,63,204	0.04
Sub Total (B)	**15,394**	**21,35,92,660**	**55.37**
Total (A) + (B)	**15,409**	**38,57,32,570**	**100.00**



8.13 Dematerialisation of shares

The shares of the Company are under compulsory demat list of SEBI and it has joined as a member of the Depository services with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialisation of its' shares. Shareholders can get their shares dematerialised with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the last annual general meeting held on 28 September 2010, each equity shares of face value of Rs.10/- each has been sub-divided into ten equity shares of Rupee 1/- each and the depositories allotted the following new ISIN number to the Company:

NSDL - INE 019C01026 CDSL - INE 019C01026

As on 31 March 2011, out of the 38,57,32,570 equity shares of the Company 37,59,45,489 shares were held in Electronic form representing 97.463 % to the total paid up capital, whereas balance of 97,87,081 shares were held in physical form representing 2.537 % to the total paid up share capital of the Company.

8.14 Plant Locations

Sl. No.	Location of Plant
1.	Unit No. 1 at Liluah (Howrah) 58, N.S. Road, Liluah Howrah- 711 204 (W. B.)
2.	Unit No. 2 at Liluah (Howrah) 27-B, Gadadhar Bhatt Road, Liluah Howrah- 711 204 (W.B.)
3.	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
4.	Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)
5.	Vill- Jhagrah Rajgamar Colliery Korba- 495683 (Chhattisgarh)
6.	Wind Mills Division: 1. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra 2. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
7.	Vapi Unit G.I.D.C., Phase I, Vapi, Gujarat
8.	Falta Special Economic Zone J.L. No 1, Dag No: 49,50,51 Sector- II, Vill- Simulberia P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504

8.15 Address for correspondence

All communication may be sent to Mr. B.L. Sharma, Company Secretary and Compliance Officer of the Company at the following address:

Himadri Chemicals & Industries Limited,
23A, Netaji Subhas Road, 8th floor,
Kolkata- 700 001.
Phone number: +91 -33-2230-9953/ 2230-4363
Fax No. +91-33-2230-9051
e-mail: investors@himadri.com.

All shares related queries may be sent to the Company's Registrar and Share Transfer Agents M/s S. K. Computers, 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006. Tel. No.: +91-033-2219-6797/ 4815

8.16 Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended March 31, 2011, when declared at the meeting will be paid:

i. to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 21 September 2011, and

ii. in respect of shares held in electronic form, to members whose names appear in the statements of beneficial ownership (BENPOSE) furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the purpose as on the close of business hours on 20 September 2011.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of initial validity period, bank draft will be issued against cancellation of warrants.

8.17 Electronic Clearing Service – ECS

Members desirous of receiving dividend by direct electronic deposit of dividend (ECS) in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agents M/s SK Computers, 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006.

8.18 Bank details in case of physical shareholdings

With a view to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agents M/s SK Computers, 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006 to enable them to print the same on dividend warrants. This is a mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated November 13, 2001.

8.19 Unclaimed / Unpaid Dividend

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205-C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31 March, 2011 the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2011	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2004-05	14 September 2005	5,26,444.00	20 September 2012	IDBI Bank limited
2005-06	18 September 2006	8,25,720.00	24 September 2013	HDFC Bank Limited
2006-07	26 September 2007	27,63,980.00	2 October 2014	HDFC Bank Limited
2007-08	26 September 2008	11,75,764.00	2 October 2015	HDFC Bank Limited
2008-09	17 September 2009	6,11,098.00	23 September 2016	State Bank of India
2009-10	28 September 2010	6,13,916.00	4 October 2017	State Bank of India

Therefore, members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agents for issue of duplicate dividend warrants/ drafts.

8.20 Green Initiative – Corporate Governance

The Ministry of Corporate Affairs (MCA) has introduced a "Green Initiative in Corporate Governance "by allowing paperless compliance by companies and has issued circulars No.17/ 2011 dated 21 April 2011 stating that the service of documents by a Company to its' members can now be made through electronic mode in compliance of Section 53 of the Companies Act, 1956. Therefore, with a view to participate in the initiative, we request the members to provide e-mail address, if they wish to receive the documents / notices etc., of our Company through electronic mode. You may send your e-mail address to our Registrar & Share Transfer Agents, M/s S K Computers, at their following e-mail address mentioning your folio No/ DP-ID/ CL-ID: hcil@skcomputers.net

For and on behalf of the Board

	Sd/-	Sd/-
Place: Kolkata	**B.L. Choudhary**	**S.S. Choudhary**
Date: 29th July, 2011	*Managing Director*	*Executive Director*

Auditor's Certificate on Corporate Governance

To
The Members of
Himadri Chemicals & Industries Ltd

We have examined the compliance of Corporate Governance by **Himadri Chemicals & Industries Limited** for the year ended 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs.

For **S. Jaykishan**
Chartered Accountants,
FRN: 309005E

Sd/-
CA B.K. Newatia
Partner
M. No. 062636

Place: Kolkata
Dated: 29 July 2011

Declaration by the Managing Director

To
The Members of
Himadri Chemicals & Industries Ltd

Sub: Declaration under Clause 49 of the Listing Agreement

I hereby declare that all Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Codes of Conduct as applicable to them for the financial year ended 31 March 2011.

Sd/-
B.L. Choudhary
Managing Director

Place: Kolkata
Dated: 29 July 2011

CEO/ CFO Certification

To
The Board of Directors
Himadri Chemicals & Industries Limited
23A, Netaji Subhas Road,
Kolkata- 700 001

Re: CEO/ CFO certification in terms of Clause 49 (v) of the Listing Agreement

We, 1) Bankey Lal Choudhary, the Managing Director and 2) Mr. Anurag Choudhary, the Chief Executive Officer (CEO) of the Company, certify that

(a) We have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief :

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

i) Significant changes in internal control over financial reporting during the year;

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-	Sd/-
B.L. Choudhary	**Anurag Choudhary**
Managing Director	*Chief Executive Officer*

Place: Kolkata
Date: 29 July 2011

Financial Section

AUDITORS' REPORT

To
The Members of **Himadri Chemicals & Industries Limited**

1. We have audited the attached Balance Sheet of **HIMADRI CHEMICALS & INDUSTRIES LIMITED** as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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.

2. We 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.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 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 account, as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the accounting policies & notes thereon and attached 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 case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,

      ii. in case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and

      iii. in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. Jaykishan**
Chartered Accountants,
Firm Registration No. 309005E

Sd/-
CA. B. K. Newatia
Partner
M. No. 050251

Place: Kolkata
Dated: The 23rd day of May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date to the members of Himadri Chemicals and Industries Limited on the financial statements for the year ended 31st March 2011)

i) a) The Company is in the process of compiling fixed assets records to show full particulars, including quantitative details and situation of fixed assets.

b) We are informed that the management at reasonable intervals, in a phased programme, has physically verified fixed assets of significant value and no material discrepancies were noticed in respect of the assets verified.

c) The Company has not made any substantial disposal of fixed assets during the year.

ii) a) As explained to us, inventories have been physically verified by the management during the year at reasonable intervals.

b) In our opinion, 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 inventory records of the Company, we are of the opinion that the Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification of inventories, as compared to book records.

iii) a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act,1956. Accordingly, the clauses (iii) (b) to (iii) (d) of the Order are not applicable.

b) The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance in respect of such loan taken from a Company in earlier year was Rs. 900 lacs & Rs. 750 lacs respectively. The Company has also issued Deep Discount Debentures of Face value of Rs. 123 crores in the earlier years to a Company covered in the register maintained under Section 301 of the Act, and the balance as on 31st March 2011 net of discount, to be written off over the period of Debentures was Rs. 3679.84 lacs.

c) In our opinion, the rate of interest and other terms and conditions of the aforesaid loans taken by the Company are prima facie not prejudicial to the interest of the Company.

d) In respect of the aforesaid loan, the Company was regular in repaying the principal amount and was also regular in payment of interest as stipulated.

iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.

b) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions during the year exceeding Rs. 500,000/- in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not entered into any transaction as aforesaid, Clause (v)(b) of the Order is not applicable.

vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the rules framed there under.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India maintenance of cost records has been prescribed

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix) a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts were in arrears, as at 31st March, 2011, for a period of more than six months from the date they became payable.

b) According to the records of the Company and the information and explanations given to us & upon our enquiries in this regard, disputed dues in respect of Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess unpaid as at the last day of the financial year, are as follows:

Nature of Dues	Amount (Rs in lacs)	Forum where dispute is pending
Sales Tax	257.91	Senior Jt Commissioner (Special Cell)
Custom Duty	28.83	CESTAT, Kolkata
Service Tax	67.21	Commissioner (Appeal), Kolkata
Excise duty	10.23	Commissioner (Appeal), Kolkata

x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses in the financial year under report or in the immediately preceding financial year.

xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

xiv) In respect of shares, securities, debentures and mutual fund units dealt or traded by the Company and held as investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments have been held by the Company in its own name.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) On the basis of the records examined by us, in our opinion, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

xvii) Based on the information and explanations given to us and on an overall examination of the financial statements of the Company, prima facie, short term funds have not been used for long term purposes.

xviii) To the best of our knowledge and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has issued Non – Convertible Secured Debentures and created the Security as per the terms of Issue thereof.

xx) The Company has not raised any money by way of public issue during the year.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S. Jaykishan**
Chartered Accountants,
Firm Registration No. 309005E

Sd/-
CA. B. K. Newatia
Partner
M. No. 050251

Place: Kolkata
Dated: The 23rd day of May, 2011

BALANCE SHEET As at 31 March, 2011

(Rs. in Lacs)

	Schedule	As at 31.03.2011	As at 31.03.2010
I. SOURCES OF FUNDS			
1. **Shareholders' Funds**			
a) Share Capital	1	3,857.33	3,857.33
b) Reserves & Surplus	2	80,720.78	69,783.24
2. **Loan Funds**			
a) Secured Loans	3	77,777.45	34,714.88
b) Unsecured Loans	4	7,075.34	6,710.00
3. **Deferred Tax Liability** [Refer Note No. 24 of Schedule - 20]		7,199.19	6,369.36
Total		**176,630.09**	**121,434.81**
II. APPLICATION OF FUNDS			
1. **Fixed Assets**	5		
a) Gross Block		68,244.27	66,202.05
b) Less : Depreciation		12,030.38	8,661.79
c) Net Block		56,213.89	57,540.26
d) Capital Work in Progress [Refer Note No. 6 of Schedule - 20]		28,874.06	4,420.40
2. **Investments**	6	26,151.66	20,120.48
3. **Current Assets,Loans & Advances**			
a) Inventories	7	23,959.00	15,859.50
b) Sundry Debtors	8	15,640.88	13,484.57
c) Cash & Bank Balances	9	10,025.48	3,163.64
d) Loans & Advances	10	25,451.44	14,069.41
		75,076.80	46,577.12
Less: Current Liabilities & Provisions			
a) Current Liabilities	11	6,378.01	4,285.65
b) Provisions	12	3,308.31	2,937.80
		9,686.32	7,223.45
Net Current Assets		65,390.48	39,353.67
Total		**176,630.09**	**121,434.81**
Significant Accounting Policies	19		
Notes On Accounts	20		

Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2011

(Rs. in Lacs)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales	13	78,491.36	52,763.02
Less : Taxes & Duties		8,483.10	5,621.08
Net Sales		70,008.26	47,141.94
Other Income	14	1,379.70	1,523.53
Total		**71,387.96**	**48,665.47**
EXPENDITURE			
Decrease/(Increase) in Stocks	15	(2,778.97)	(5,390.38)
Raw Materials Consumed	16	44,622.31	27,872.41
Manufacturing & Other Expenses	17	8,909.23	6,389.86
Interest & Other Financial Charges	18	2,970.32	2,788.10
Depreciation		3,324.82	2,480.30
Total		**57,047.71**	**34,140.29**
PROFIT BEFORE TAX		14,340.25	14,525.18
Provision for Taxation :			
Current Tax		2,860.00	2,488.00
Deferred Tax		829.83	3,755.92
MAT credit entitlement		(788.49)	(2,452.72)
PROFIT AFTER TAX		**11,438.91**	**10,733.98**
Surplus from earlier year		20,817.10	12,032.92
AMOUNT AVAILABLE FOR APPROPRIATION		**32,256.01**	**22,766.90**
APPROPRIATIONS			
Transfer to General Reserve		1,500.00	1,500.00
Transfer to Debenture Redemption Reserve		500.00	–
Proposed Dividend		385.73	385.73
Corporate Dividend Tax		62.58	64.07
BALANCE CARRIED TO BALANCE SHEET		**29,807.70**	**20,817.10**
Earnings Per Share(Rs.) : [Refer Note No. 23 of Schedule - 20] (Face Value Re. 1/- each)			
Basic		2.97	3.23
Diluted		2.85	3.10
Significant Accounting Policies	19		
Notes On Accounts	20		

Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

CASH FLOW STATEMENT For the year ended 31 March 2011

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-Ordinary Items		14,340.25		14,525.18
Adjustments for:				
Depreciation	3,324.82		2,480.30	
Interest Paid	2,285.90		2,194.21	
Interest Received	(261.08)		(86.06)	
Dividend Received	(461.83)		(90.47)	
Loss on redemption of Mutual Funds	14.02		–	
Unrealised Foreign Exchange Loss/(Gain)	(255.65)		(730.43)	
Proportionate Discount on Debentures W/Off	399.64		356.24	
Profit on sale of Vehicles	(1.42)		–	
		5,044.40		4,123.79
Operating Profit before Working Capital Changes		**19,384.65**		**18,648.97**
Adjustments for :				
(Increase)/Decrease in Trade & Other Receivables	(8,788.56)		(3,817.79)	
(Increase)/Decrease in Inventories	(8,099.50)		(6,304.42)	
Increase/(Decrease) in Trade & Other Payables	(31.63)		1,688.49	
		(16,919.69)		(8,433.72)
Cash generated from operations		2,464.96		10,215.25
Direct Tax Paid		(3,019.45)		(2,325.72)
Net Cash from Operating Activities		**(554.49)**		**7,889.53**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(25,173.21)		(14,421.55)	
(including Capital Work-in-Progress)				
Sale of Fixed Assets	3.30		–	
Interest Income	261.08		86.06	
Dividend Income	461.83		90.47	
Advances to subsidiary	(3,476.59)		(1,155.34)	
Sale of investments	81,151.38		6,718.37	
Purchase of Investments	(87,196.58)		(26,638.89)	
Net Cash used in Investing Activities		**(33,968.79)**		**(35,320.88)**

CASH FLOW STATEMENT *(Contd.)* For the year ended 31 March 2011

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Shares	–		25,417.16	
Proceeds from issue of FCCBs	(0.00)		3,490.20	
Proceeds from issue of Non Convertible Debentures	20,000.00		–	
Increase in Long Term Borrowings	13,791.02		7,901.66	
Repayment of Long Term Borrowings	(4,958.72)		(4,217.86)	
Increase/(Decrease) in Working Capital Borrowings	15,203.71		270.49	
Share Issue Expenses	(71.21)		(694.70)	
Interest Paid	(2,135.09)		(2,158.36)	
Dividend Paid	(385.73)		(322.63)	
Dividend Tax Paid	(64.07)		(55.99)	
Net Cash from Financing Activities		**41,379.91**		**29,629.97**
Net Increase/(Decrease) in Cash/Cash Equivalents		**6,856.63**		**2,198.62**
Cash & Cash Equivalents at the beginning of the year		3,103.68		905.06
(Refer Schedule 9 to the Accounts)				
Cash & Cash Equivalents at the end of the year		9,960.31		3,103.68
(Refer Schedule 9 to the Accounts)				

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules, 2006.
2. Cash and Cash equivalents include cash and cheques in hand and bank balances on current and fixed deposit accounts [Refer Schedule 9].
3. Figures in brackets indicate cash outflows.

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 1 SHARE CAPITAL				
Authorised				
70,00,00,000 Equity Shares of Re1/- each (Previous year 7,00,00,000 Equity Shares of Rs.10/- each)		7,000.00		7,000.00
Issued, subscribed and paid-up				
38,57,32,570 Equity Shares of Re 1/- each fully paid up (Previous year 3,85,73,257 Equity Shares of Rs. 10/- each) (Out of which, 15,54,28,570 Equity Shares issued for consideration otherwise than in cash)		3,857.33		3,857.33
		3,857.33		**3,857.33**

Schedule 2 RESERVES AND SURPLUS				
Capital Reserve-As per last account				
Sales Tax Capital Subsidy		14.86		14.86
Capital Investment Subsidy		193.84		193.84
Amalgamation Reserve		61.30		61.30
Forfeiture of Share Warrants		1,010.50		1,010.50
Securities Premium				
As per Last Account	39,648.18		14,149.67	
Received during the year	–		26,322.92	
Share Issue Expenses Written Off	(71.21)		(824.41)	
		39,576.97		39,648.18
Debenture Redemption Reserve				
Transferred from Profit & Loss A/C		500.00		–
General Reserve				
As per Last Account	8,517.44		7,017.44	
Add : Transferred from Profit & Loss A/C	1,500.00		1,500.00	
		10,017.44		8,517.44
Foreign Exchange Translation Reserve		(106.09)		(39.47)
Hedging Reserve [Refer Note No. 29(b) of Schedule - 20]				
As per Last Account	(440.51)		(854.68)	
Movement during the year	84.77		414.17	
		(355.74)		(440.51)
Surplus as per Profit & Loss A/c annexed		29,807.70		20,817.10
		80,720.78		**69,783.24**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 3 SECURED LOANS				
[Refer Note No.1 of Schedule 20 for securities]				
1,000 9.60% Non Convertible Debentures (Redeemable on or after 28th June, 2017 and before 28th June, 2020)		10,000.00		–
25,00,000 10% Non Convertible Debentures (Redeemable on 24th August,2020)		10,000.00		–
Term Loans {Repayable within one year Rs 3650.07 lacs (previous year Rs 4958.72 lacs)}				
Rupee Loans				
– From Banks		5,239.29		10,048.00
– From Non Banking Finance Company		750.00		900.00
External Commercial Borrowings (ECB)				
– From Banks		15,374.25		4,514.00
– From International Finance Corporation (IFC)		3,125.50		3,159.80
– From DEG-Deutsche Investitionsund Entwicklungsgesellschaft MBH		2,679.00		–
Working Capital Loans from Banks				
Rupee Loans		7,985.34		9,074.34
FCNR(B) Loan		8,930.00		2,257.00
Buyers' Credit		13,681.00		4,761.74
Loan against Equipments		13.07		–
		77,777.45		**34,714.88**

Schedule 4 UNSECURED LOANS				
Long Term				
Deep Discount Debentures				
Issued during financial year 2001-2002 aggregating Rs. 123 Crores at discounted price of Rs. 12.30 Crores redeemable at par at the end of 20 years from the date of allotment i.e.24th September,2001		12,300.00		12,300.00
Less : Discount on issue of debentures to the extent not written off or adjusted		8,620.16		9,019.80
		3,679.84		3,280.20
70 Foreign Currency Convertible Bonds of USD 100000 each issued to International Finance Corporation (IFC) [Refer Note No.13 of Schedule 20]		3,125.50		3,159.80
Sales Tax Deferment		270.00		270.00
		7,075.34		**6,710.00**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

Schedule 5 FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Addition during the year	Deletion during the year	Total Upto 31.03.2011	As on 01.04.2010	Provided for the year	Adjustment	Total Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	2,265.54	68.44	–	2,333.98	–	–	–	–	2,333.98	2,265.54
Factory Shed & Building	4,578.02	66.86	–	4,644.88	632.49	158.24	–	790.73	3,854.15	3,945.53
Plant & Machinery	54,811.00	1,266.95	–	56,077.95	7,090.88	2,914.54	–	10,005.42	46,072.53	47,720.12
Laboratory Equipments	398.95	22.20	–	421.15	92.48	17.84	–	110.32	310.83	306.47
Office Equipments	117.78	49.30	–	167.08	40.24	5.94	–	46.18	120.90	77.54
Furniture & Fixtures	279.37	323.07	–	602.44	91.05	18.99	–	110.04	492.40	188.32
Fire Extinguishers	73.31	–	–	73.31	8.31	3.47	–	11.78	61.53	65.00
Vehicles	359.44	73.20	10.49	422.15	169.86	27.78	8.61	189.03	233.12	189.58
Tubewell	10.62	–	–	10.62	2.37	0.50	–	2.87	7.75	8.25
Electrical Installations	2,394.85	84.90	–	2,479.75	167.37	116.59	–	283.96	2,195.79	2,227.48
Cycles	0.93	0.03	–	0.96	0.35	0.06	–	0.41	0.55	0.58
Computers	767.16	97.76	–	864.92	230.99	109.38	–	340.37	524.55	536.17
Tankers	145.08	–	–	145.08	135.40	3.87	–	139.27	5.81	9.68
Total	**66,202.05**	**2,052.71**	**10.49**	**68,244.27**	**8,661.79**	**3,377.20**	**8.61**	**12,030.38**	**56,213.89**	**57,540.26**
Previous Year Total	**32,617.84**	**33,584.21**	–	**66,202.05**	**6,181.49**	**2,480.30**	–	**8,661.79**	**57,540.26**	

Note:

1) Original Cost as at 31st March, 2011 of Vehicles includes Rs.137.11 lacs (Previous Year- Rs. 119.31 lacs) acquired under Auto Finance Scheme from Banks, of which Rs. 69.49 lacs (Previous Year- Rs. 56.08 lacs) was outstanding as at 31st March, 2011.

2) Depreciation for the year includes Rs. 52.38 Lacs (Previous Year- Rs. Nil) charged/allocated to capital work in progress.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

	Face Value (Rs.)	As at 31.03.2011		As at 31.03.2010	
		No. of Shares	Amount	No. of Shares	Amount
Schedule 6 INVESTMENTS					
LONG TERM					
In Government Securities					
(Deposited with Government Authorities)					
Kishan Vikas Patra			0.07		0.07
In Shares of Joint Stock Companies					
Trade Investments (Unquoted, Fully Paid Up)					
In Wholly Owned Subsidiary					
Himadri Global Investment Ltd., Hongkong	1 HK$	783,680	49.25	783,680	49.25
Other Than Trade					
Quoted, Fully Paid Up					
ACC Ltd.	10	1,275	1.95	1,275	1.95
Himadri Credit & Finance Ltd.	10	334,900	33.49	334,900	33.49
Transchem Ltd.	10	8,000	2.40	8,000	2.40
NDTV Ltd.	4	1,400	0.98	1,400	0.98
Unquoted, Fully Paid Up					
Himadri Dyes & Intermediates Ltd.	10	720,000	72.00	720,000	72.00
Himadri Industries Ltd.	10	493,300	84.50	493,300	84.50
Himadri e-Carbon Ltd.	10	40,000	4.00	40,000	4.00
CURRENT INVESTMENTS					
Unquoted, Other than Trade					
In Mutual Funds					
LIC MF Floating Rate Fund		–	–	99,367,885.920	9,936.79
LIC MF Savings Plus Fund		–	–	49,350,533.960	4,935.05
Templeton India Short Term Income Plan Growth		270,426.650	5,000.00	270,426.650	5,000.00
Templeton India Income Opportunities Fund Growth		46,965,863.150	5,108.99	–	–
Templeton India Ultra Short Bond Fund Retail Plan		742,746.120	92.89	–	–
BSL Fixed Plan Series CE- Growth		20,000,000.000	2,000.00	–	–
ICICI Prudential MF FMP Series 52-1 Y Plan C Cumulative		27,003,327.000	2,700.33	–	–
DSP Blackrock Money Manager Fund-Institutional Plan Growth		219,718.150	3,000.00	–	–
Kotak MF FMP 370 Days Series 8 - Growth		15,000,000.000	1,500.00	–	–
Kotak MF FMP 370 Days Series 7 - Growth		30,003,554.000	3,000.36	–	–
Reliance MF Fixed Horizon Fund XV Series 8-Growth Plan		20,004,540.500	2,000.45	–	–
Reliance MF Fixed Horizon Fund XV Series 7-Growth Plan		15,000,000.000	1,500.00	–	–
Total			**26,151.66**		**20,120.48**
Aggregate Book Value of Unquoted Investments			209.82		209.82
Aggregate Book Value of Quoted Investments			38.82		38.82
Aggregate Book Value of Investments in Mutual Funds			25,903.02		19,871.84
Aggregate Market Value of Quoted Investments			49.35		48.39
Aggregate Net Asset Value of Investments in Mutual Funds			26,655.11		19,871.84

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 7 INVENTORIES				
(as taken, valued & certified by the management)				
Finished Goods		11,817.39		9,147.67
Work-in-Progress		388.98		279.73
Raw Materials		11,368.63		6,165.51
Materials In Transit		326.74		194.65
Packing Materials		57.26		71.58
Furnace Oil		–		0.36
		23,959.00		15,859.50

Schedule 8 SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Debts outstanding for a period exceeding six months		1,398.75		1,021.51
Other Debts		14,242.13		12,463.06
		15,640.88		13,484.57

Schedule 9 CASH & BANK BALANCES				
Cash in Hand (As certified by Management)		51.63		139.13
Cheques in Hand		363.30		359.38
Balances with Scheduled Banks				
In Current Accounts		1,259.63		199.24
In EEFC Accounts		765.31		954.42
In Fixed Deposit Accounts [Refer Note Nos. 5 & 8 of Schedule - 20]		7,520.44		1,451.51
In Unclaimed Dividend Accounts		65.17		59.96
		10,025.48		3,163.64

Schedule 10 LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind or for value to be received				
To Subsidiary		4,529.09		1,119.12
To Others		8,640.72		5,144.42
Incentive Receivable		332.14		300.00
Balance with Central Excise & Cenvat Receivable		4,261.78		1,658.94
Sales Tax Deposit & VAT Receivable		736.78		360.81
Income Tax Payments		2,840.92		2,309.05
Income Tax Refundable		124.78		125.20
Deferred MAT Credit Entitlement [Refer Note No. 20 of Schedule - 20]		3,318.01		2,529.52
Earnest Money & Security Deposits		667.22		522.35
		25,451.44		14,069.41

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 11 CURRENT LIABILITIES				
Acceptances		139.99		–
Sundry Creditors				
Due to Micro, Small & Medium Enterprises		–		–
Due to Others :-				
For Capital Goods		1,315.29		374.60
Others		1,527.29		1,603.59
Unclaimed Dividend*		65.17		59.96
Derivative Contracts Payable		1,279.09		440.51
Interest Accrued but not due		240.79		57.84
Other Liabilities		1,791.28		1,734.91
Advances from customers		19.11		14.24
		6,378.01		**4,285.65**

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Schedule 12 PROVISIONS				
Provision for Taxation		2,860.00		2,488.00
Proposed Dividend		385.73		385.73
Corporate Dividend Tax		62.58		64.07
		3,308.31		**2,937.80**

(Rs. in Lacs)

		Year ended 31.03.2011		Year ended 31.03.2010
Schedule 13 SALES				
Sales :				
Domestic		66,201.90		42,847.68
Export		12,289.46		9,915.34
		78,491.36		**52,763.02**

Schedule 14 OTHER INCOME				
Interest on Fixed Deposits with Bank (TDS- Rs.15.47 lacs ; P.Y. Rs. 8.95 Lacs)		155.74		86.06
Interest on advance to Subsidiary		105.34		–
Dividend				
– on Long Term Investments (other than trade)		0.29		0.26
– on Current Investments (other than trade)		461.54		90.21
Foreign Exchange Gain		608.18		1,289.87
Warranty & other Claims		27.63		0.18
Profit on sale of Vehicles		1.42		–
Miscellaneous Income		19.56		56.95
		1,379.70		**1,523.53**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule 15 DECREASE/(INCREASE) IN STOCKS		
Opening Stock		
Finished Goods	9,147.67	3,944.24
Add : Stock out of trial run production	–	92.78
Work-in-Progress	279.73	–
	9,427.40	4,037.02
Less : Closing Stock		
Finished Goods	11,817.39	9,147.67
Work-in-Progress	388.98	279.73
	12,206.37	9,427.40
Decrease/(Increase) in Stocks	**(2,778.97)**	**(5,390.38)**

Schedule 16 RAW MATERIALS CONSUMED		
Opening Stock	6,165.51	5,499.49
Add: Purchases	49,825.43	28,538.43
	55,990.94	34,037.92
Less: Closing Stock	11,368.63	6,165.51
	44,622.31	**27,872.41**

Schedule 17 MANUFACTURING & OTHER EXPENSES		
Consumable Stores & Spares	71.13	220.64
Power & Fuel	1,468.59	537.45
Employees' Emoluments [Refer Note No. 15 of Schedule - 20]		
(a) Salaries,Wages & Allowances	1,073.20	713.23
(b) Contribution To Provident & Other Funds	44.77	26.11
(c) Gratuity	7.09	–
(d) Welfare & Other Amenities	123.39	92.13
Excise Duty on Variation in Stocks [Refer Note No. 9 of Schedule - 20]	270.29	665.76
Rent	93.63	44.69
Rates & Taxes	48.31	72.21
Repairs To:		
Factory Shed & Building	64.34	28.31
Plant & Machinery	528.78	272.70
Others	140.29	128.63
Insurance	200.71	121.52
Rebates & Discount	44.58	190.55
Miscellaneous Expenses	1,632.15	1,336.48
Share Transfer Expenses	1.46	1.59
Auditors' Remuneration [Refer Note No. 17 of Schedule - 20]	12.48	11.36
Packing Expenses	519.66	338.98
Freight & Forwarding Expenses	2,064.49	1,186.69
Commission on sales (other than sole selling agents)	485.87	400.83
Loss on redemption of Mutual Funds (Current Investments)	14.02	–
	8,909.23	**6,389.86**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule 18 INTEREST & OTHER FINANCIAL CHARGES		
Interest :		
On Term Loans	1,042.58	728.58
Others	1,243.32	1,465.63
Discount on Debentures W/Off	399.64	356.24
Bank Charges	284.78	237.65
	2,970.32	2,788.10

Schedule 19 SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of preparation of financial statements:**
   a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.

   b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

   c) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

2. **Revenue Recognition:**
   a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

   b) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. Sales are inclusive of excise duty, sales tax / VAT and delivery charges, if any, and net of Trade Discounts. However, duties and taxes relating to sales are reduced from gross turnover for disclosing net turnover.

   c) Sale of energy is accounted for based on tariff rates agreed with respective Electricity Boards.

   d) Purchases are net of CENVAT / VAT Credit, Trade Discounts and Claims.

   e) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

3. **Fixed Assets:**
   a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for its intended use.

   b) Depreciation on fixed assets situated at Liluah Unit – I (Howrah), Vapi and Vizag is provided on written down value method and on other fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

   c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based

SCHEDULES FORMING PART OF THE ACCOUNTS

on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.

d) Cost of the fixed assets that are not yet ready for their intended use at the balance sheet date together with all related expenses and advances paid to acquire fixed assets are shown under capital work in progress.

4. **Investments:**

Investments classified as long-term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

5. **Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

6. **Foreign Currency Transactions:**

a) **Initial Recognition** – Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) **Conversion** – Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate on the date of transaction.

c) **Exchange differences** – Exchange differences arising on the settlement or conversion of monetary current assets and liabilities are recognised as income or as expense in the year in which they arise. Exchange differences arising on a monetary item that, in substance form part of the Company's net investment in a non-integral foreign operation is accumulated in a Foreign Currency Translation Reserve in the financial statement until the disposal of the net investment at which time they are recognised as income or as expenses.

d) **Forward Exchange Contracts** – Forward exchange contracts (other than those entered into to hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Profit and Loss Account. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.

7. **Derivative Financial Instruments and Hedging**

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions and interest rate risk. The method of recognising the resultant gain or loss depends on whether the derivative is designated as Hedging instrument, and if so, the nature of the item being hedged. The carrying amount of a derivative is presented as a current asset or a liability.

Cash Flow Hedge:

Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, forward rate options, currency and interest rate swap that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The gains or losses on designated hedging instruments that qualify as effective hedges are recorded in the Hedging Reserve account and are recognised in the statement of Profit and Loss in the same period or periods during which the hedge transactions affect Profit and Loss Account or are transferred to the cost of the hedged non-monetary asset upon acquisition.

Gains or losses on the ineffective transactions are immediately recognised in the Profit and Loss Account. When a forecasted

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 19 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

transaction is no longer expected to occur, the gains and losses that were previously recognised in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

8. Government Grants:

   Government Grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attached thereto and the grants will be received. Government Grants in the form of promoter's contribution are credited to Capital Reserve. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Government Grants related to revenue are recognised on a systematic basis in the Profit and Loss Account over the period to match them with the related cost.

9. Employees' Retirement Benefits:

   a) Defined Contribution Plan

      Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

   b) Defined Benefit Plan:

      Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss. The Company has an Employees Gratuity Fund managed by the Life Insurance Corporation of India.

   c) Short-term Compensated Absences are provided for based on estimates.

10. Project Development Expenses

    Expenditure incurred on development and during preliminary stages of the Company's new projects are carried forward. However, if any project is abandoned, the expenditure relevant to such project is written off through the normal heads of expenses in the year in which it is so abandoned.

11. Borrowing Costs

    a) Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

    b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

12. Discount on Issue of Debentures

    Discount on issue of Deep Discount Debentures is amortised during the tenure of the debentures i.e. 20 years from the date of allotment.

13. Research & Development Expenses:

    Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

14. Expenditure during Construction and on New Projects:

    In the case of new industrial units and substantial expansion of existing units, all pre-operative expenditure specifically for the project, incurred up to the completion of the project, is capitalised and added pro-rata to the cost of fixed assets.

15. Taxes on Income:

    Tax expense comprises of current tax and deferred tax.

    a) Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, deferred MAT Credit entitlement is separately recognised under the head "Loans and Advances". Deferred MAT credit entitlement is recognised and carried forward only if there is a reasonable certainty of it being set off against

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 19 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

regular tax payable within the stipulated statutory period.

b) Deferred tax liabilities and assets are recognised at substantively enacted rates on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

16. Leases:

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating Lease payments are recognised as an expense in the Profit & Loss Account on a straight line basis over the lease term.

17. Earnings per Share:

a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. Provisions, Contingent Liabilities and Contingent Assets

a) Provision involving substantial degree of estimation in measurements is recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

b) Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

c) A Contingent Asset is not recognised in the Accounts.

19. Miscellaneous Expenditure:

Share Issue expenses related to issue of equity are adjusted against the Securities Premium Account.

20. Prior Period items :

Prior Period and Extraordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

21. Material Events occurring after Balance Sheet date are taken into consideration.

Schedule 20 NOTES ON ACCOUNTS

1. Secured Loans

a) Term Loan from Citibank N.A and External Commercial Borrowings (ECB) from International Finance Corporation, DBS Bank Limited, The Hong Kong and Shanghai Banking Corporation Ltd and ICICI Bank Limited are secured by first pari passu charge on all immovable and moveable fixed assets of the Company. ECB from The Hong Kong and Shanghai Banking Corporation Ltd is further secured by way of second pari passu charge on the entire current assets of the Company, both present and future.

b) Term Loans from The Hong Kong and Shanghai Banking Corporation Ltd and External Commercial Borrowing from DEG-Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) are secured by way of first pari-passu charge on all immovable and moveable fixed assets situated at Mahistikry, Hooghly (West Bengal).

c) Term Loan from Non-Banking Finance Company (NBFC) is secured by way of first pari passu charge on the entire fixed assets of the Company's Coal Tar pitch unit located at Mahistikry, Hooghly, West Bengal except Naphthalene Project and those relatable to subsequent expansion and is further secured by way of first pari passu charge on the leasehold land of the Company situated at Mahistikry, Hooghly, West Bengal.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

d) During the year the Company has made private placement of Secured Listed Redeemable Non Convertible Debentures (NCD) to ICICI Bank Limited and Life Insurance Corporation of India Limited. The NCDs are secured by way of first pari passu charge on all immovable and moveable fixed assets of the Company in favour of Axis Trustee Services Limited, the trustee of the Debenture Holders.

e) Loan against equipment from ICICI Bank Limited is secured by hypothecation of the Equipment financed.

f) Working Capital loans obtained from State Bank of India, Central Bank of India, DBS Bank Limited, Axis Bank Ltd, Citibank N.A., The Hong Kong and Shanghai Banking Corporation Ltd, Yes Bank Limited and ICICI Bank are secured by way of first pari passu charge on the entire current assets of the Company, both present and future. Working Capital facilities from Deutsche Bank, The Hong Kong and Shanghai Banking Corporation Ltd and CitiBank N.A are secured by pledge of investments in Mutual Funds for Rs.17350.09 lacs.

Additionally,

i) Working Capital loans obtained from State Bank of India and Axis Bank Ltd. are secured by second pari-passu charge over the entire fixed assets of the Company.

ii) Working Capital loans obtained from The Hong Kong and Shanghai Banking Corporation Ltd and DBS Bank Limited are further secured by way of first pari-passu charge over the entire fixed assets of the Company situated at Liluah Unit- I & Liluah Unit-II (West Bengal) and Visakhapatnam (Andhra Pradesh) and second pari-passu charge on the entire fixed assets of the Company located at Mahistikry, Hooghly (West Bengal).

iii) Credit facilities from State Bank of India, Central Bank of India and CitiBank N.A are personally guaranteed by the promoter directors of the Company.

The Company is in the process of creating / modifying charge in favour of some of the lenders. Further, the Company is also in the process of standardisation / uniformity of security structure providing first parri-passu charge over current assets to working capital lenders and first parri-passu charge on all the fixed assets to the term loan lenders.

2. **Contingent Liabilities not provided for in respect of:**

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
a) Bank Guarantees	1870.80	993.63
b) Letter of Credit outstanding	1516.08	903.06
c) Interest on FCCB	258.15	121.80
d) Bills discounted with Banks	2406.25	–
e) Claims against the Company in respect of statutory liabilities disputed under appeal:		
– Custom Duty	28.83	28.83
– Sales Tax	257.91	257.91
– Service Tax / Excise Duty	77.44	64.46

3. Estimated amount of commitments on capital account (net of advances) - Rs. 1792.04 lacs (Previous Year Rs. 6855.69 lacs).

4. Estimated amount of export obligation to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) - Rs. 3829.03 lacs. (Previous Year Rs. 8511.25 lacs)

5. Fixed Deposits of Rs. 714.40 lacs (Previous Year Rs 808.41 lacs) have been lodged with the Banks as margin against Bank Guarantees issued on behalf of the Company and for treasury facilities.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

6. **Capital Work-in-Progress includes:**

   i. Expenditure during construction period on substantial expansion / new industrial units of the Company as under:

(Rs. in Lacs)

	2010-11		2009-10	
Opening Balance		472.06		1915.40
Add: Incurred during the year				
Consumables Stores and Spares	0.09		3.80	
Employees' Emoluments	28.16		66.06	
Sales Returns	–		41.55	
Power & Fuel	431.34		524.58	
Research & Development Expenses	666.02		–	
Rates & Taxes	1.11		3.99	
Repairs & Maintenance	3.46		33.68	
Insurance	24.40		6.63	
Upfront fees & Processing charges	221.85		811.17	
Bank Charges	0.02		0.16	
Interest on Term Loans	1205.27		599.38	
Rent	17.56		9.70	
Miscellaneous Expenses	661.02		235.99	
	3260.30		2336.69	
(Increase)/Decrease in Stock of trial run production	–	3260.30	(27.65)	2309.04
		3732.36		4224.44
Less:				
Interest Received on Fixed Deposits		(99.04)		–
Capitalised during the year		–		(3752.38)
		3633.32		**472.06**

   ii. Rs.267.50 lacs on account of advances against capital expenditure (Previous year Rs. 2784.76 lacs).

   iii. Rs.1405.88 lacs on account of stock of stores and spares (Previous year Rs. 545.13 lacs).

7. Research and Development expenses aggregating to

   a. Rs. 178.15 lacs (Previous year Rs. 60.25 lacs) in the nature of revenue expenditure;

   b. Rs.738.20 lacs (Previous year Rs. 121.86 lacs) in the nature of capital expenditure
   have been included under the appropriate account heads.
   (Capital expenditure of Rs.738.20 lacs includes Rs.13.48 lacs capitalised during the year and debited to the respective fixed assets and Rs. 724.72 lacs incurred for ongoing expansion projects debited to Capital Work-in-progress)

8. Fixed Deposits include interest accrued but not due amounting to Rs 150.62 lacs (Previous year Rs. 39.87 lacs)

9. Amount of excise duty on variation in stocks shown in Schedule 17 represents differential excise duty on opening and closing stock of finished goods.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

10. Details of Investments purchased and sold during the year

	2010-11		2009-10	
	Units	Purchase Value (Rs. in lacs)	Units	Purchase Value (Rs. in lacs)
Reliance Floating Rate Fund	–	–	49658139.103	5000.43
Reliance Money Manager Fund	100311.13	1004.49	500242.575	5008.11
Reliance Medium Term Fund	–	–	29354898.002	5018.37
Reliance Monthly Interval Fund-Series II	10037984.90	1004.12		
Reliance Liquid Fund – Daily Dividend Reinvestment Option	19994343.89	2000.45		
LIC Liquid Fund Dividend Plan	24592362.92	2700.27	150283024.602	16501.23
LIC Floating Rate Fund Short Term Plan	17133260.58	1713.33	66097342.10	6609.73
LIC Savings Plus Fund Daily Dividend Plan	17266562.69	1726.66	–	–
Franklin Templeton Treasury Management Account Super Institutional Plan	800022.83	8005.61	–	–
Franklin Templeton Ultra Short Bond Fund Super Institutional Plan- Daily Div	91447939.61	9155.40	–	–
Franklin Templeton Income Opportunities Fund - Div Reinvestment	48768065.17	5128.53	–	–
Franklin Templeton Short Term Income Retail Plan	287694.69	3098.29	–	–
Franklin Templeton Ultra Short Bond Fund Institutional Plan- Daily Div	26292620.20	2632.18	–	–
Kotak Floater (long Term)	29769807.20	3000.74	–	–
Kotak Liquid (Institutional Premium)	24536563.27	3000.36	–	–
ICICI Ultra Short Term Plan	51050117.34	5115.73	–	–
ICICI Liquid Super Institutional Plan	3899580.05	3900.46	–	–
IDBI Ultra Short Term Fund	509451.70	50.95	–	–
HDFC Cash Management	47012704.87	5000.47	–	–
HDFC High Interest Fund	47777736.06	5053.55	–	–
UTI Treasury Advantage Fund	300134.22	3001.98	–	–

11. In the opinion of the management, Current Assets, Loans & advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all known losses and liabilities.

12. Interest on Term Loan is net of Rs. 32.14 lacs, being interest subsidy receivable for earlier years.

13. In the year 2009-2010, the Company had issued to International Finance Corporation (IFC), 70 Foreign Currency Convertible Bonds (FCCB) having a face value of USD 100,000 each aggregating USD 7 million. The FCCBs are hybrid instruments with an option of conversion into Equity Shares and an underlying foreign currency liability with redemption in the event of non conversion at the end of the period.

The bond holder has an option of converting these bonds into Equity Shares at any time within a period of 7 years from the date of issue at an initial conversion price of Rs 13.50 per share (face value Re. 1/- each) at the exchange rate prevailing on the date of conversion request. Unless the conversion option is exercised, the outstanding FCCB's will be redeemed in full at their par value together with interest at the rate of 6 months LIBOR+3.35% p.a. accrued on a compounded 6-monthly basis.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

As at 31st March, 2011 conversion option has not been exercised in respect of any bond. The Company expects that the Bond holder will opt for conversion rather than redemption and consequently no interest is expected to be payable and therefore, the same is not provided for.

14. During the year 2009-10, the Company has issued and allotted 63,10,000 Equity Shares of Rs. 10/- each on preferential basis to Bain Capital India Investments at a premium of Rs. 390 per share, aggregating to Rs. 25240.00 Lacs.

The object of the issue was to part finance its ongoing projects, capacity expansion and to meet increased working capital requirements. Out of the above proceeds, the Company has expended Rs. 10786.00 Lacs on the objects of the issue and Rs.14454.00 Lacs representing temporary surplus funds are invested in Mutual Funds & Fixed Deposits.

15. Employee Benefits

A. The disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

(Rs. in Lacs)

	2010-11	2009-10
Employer's Contribution to Provident and Other Funds	44.77	26.11

Defined Benefit Plan

The employee gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2011 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.2011	31.03.2010
i. Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:		
Defined Benefit obligation at beginning of the year	23.70	18.12
Current Service Cost	5.51	2.27
Interest Cost	1.90	1.45
Actuarial (Gain)/Loss	2.98	1.86
Benefits paid	0.39	–
Settlement cost	–	–
Defined Benefit obligation at the year end	**33.70**	**23.70**
ii. Reconciliation of Opening and Closing Balances of fair value of plan assets:		
Fair value of plan assets at beginning of the year	25.48	23.38
Expected return on plan assets	2.83	2.10
Actuarial Gain/(Loss)	Nil	–
Employers' contribution	7.09	–
Benefits paid	0.39	–
Settlement cost	–	–
Fair value of plan assets at the year end	**35.01**	**25.48**
Actual return on plan assets	2.83	2.10

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.2011	31.03.2010
iii. Reconciliation of fair value of assets and obligation:		
Fair value of plan assets	35.01	25.48
Present value of obligation	33.70	23.70
Amount recognised as asset / (liability) in Balance Sheet**	–	–
** The excess of assets over liabilities have not been recognised as they are lying in an irrevocable trust fund.		
iv. Expenses recognised during the year in the Profit & Loss Account: (shown in Schedule – 17)		
Current Service Cost	5.51	2.27
Interest Cost	1.90	1.45
Expected return on plan assets	(2.84)	(2.10)
Actuarial (Gain)/Loss	2.98	1.86
Net asset not recognised/adjusted	(0.46)	(3.48)
Net Cost	7.09	–
v. Break-up of Plan Assets as a percentage of total plan assets:		
Insurer Managed Funds	100%	100%
vi. Actuarial Assumptions:		
Mortality Table	LIC 1994-96 Ultimate	
Discount rate (per annum)	8%	8%
Expected Rate on Plan Assets (per annum)	9%	9%
Rate of escalation in salary (per annum)	3.25%	4%

(Rs. in Lacs)

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
vii. Other Disclosures:				
Defined Benefit Obligation	33.70	23.70	18.12	21.38
Plan Assets	35.01	25.48	23.37	17.82
Surplus/(Deficit)	1.31	1.78	5.25	(3.56)
Experience Adjustment on Plan Liabilities	2.98	1.86	(2.30)	4.92

a) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

b) The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency in terms of the post employment benefit obligations.

c) Expected rate of return assumed by the insurance Company is generally based on their investment pattern as stipulated by the Government of India.

viii. The above information is certified by the actuary.

ix. The Company expects to contribute Rs. 7.50 lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the financial year 2011-12.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

16. Detail of Payments and provisions on account of remuneration to managerial person is as under: *(Rs. in Lacs)*

	2010-11	2009-10
Salary to Managing Director		
Mr Bankey Lal Choudhary	30.00	14.70
Salary to Executive Directors		
Mr.Shyam Sundar Choudhary	30.00	14.70
Mr Vijay Kumar Choudhary	30.00	14.70
	90.00	44.10
Perquisites	–	–
Sitting Fees to Other Directors	2.34	1.80

Salaries paid to directors are included under Employees' Emoluments.

Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole. The amount pertaining to the directors is not ascertainable and therefore, not included above.

The computation of net profit for the purpose of Director's Remuneration u/s 349 of Companies Act, 1956 has not been enumerated since no commission has been paid to any of the directors. Fixed managerial remuneration has been paid to the whole-time directors within the limits prescribed in Schedule XIII of the Companies Act, 1956.

17. Auditors' Remuneration includes *(Rs. in Lacs)*

	2010-11	2009-10
a) Audit Fees	7.50	7.50
b) As Advisor		
Taxation matters	–	–
Company Law matters	0.35	1.00
Management Services	–	–
c) In any other matter	4.63	2.86
Total	12.48	11.36

18. Power & Fuel includes expenses incurred on operation of the Power Plant :- *(Rs. in Lacs)*

	2010-11	2009-10
Consumable Stores & Spares	35.52	16.53
Diesel/ Furnace Oil	97.84	86.97
Repairs & Maintainence	27.93	8.01
Operational Expenses	67.50	58.50
Total	228.79	170.01

20. Segment Reporting:

Primary Business Segment

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard - 17, the Company is predominantly engaged in a single reportable segment of "Carbon Materials & Chemicals" during the year. The risks and returns of power plant are also directly associated with its manufacturing operations and hence not treated as a separate reportable segment.

Geographical Segment

The secondary segmental reporting is based on the geographical location of customers. The Geographical segments have been disclosed based on revenue within India (sales to customers within India) and revenue outside India (sales to customers located outside India). Secondary segment assets and liabilities are based on the location of such asset / liability.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

Information about Secondary Geographical Segments *(Rs. in Lacs)*

	2010-11	2009-10
Within India		
Segment Revenue	57,718.80	37,226.60
Segment Assets	1,72,712.26	1,16,822.17
Capital Expenditure during the year	26,495.88	12,386.39
Outside India		
Revenue	12,289.46	9,915.34

Since the total carrying amount of assets located outside India is less than 10% of the total assets of the Company, information in respect of segment assets located outside India and capital expenditure incurred outside India has not been disclosed.

20. The Company has made current tax provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961. As per the provisions of Section 115JAA, MAT Credit receivable for the amount in excess over tax liability as per normal computation has been recognised as an asset. MAT credit is recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement. The Company will review the same at each balance sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

21. Related Party Disclosures:

i. **Name of the related parties where control exists irrespective of whether transactions have occurred or not**

a) Enterprise on which the Company has control

Himadri Global Investment Ltd. (HGIL)	Wholly Owned Subsidiary
Shandong Dawn Himadri Chemical Industry Co. Ltd.	Subsidiary of HGIL

b) Entities / Individuals owning directly or indirectly an interest in the voting power that gives them control

None

ii. **Names of the other related parties with whom transactions have taken place during the year**

a) **Key Managerial Personnel**

Mr. Bankey Lal Choudhary	Managing Director
Mr. Shyam Sundar Choudhary	Executive Director
Mr. Vijay Kumar Choudhary	Executive Director
Mr. Anurag Choudhary	Chief Executive Officer
Mr. Amit Choudhary	President – Projects
Mr. Tushar Choudhary	President – Operations
Mr. Jatin Kapoor	CFO – (upto- 31st August,2010)

b) **Enterprises owned or significantly Influenced by the Key Mangerial Personnel or their relatives**

Himadri Credit & Finance Ltd.
Himadri Dyes & Intermediates Ltd.
Himadri Industries Ltd.
AAT Techno-Info Ltd.
Sri Agro Himghar Ltd
Himadri e-Carbon Ltd.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

Transactions carried out with related parties referred to in above, in ordinary course of business, are as under:

(Rs. in Lacs)

Nature of transaction	Referred in i(a) above		Referred in ii(a) above		Referred in ii(b) above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Advance Given – Himadri Global Investment Ltd	3304.63	1155.34				
Interest received on advances to Subsidiaries	105.34	–				
Salary / Managerial Remuneration						
– Mr.Bankey Lal Choudhary			30.00	14.70		
– Mr.Shyam Sundar Choudhary			30.00	14.70		
– Mr.Vijay Kumar Choudhary			30.00	14.70		
– Mr. Anurag Choudhary			10.50	6.00		
– Mr. Amit Choudhary			10.50	6.00		
– Mr. Tushar Choudhary			10.50	6.00		
– Mr. Jatin Kapoor			10.53	20.34		
Repayment of Loan - Himadri Credit & Finance Ltd					150.00	150.00
Interest paid on loan - Himadri Credit & Finance Ltd					101.25	119.25
Discount on Debentures written off – Himadri Coke & Petro Ltd					399.64	356.24
Rent paid						
– Himadri Dyes & Intermediates Ltd					0.07	0.07
– Himadri Industries Ltd.					0.07	0.07
– Sri Agro Himghar Ltd					0.04	0.04
BALANCES AT YEAR-END						
Loans Taken – Himadri Credit & Finance Ltd					750.00	900.00
Advance Given – Himadri Global Investment Ltd	4529.09	1119.12				
Investment held						
– Himadri Global Investment Ltd	49.25	49.25				
– Himadri Credit & Finance Ltd					33.49	33.49
– Himadri Dyes& Intermediates Ltd					72.00	72.00
– Himadri Industries Ltd.					84.50	84.50
– Himadri e-Carbon Ltd					4.00	4.00
Deep Discount Debentures - Himadri Coke & Petro Ltd					3679.84	3280.20

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

22. Operating Lease

The company has taken an SNF manufacturing unit in Vapi, Gujarat on an operating lease vide agreement dated 27th Feb, 2009 from Chemsons Industrial Corporation for a period of 7 years with an option to exit or further renewal for a period of 10 years, effective from 1st April, 2009. The lease rent payable shall increase by 10% every 5 years without cascading effect.

a) Future Lease Rental payments

(Rs. in Lacs)

	2010-11	2009-10
Not later than one year	24.00	24.00
Later than one year and not later than five years	100.80	98.40
Later than five years	–	26.40

b) Lease payments recognised in Profit and Loss Account – Rs. 24 lacs (P. Y. Rs. 24 lacs).

23. Earnings per Share (EPS):

(Rs. in Lacs)

		Year ended 31.03.2011	Year ended 31.03.2010
Net Profit for the year attributable to equity shareholders: (Rs. in lacs)	(a)	11,438.91	10,733.98
Weighted average number of Equity Shares of Re.1/- each outstanding during the period:	(b)	38,57,32,570	33,19,51,860
Add: Dilutive effect of issue of shares on conversion of FCCB	(c)	1,61,95,475	1,44,86,940
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	(d) = (b) + (c)	40,19,28,045	34,64,38,800
Earnings Per Share(Rs.) :			
Basic	(e) = (a) / (b)	2.97	3.23
Diluted	(f) = (a) / (d)	2.85	3.10

Pursuant to the approval of the shareholders at the 22nd Annual General Meeting held on 28th Sep, 2010, the Equity Shares of the Company of Rs. 10 each have been sub-divided into equity shares of Re. 1 each w.e.f. 9th Nov, 2010. Weighted average number of Equity Shares used in computing the Earning Per Share is based on face value of Re. 1 per share. No. of Equity Shares for previous year has also been adjusted accordingly.

24. Deferred Tax:

The components of Deferred Tax liabilities / assets are as under:

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Components of Deferred Tax Liability		
Depreciation	7,199.19	6,390.92
Components of Deferred Tax Assets		
Unabsorbed Depreciation	Nil	21.56
Net Deferred Tax Liability	**7,199.19**	**6,369.36**

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

25. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. Additional information pursuant to provisions of Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956:

i. Capacity and utilisation:

	Unit	2010-11 (Qty)	2009-10 (Qty)
Item: Carbon Materials & Chemicals			
Licensed capacity	MT	N.A.	N.A.
Installed capacity #	MT	318000.00	308000.000
Item: Power			
Installed Capacity	Mega Watts	14.50	14.50

Installed capacity has been certified by the Management and accepted by the Auditors, being a technical matter.

ii. Quantitative details of product manufactured:

Item	Unit	2010-11 (Qty)	2009-10 (Qty)
Carbon Materials & Chemicals	MT	347001.231	241454.235
Coal Tar Tape	SMT	33655.27	88325.53
Power Generation	Million Kwh	18.17	28.16

Production includes quantity used for captive consumption / re-processing :-

Item	Unit	2010-11 (Qty)	2009-10 (Qty)
Carbon Materials & Chemicals	MT	154832.905	98582.875
Coal Tar Tape	SMT	21645	9300
Power	Million Kwh	12.62	24.31

iii. Raw Materials Consumed*:

Item	Unit	2010-11		2009-10	
		(Qty)	Value (Rs. in lacs)	(Qty)	Value (Rs. in lacs)
Coal Tar, Pitch, Oils etc.	MT	230692.341	44923.42	166995.198	27575.85
Other Chemicals	MT	6306.405	582.10	3542.188	260.46
Others			24.18		36.10
			45529.70		**27872.41**

* Includes cost of raw materials consumed amounting to Rs. 907.39 lacs allocated/charged to Capital Work in Progress.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

iv. Sales:

Item	Unit	2010-11		2009-10	
		(Qty)	Value (Rs. in lacs)	(Qty)	Value (Rs. in lacs)
Carbon Materials & Chemicals	MT	189469.719	78235.02	131503.318	52516.44
Coal Tar Tape	SMT	35328.81	50.53	59211.32	96.06
Power	MillionKwh	5.55	205.81	3.85	150.52
			78491.36		**52763.02**

v. Opening Stock:

Item	Unit	2010-11		2009-10	
		(Qty)	Value (Rs. in lacs)	(Qty)	Value (Rs. in lacs)
Carbon Materials & Chemicals *	M/T	36928.509	9082.74	25560.467	3992.04
Coal Tar Tape	SMT	65489.84	64.93	45675.63	44.98
			9147.67		**4037.02**

*Includes NIL (Previous Year – 260 MT – Rs.92.78 lacs) out of trial run production

vi. Closing Stock:

Item	Unit	2010-11		2009-10	
		(Qty)	Value (Rs. in lacs)	(Qty)	Value (Rs. in lacs)
Carbon Materials & Chemicals	M/T	39627.116	11774.93	36928.509	9082.74
Coal Tar Tape	SMT	42171.30	42.46	65489.84	64.93
			11817.39		**9147.67**

vii. Other Information:

a) C.I.F. Value of Imports:

(Rs. in Lacs)

Item	2010-11	2009-10
Raw Materials	13477.51	5,141.64
Capital Goods	1654.35	198.19

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

b) Expenditure (including pre-operative expenses /advances) in Foreign Currency:

(Rs. in Lacs)

Item	2010-11	2009-10
Travelling	96.84	81.30
Consultancy	224.26	178.57
Upfront & Processing Fees	210.51	276.43
Interest	556.61	146.31
Other matters	221.90	460.12

c) Value of imported & indigenous Raw Materials, Stores & Spares Consumed and percentage thereof:

Item	2010-11		2009-10	
	(Rs. in lacs)	%	(Rs. in lacs)	%
i) Raw Materials				
Imported	10443.03	22.94	6636.50	23.81
Indigenous	35086.67	77.06	21235.91	76.19
	45529.70	**100.00**	**27872.41**	**100.00**
ii) Consumable Stores & Spares				
Imported	–	–	–	–
Indigenous	106.65	100.00	237.17	100.00
	106.65	**100.00**	**237.17**	**100.00**

27. Earnings in Foreign Exchange:

F.O.B. value of exports – Rs 12,255.12 lacs (Previous year – Rs. 9,675.83 lacs)

28. The Company has not made any remittance in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittance in foreign currencies on account of dividends have been made on behalf of non - resident shareholders.

29. a) The Company uses various forms of derivative instruments such as foreign exchange forward contracts, options, cross currency swaps and interest rate swaps to hedge its exposure to movements in Foreign Exchange and Interest rates.

b) The Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, all such contracts outstanding as on 31st March, 2011 are marked to market and the loss aggregating Rs. 355.74 lacs (Previous Year – Rs. 440.51 lacs) arising on contracts that were designated as effective hedges of future cash flows has been recognised in the Hedging Reserve Account to be ultimately recognised in the Profit & Loss Account, depending on the exchange rate fluctuation till and when the underlying forecasted transactions occur.

c) The Company has entered into Cross Currency Swaps (Notional Principal Amount aggregating to Rs. 7500 lacs) whereby fixed INR interest rate payable to Debenture holders has been swapped into floating Libor linked interest rates . The differential amount of interest has been reduced from the Borrowing Costs. The Company has also entered into Principal only Swaps (POS) for equivalent to INR 20000 lacs, being amount of Debentures, against receipt of periodic premium. The quantum of mark to market loss on the said derivatives as at the Balance Sheet date (net of periodic premium) has been adjusted in the accounts with borrowing cost.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

d) Other Forward Contracts / Hedging instruments outstanding as at Balance sheet date, as per information available with the Company, are as follows:

Nature (Nos.) of Contract	Foreign Currency	Buy/Sell	Amount in Foreign currency (in lacs)		Purpose
			2010-11	2009-10	
Forward Contract (7)	USD/INR	Buy	625.90	–	Hedging Purpose
Forward contracts (2)	USD/INR	Sell	80.00	80.00	Hedging Purpose
Cross currency swaps (2)	USD/INR	Sell	74.30	112.64	Hedging Purpose
Cross currency swap (1)	JPY/USD	Buy	7750.00	–	Hedging Purpose

Particulars of unhedged foreign currency exposure as at 31.03.2011 are as follows:

	Currency	2010-11	2009-10
a) Amounts payable in foreign currency	USD	875.65 lacs	405.92 lacs
b) Amounts receivable in foreign currency	USD	249.83 lacs	188.53 lacs

30. The Company had been showing captive consumption of its finished products, being oils, used as fuel by inclusion thereof in Sales with corresponding debit to Power and Fuel in the Profit and Loss Account. The Company has discontinued the said practice in consonance with the spirit of AS 9 on "Revenue Recognition" notified by the Companies (Accounting Standards) Rules, 2006. This has no impact on the profit for the year of the Company. Accordingly, the accounts for the previous year have been regrouped by excluding the contra effect of oils used as fuel from 'Sales' and 'Power and Fuel'.

31. Sales are shown net of trade discounts which were hitherto included under "Rebates and Discounts".

32. Previous year's figures have been reworked, re-grouped, re-arranged and reclassified, wherever considered necessary. Accordingly amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules 1 to 20
As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

BALANCE SHEET ABSTRACT

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	042756	State Code	21
Balance Sheet Date	31 (Date) 03 (Month) 2011 (Year)		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	18631641	Total Assets	18631641
Sources of Funds			
Paid-up Capital	385733	Deposit against Share Warrants	NIL
Reserves and Surplus	8072078	Secured Loans	7777745
Unsecured Loans	707534	Deferred Tax Liability	719919
Application of Funds			
Net Fixed Assets	8508795	Investments	2615166
Net Current Assets	6539048	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	7138796	Total Expenditure	5704771
+/– Profit/Loss Before Tax	1434025	+/– Profit/Loss After Tax	1143891
Earnings Per Share (Basic) in Rs.	2.97	Earnings Per Share (Diluted) in Rs.	2.85
Dividend in %	10		

V. Generic Names of three Principal Products / Services of Company (As per monetary terms)

Product Description	Item Code No. (ITC Code)
Coal Tar Pitch	27081010
Creosote Oils	27079100
Naphthalene	27074000

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary	Himadri Global Investment Limited Hong Kong	Shandong Dawn Himadri Chemical Industry Co., Ltd, China
The financial year of the subsidiary Co ended on	31 March 2011	31 December 2010
No. of shares held by Holding Co as on the above date	7,83,680 Ordinary Shares of HK$1each	N.A.
Extent of interest of the Holding Co at the end of financial year of the subsidiary	100%	92.44%
Date from which it became a subsidiary	1st August, 2006	15th January, 2009
The net aggregate amount of Profits/(Losses) of the subsidiary so far as they concern the members of the Holding Co. not dealt with in the holding company's accounts		
– For the financial year of the subsidiary	Loss Rs.113.70 Lacs	Nil
– For the previous Financial year of the subsidiary since it became the holding company's subsidiary	Loss Rs.8.12 Lacs	Nil
The net aggregate amount of Profits/(Losses) of the subsidiary so far as they concern the members of the Holding Co. dealt with in the holding Company's accounts		
– For the financial year of the subsidiary	Nil	Nil
– For the previous Financial year of the subsidiary since it became the holding Company's subsidiary	Nil	Nil

Statement pursuant to Section 212 of the Companies Act, 1956 (Contd.)

Name of the subsidiary	Himadri Global Investment Limited Hong Kong	Shandong Dawn Himadri Chemical Industry Co., Ltd, China
Change in the interest of holding Company between the end of subsidiary's financial year and 31st March 2011	The subsidiary's financial year is same as that of the Company.	Interest of the holding Company increased by 1.56%
Material changes between the end of subsidiary's financial year and 31st March 2011 in:	The subsidiary's financial year is same as that of the Company.	
i) Fixed assets		Capital Expenditure incurred Rs. 829.36 Lacs
ii) Investments		Nil
iii) Moneys lent by the subsidiary		Nil
iv) Moneys borrowed by the subsidiary other than for meeting current liabilities		Rs. 1,380.71 Lacs

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of **Himadri Chemicals & Industries Limited**

1. We have audited the attached Consolidated Balance Sheet of **HIMADRI CHEMICALS & INDUSTRIES LIMITED** ("the Company") and its subsidiaries ("the Group") as at 31st March 2011 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. 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.

2. We 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.

3. The financial statements of the subsidiaries, Himadri Global Investments Limited (incorporated in Hong Kong), Shandong Dawn Himadri Chemical Industry Company Limited (incorporated in The People's Republic of China), with total assets of Rs. 5,831.69 lacs as at 31st March, 2011 and total expenditure of Rs. 113.71 lacs for the year ended on that date have not been audited by us. These financial statements have been audited by other auditor, whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of other auditor.

4. We report that the Consolidated Financial Statements have been prepared by the Group in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries.

5) Based on our audit and on consideration of the report of other auditor on separate financial statements of the subsidiaries, and on the basis of information and explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011,

   ii) in case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the Group for the year ended on that date, and

   iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For **S. Jaykishan**
Chartered Accountants,
Firm Registration No. 309005E

Sd/-
CA. B. K. Newatia
Partner
M. No. 050251

Place: Kolkata
Dated: The 23rd day of May, 2011

CONSOLIDATED BALANCE SHEET As at 31 March, 2011

(Rs. in Lacs)

	Schedule	As at 31.03.2011	As at 31.03.2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	3,857.33	3,857.33
b) Reserves & Surplus	2	80,724.72	69,767.03
2. Minority Interest		204.28	197.57
3. Loan Funds			
a) Secured Loans	3	77,777.45	34,714.88
b) Unsecured Loans	4	7,075.34	6,710.00
4. Deferred Tax Liability [Refer Note No. 24 of Schedule - 20]		7,199.19	6,369.36
Total		176,838.31	121,616.17
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		68,453.27	66,402.65
b) Less : Depreciation		12,038.66	8,664.41
c) Net Block		56,414.61	57,738.24
d) Capital Work in Progress [Refer Note No. 7 of Schedule - 20]		33,020.03	5,720.97
2. Investments	6	26,102.41	20,071.23
3. Current Assets, Loans & Advances			
a) Inventories	7	23,959.00	15,859.50
b) Sundry Debtors	8	15,640.88	13,484.57
c) Cash & Bank Balances	9	10,718.51	3,330.58
d) Loans & Advances	10	21,714.32	12,973.68
		72,032.71	45,648.33
Less : Current Liabilities & Provisions			
a) Current Liabilities	11	7,423.14	4,624.80
b) Provisions	12	3,308.31	2,937.80
		10,731.45	7,562.60
Net Current Assets		61,301.26	38,085.73
Total		176,838.31	121,616.17
Significant Accounting Policies	19		
Notes On Accounts	20		

Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place : Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 March, 2011

(Rs. in Lacs)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales	13	78,491.36	52,763.02
Less : Taxes & Duties		8,483.10	5,621.08
Net Sales		70,008.26	47,141.94
Other Income	14	1,274.36	1,523.53
Total		**71,282.62**	**48,665.47**
EXPENDITURE			
Decrease/(Increase) in Stocks	15	(2,778.97)	(5,390.38)
Raw Materials Consumed	16	44,622.31	27,872.41
Manufacturing & Other Expenses	17	8,910.78	6,391.22
Interest & Other Financial Charges	18	2,977.14	2,788.19
Depreciation		3,324.82	2,480.30
Total		**57,056.08**	**34,141.74**
Profit Before Tax		14,226.54	14,523.73
Provision for Taxation :			
Current Tax		2,860.00	2,488.00
Deferred Tax		829.83	3,755.92
MAT credit entitlement		(788.49)	(2,452.72)
Profit After Tax		11,325.20	10,732.53
Surplus from earlier year		20,808.98	12,026.25
Amount Available for Appropriation		32,134.18	22,758.78
Appropriations			
Transfer to General Reserve		1,500.00	1,500.00
Transfer to Debenture Redemption Reserve		500.00	–
Proposed Dividend		385.73	385.73
Corporate Dividend Tax		62.58	64.07
Balance Carried to Balance Sheet		**29,685.87**	**20,808.98**
Earnings Per Share(Rs.) : [Refer Note No. 23 of Schedule - 20] (Face Value Re. 1/- each)			
Basic		2.94	3.23
Diluted		2.82	3.10
Significant Accounting Policies	19		
Notes On Accounts	20		

Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date

For **S. Jaykishan** — **on behalf of the Board of Directors**

Chartered Accountants

Firm Registration No. 309005E

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place : Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 March 2011

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-Ordinary Items		14,226.54		14,523.73
Adjustments for:				
Depreciation	3,324.82		2,480.30	
Effect of changes in foreign currency translation	67.24		(7.72)	
Interest Paid	2,285.90		2,194.21	
Interest Received	(155.74)		(86.06)	
Dividend Received	(461.83)		(90.47)	
Loss on redemption of Mutual Funds	14.02		–	
Unrealised Foreign Exchange Loss/(Gain)	(255.65)		(730.43)	
Proportionate Discount on Debentures W/Off	399.64		356.24	
Profit on sale of Vehicles	(1.42)		–	
		5,216.98		4,116.07
Operating Profit before Working Capital Changes		**19,443.52**		**18,639.80**
Adjustments for :				
(Increase)/Decrease in Trade & Other Receivables	(9,557.14)		(3,880.65)	
(Increase)/Decrease in Inventories	(8,099.50)		(6,304.42)	
Increase/(Decrease) in Trade & Other Payables	59.02		1,688.42	
		(17,597.62)		(8,496.65)
Cash generated from operations		**1,845.90**		**10,143.15**
Direct Tax Paid		(3,019.45)		(2,325.72)
Net Cash from Operating Activities		**(1,173.55)**		**7,817.43**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(27,406.02)		(15,584.42)	
(including Capital Work-in-Progress)				
Sale of Fixed Assets	3.30		–	
Interest Income	155.74		86.06	
Dividend Income	461.83		90.47	
Sale of investments	81,151.38		6,718.37	
Purchase of Investments	(87,196.58)		(26,590.21)	
Net Cash used in Investing Activities		**(32,830.35)**		**(35,279.73)**

CONSOLIDATED CASH FLOW STATEMENT *(Contd.)* For the year ended 31 March 2011

(Rs. in Lacs)

	Year ended 31.03.2011		Year ended 31.03.2010	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Shares	–		25,417.16	
Minority Interest Contribution	6.71		197.57	
Proceeds from issue of FCCBs	(0.00)		3,490.20	
Proceeds from issue of Non Convertible Debentures	20,000.00		–	
Increase in Long Term Borrowings	13,791.02		7,901.66	
Repayment of Long Term Borrowings	(4,958.72)		(4,217.86)	
Increase/(Decrease) in Working Capital Borrowings	15,203.71		270.49	
Share Issue Expenses	(71.21)		(694.70)	
Interest Paid	(2,135.09)		(2,158.36)	
Dividend Paid	(385.73)		(322.63)	
Dividend Tax Paid	(64.07)		(55.99)	
Net Cash from Financing Activities		41,386.62		29,827.54
Net Increase/(Decrease) in Cash/Cash Equivalents		7,382.72		2,365.24
Cash & Cash Equivalents at the beginning of the year (Refer Schedule 9 to the Accounts)		3,270.62		905.38
Cash & Cash Equivalents at the end of the year (Refer Schedule 9 to the Accounts)		10,653.34		3,270.62

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on 'Cash Flow Statement' notified by the Companies (Accounting Standards) Rules, 2006.
2. Cash and Cash equivalents include cash and cheques in hand and bank balances on current and fixed deposit accounts [Refer Schedule 9].
3. Figures in brackets indicate cash outflows.

As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place : Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 1 SHARE CAPITAL				
Authorised				
70,00,00,000 Equity Shares of Re1/- each (Previous year 7,00,00,000 Equity Shares of Rs.10/- each)		7,000.00		7,000.00
Issued, subscribed and paid-up				
38,57,32,570 Equity Shares of Re 1/- each fully paid up (Previous year 3,85,73,257 Equity Shares of Rs. 10/- each) (Out of which, 15,54,28,570 Equity Shares issued for consideration otherwise than in cash)		3,857.33		3,857.33
		3,857.33		3,857.33

Schedule 2 RESERVES AND SURPLUS				
Capital Reserve-As per last account				
Sales Tax Capital Subsidy		14.86		14.86
Capital Investment Subsidy		193.84		193.84
Amalgamation Reserve		61.30		61.30
Forfeiture of Share Warrants		1,010.50		1,010.50
Securities Premium				
As per Last Account	39,648.18		14,149.67	
Received during the year	–		26,322.92	
Share Issue Expenses Written Off	(71.21)		(824.41)	
		39,576.97		39,648.18
Debenture Redemption Reserve				
Transferred from Profit & Loss A/C		500.00		–
General Reserve				
As per Last Account	8,517.44		7,017.44	
Add : Transferred from Profit & Loss A/C	1,500.00		1,500.00	
		10,017.44		8,517.44
Foreign Exchange Translation Reserve				
As per Last Account	(47.56)		(0.37)	
Movement during the year	67.24		(47.19)	
		19.68		(47.56)
Hedging Reserve [Refer Note No. 25(b) of Schedule - 20]				
As per Last Account	(440.51)		(854.68)	
Movement during the year	84.77		414.17	
		(355.74)		(440.51)
Surplus as per Profit & Loss A/c annexed		29,685.87		20,808.98
		80,724.72		69,767.03

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 3 SECURED LOANS				
[Refer Note No. 2 of Schedule 20 for securities]				
1,000 9.60% Non Convertible Debentures (Redeemable on or after 28th June, 2017 and before 28th June, 2020)		10,000.00		–
25,00,000 10% Non Convertible Debentures		10,000.00		–
(Redeemable on 24th August, 2020)				
Term Loans {Repayable within one year Rs 3650.07 lacs (previous year Rs 4958.72 lacs)}				
Rupee Loans				
– From Banks		5,239.29		10,048.00
– From Non Banking Finance Company		750.00		900.00
External Commercial Borrowings (ECB)				
– From Banks		15,374.25		4,514.00
– From International Finance Corporation (IFC)		3,125.50		3,159.80
– From DEG-Deutsche Investitionsund Entwicklungsgesellschaft MBH		2,679.00		–
Working Capital Loans from Banks				
Rupee Loans		7,985.34		9,074.34
FCNR(B) Loan		8,930.00		2,257.00
Buyers' Credit		13,681.00		4,761.74
Loan against Equipments		13.07		–
		77,777.45		34,714.88

Schedule 4 UNSECURED LOANS				
Long Term				
Deep Discount Debentures				
Issued during financial year 2001-2002 aggregating Rs. 123 Crores at discounted price of Rs. 12.30 Crores redeemable at par at the end of 20 years from the date of allotment i.e.24th September, 2001		12,300.00		12,300.00
Less : Discount on issue of debentures to the extent not written off or adjusted		8,620.16		9,019.80
		3,679.84		3,280.20
70 Foreign Currency Convertible Bonds of USD 100000 each issued to International Finance Corporation (IFC) [Refer Note No.13 of Schedule 20]		3,125.50		3,159.80
Sales Tax Deferment		270.00		270.00
		7,075.34		6,710.00

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

Schedule 5 FIXED ASSETS

Description of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2010	Addition during the year	Deletion/ Adjustments during the year	Foreign Currency Translation Adjustments	Total Upto 31.03.2011	As on 01.04.2010	Provided for the year	Deletion/ Adjustments during the year	Foreign Currency Translation Adjustments	Total Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets												
Land	2,265.54	68.44	–		2,333.98	–	–	–		–	2,333.98	2,265.54
Factory Shed & Building	4,578.02	66.86	–		4,644.88	632.49	158.24	–		790.73	3,854.15	3,945.53
Plant & Machinery	54,811.00	1,266.95	–		56,077.95	7,090.88	2,914.54	–		10,005.42	46,072.53	47,720.12
Laboratory Equipments	398.95	22.20	–		421.15	92.48	17.84	–		110.32	310.83	306.47
Office Equipments	118.19	49.30	–	0.01	167.50	40.30	6.07	–		46.37	121.13	77.89
Furniture & Fixtures	279.62	323.07	–	0.01	602.70	91.07	19.04	–		110.11	492.59	188.55
Fire Extinguishers	73.31	–	–	–	73.31	8.31	3.47	–		11.78	61.53	65.00
Vehicles	359.44	73.20	10.49	–	422.15	169.86	27.78	8.61		189.03	233.12	189.58
Tubewell	10.62	–	–	–	10.62	2.37	0.50	–		2.87	7.75	8.25
Electrical Installations	2,394.85	84.90	–	–	2,479.75	167.37	116.59	–		283.96	2,195.79	2,227.48
Cycles	0.93	0.03	–	–	0.96	0.35	0.06	–		0.41	0.55	0.58
Computers	769.07	99.34	–	0.07	868.48	231.24	110.28	–		341.52	526.96	537.83
Tankers	145.08	–	–	–	145.08	135.40	3.87	–		139.27	5.81	9.68
Intangible Assets												
Land usage rights	197.57	–	–	6.71	204.28	2.06	4.35	–	(0.02)	6.39	197.89	195.51
Software	0.46	–	–	0.02	0.48	0.23	0.25	–		0.48	–	0.23
Total	**66,402.65**	**2,054.29**	**10.49**	**6.82**	**68,453.27**	**8,664.41**	**3,382.88**	**8.61**	**(0.02)**	**12,038.66**	**56,414.61**	**57,738.24**
Previous Year Total	32,617.84	33,784.81	–	–	66,402.65	6,181.49	2,482.92	–	–	8,664.41	57,738.24	

Note:

1) Original Cost as at 31st March, 2011 of Vehicles includes Rs.137.11 lacs (Previous Year- Rs. 119.31 lacs) acquired under Auto Finance Scheme from Banks, of which Rs. 69.49 lacs (Previous Year- Rs. 56.08 lacs) was outstanding as at 31st March, 2011.

2) Depreciation for the year includes Rs. 58.06 lacs (Previous Year- Rs. 2.61 lacs) charged/allocated to Capital Work-in-progress.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

	Face Value (Rs.)	As at 31.03.2011		As at 31.03.2010	
		No. of Shares	Amount	No. of Shares	Amount
Schedule 6 INVESTMENTS					
LONG TERM					
In Government Securities					
(Deposited with Government Authorities)					
Kishan Vikas Patra			0.07		0.07
Other Than Trade					
Quoted, Fully Paid Up					
ACC Ltd.	10	1,275	1.95	1,275	1.95
Himadri Credit & Finance Ltd.	10	334,900	33.49	334,900	33.49
Transchem Ltd.	10	8,000	2.40	8,000	2.40
NDTV Ltd.	4	1,400	0.98	1,400	0.98
Unquoted, Fully Paid Up					
Himadri Dyes & Intermediates Ltd.	10	720,000	72.00	720,000	72.00
Himadri Industries Ltd.	10	493,300	84.50	493,300	84.50
Himadri e-Carbon Ltd.	10	40,000	4.00	40,000	4.00
CURRENT INVESTMENTS					
Unquoted, Other than Trade					
In Mutual Funds					
LIC MF Floating Rate Fund		–	–	99,367,885.920	9,936.79
LIC MF Savings Plus Fund		–	–	49,350,533.960	4,935.05
Templeton India Short Term Income Plan Growth		270,426.650	5,000.00	270,426.650	5,000.00
Templeton India Income Oppurtunities Fund Growth		46,965,863.150	5,108.99	–	–
Templeton India Ultra Short Bond Fund Retail Plan		742,746.120	92.89	–	–
BSL Fixed Plan Series CE- Growth		20,000,000.000	2,000.00	–	–
ICICI Prudential MF FMP Series 52-1 Y Plan C Cumulative		27,003,327.000	2,700.33	–	–
DSP Blackrock Money Manager Fund-Institutional Plan Growth		219,718.150	3,000.00	–	–
Kotak MF FMP 370 Days Series 8 - Growth		15,000,000.000	1,500.00	–	–
Kotak MF FMP 370 Days Series 7 - Growth		30,003,554.000	3,000.36	–	–
Reliance MF Fixed Horizon Fund XV Series 8-Growth Plan		20,004,540.500	2,000.45	–	–
Reliance MF Fixed Horizon Fund XV Series 7-Growth Plan		15,000,000.000	1,500.00	–	–
Total			26,102.41		20,071.23
Aggregate Book Value of Unquoted Investments			160.57		160.57
Aggregate Book Value of Quoted Investments			38.82		38.82
Aggregate Book Value of Investments in Mutual Funds			25,903.02		19,871.84
Aggregate Market Value of Quoted Investments			49.35		48.39
Aggregate Net Asset Value of Investments in Mutual Funds			26,655.11		19,871.84

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Schedule 7 INVENTORIES		
(as taken, valued & certified by the management)		
Finished Goods	11,817.39	9,147.67
Work-in-Progress	388.98	279.73
Raw Materials	11,368.63	6,165.51
Materials In Transit	326.74	194.65
Packing Materials	57.26	71.58
Furnace Oil	–	0.36
	23,959.00	**15,859.50**

	As at 31.03.2011	As at 31.03.2010
Schedule 8 SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	1,398.75	1,021.51
Other Debts	14,242.13	12,463.06
	15,640.88	**13,484.57**

	As at 31.03.2011	As at 31.03.2010
Schedule 9 CASH & BANK BALANCES		
Cash in Hand (As certified by Management)	54.09	139.61
Cheques in Hand	363.30	359.38
Balances with Scheduled Banks		
In Current Accounts	1,259.63	199.24
In EEFC Accounts	765.31	954.42
In Fixed Deposit Accounts [Refer Note Nos. 6 & 9 of Schedule - 20]	7,520.44	1,451.51
In Unclaimed Dividend Accounts	65.17	59.96
Balances with Foreign Banks		
In Current Accounts	690.57	166.46
	10,718.51	**3,330.58**

	As at 31.03.2011	As at 31.03.2010
Schedule 10 LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received		
To Others	9,432.69	5,167.81
Incentive Receivable	332.14	300.00
Balance with Central Excise & Cenvat Receivable	4,261.78	1,658.94
Sales Tax Deposit & VAT Receivable	736.78	360.81
Income Tax Payments	2,840.92	2,309.05
Income Tax Refundable	124.78	125.20
Deferred MAT Credit Entitlement [Refer Note No. 20 of Schedule - 20]	3,318.01	2,529.52
Earnest Money & Security Deposits	667.22	522.35
	21,714.32	12,973.68

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
Schedule 11 CURRENT LIABILITIES				
Acceptances		139.99		–
Sundry Creditors				
Due to Micro, Small & Medium Enterprises		–		–
Due to Others :				
For Capital Goods		2,266.30		710.28
Others		1,527.29		1,603.59
Unclaimed Dividend*		65.17		59.96
Derivative Contracts Payable		1,279.09		440.51
Interest Accrued but not due		240.79		57.84
Other Liabilities		1,885.40		1,738.38
Advances from customers		19.11		14.24
		7,423.14		**4,624.80**

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Schedule 12 PROVISIONS				
Provision for Taxation		2,860.00		2,488.00
Proposed Dividend		385.73		385.73
Corporate Dividend Tax		62.58		64.07
		3,308.31		**2,937.80**

(Rs. in Lacs)

		Year ended 31.03.2011		Year ended 31.03.2010
Schedule 13 SALES				
Sales :				
Domestic		66,201.90		42,847.68
Export		12,289.46		9,915.34
		78,491.36		**52,763.02**

Schedule 14 OTHER INCOME				
Interest on Fixed Deposits with Bank (TDS- Rs.15.47 lacs; P.Y. Rs. 8.95 Lacs)		155.74		86.06
Dividend				
– on Long Term Investments (other than trade)		0.29		0.26
– on Current Investments (other than trade)		461.54		90.21
Foreign Exchange Gain		608.18		1,289.87
Warranty & other Claims		27.63		0.18
Profit on sale of Vehicles		1.42		–
Miscellaneous Income		19.56		56.95
		1,274.36		**1,523.53**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

		Year ended 31.03.2011		Year ended 31.03.2010
Schedule 15 DECREASE/(INCREASE) IN STOCKS				
Opening Stock				
Finished Goods		9,147.67		3,944.24
Add : Stock out of trial run production		–		92.78
Work-in-Progress		279.73		–
		9,427.40		4,037.02
Less : Closing Stock				
Finished Goods		11,817.39		9,147.67
Work-in-Progress		388.98		279.73
		12,206.37		9,427.40
Decrease/(Increase) in Stocks		**(2,778.97)**		**(5,390.38)**

Schedule 16 RAW MATERIALS CONSUMED				
Opening Stock		6,165.51		5,499.49
Add: Purchases		49,825.43		28,538.43
		55,990.94		34,037.92
Less: Closing Stock		11,368.63		6,165.51
		44,622.31		**27,872.41**

Schedule 17 MANUFACTURING & OTHER EXPENSES				
Consumable Stores & Spares		71.13		220.64
Power & Fuel		1,468.59		537.45
Employees' Emoluments [Refer Note No. 15 of Schedule - 20]				
a) Salaries, Wages & Allowances		1,073.20		713.23
b) Contribution To Provident & Other Funds		44.77		26.11
c) Gratuity		7.09		–
d) Welfare & Other Amenities		123.39		92.13
Excise Duty on Variation in Stocks [Refer Note No. 10 of Schedule - 20]		270.29		665.76
Rent		93.63		44.69
Rates & Taxes		48.91		72.36
Repairs To:				
Factory Shed & Building		64.34		28.31
Plant & Machinery		528.78		272.70
Others		140.29		128.63
Insurance		200.71		121.52
Rebates & Discount		44.58		190.55
Miscellaneous Expenses		1,632.24		1,336.75
Share Transfer Expenses		1.46		1.59
Auditors' Remuneration [Refer Note No. 17 of Schedule - 20]		13.34		12.30
Packing Expenses		519.66		338.98
Freight & Forwarding Expenses		2,064.49		1,186.69
Commission on sales (other than sole selling agents)		485.87		400.83
Loss on redemption of Mutual Funds (Current Investments)		14.02		–
		8,910.78		**6,391.22**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Schedule 18 INTEREST & OTHER FINANCIAL CHARGES		
Interest :		
On Term Loans	1,042.58	728.58
Others	1,243.32	1,465.63
Discount on Debentures W/Off	399.64	356.24
Bank Charges	291.60	237.74
	2,977.14	2,788.19

Schedule 19 SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of consolidation**

   The consolidated financial statements relate to Himadri Chemicals and Industries Limited ('the Company') and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

   a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with the Accounting Standards (AS) 21- "Consolidated Financial Statements".

   b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Exchange Translation Reserve.

   c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

   d) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss Account as exceptional item being the profit or loss on disposal of investment in subsidiary.

   e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

   f) The Financial Statements of the subsidiaries are drawn up to 31st March, 2011.

2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13." Accounting for Investments".

3. The audited/unaudited financial statements of foreign subsidiaries/associates have been prepared in accordance with the Generally Accepted Accounting Principle of its country of Incorporation or International Financial Reporting Standards. The difference in accounting policies of the Company and its subsidiaries are not material.

4. Other significant accounting policies.

   Accounting for Intangibles

   Software is being amortised over a period of five years or useful life estimated by the management, whichever is lower. Land usage rights are amortised over the period of lease.

   Other Accounting Policies are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Himadri Chemicals & Industries Limited.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS

1. **The following subsidiaries have been consolidated in the Financial Statements:**

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest	
		As at 31.03.2011	As at 31.03.2010
Himadri Global Investments Limited ("HGIL")	Hong Kong	100.00%	100.00%
Shandong Dawn Himadri Chemical Industry Company Limited ("SDHCICL")	The People's Republic of China	94.00%	80.16%

2. Secured Loans

a) Term Loan from Citibank N.A and External Commercial Borrowings (ECB) from International Finance Corporation, DBS Bank Limited, The Hong Kong and Shanghai Banking Corporation Ltd and ICICI Bank Limited are secured by first pari passu charge on all immovable and moveable fixed assets of the Company. ECB from The Hong Kong and Shanghai Banking Corporation Ltd is further secured by way of second pari passu charge on the entire current assets of the Company, both present and future.

b) Term Loans from The Hong Kong and Shanghai Banking Corporation Ltd and External Commercial Borrowing from DEG-Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) are secured by way of first pari-passu charge on all immovable and moveable fixed assets situated at Mahistikry, Hooghly (West Bengal).

c) Term Loan from Non-Banking Finance Company (NBFC) is secured by way of first paripassu charge on the entire fixed assets of the Company's Coal Tar pitch unit located at Mahistikry, Hooghly, West Bengal except Naphthalene Project and those relatable to subsequent expansion and is further secured by way of first pari passu charge on the leasehold land of the Company situated at Mahistikry, Hooghly, West Bengal.

d) During the year the Company has made private placement of Secured Listed Redeemable Non Convertible Debentures (NCD) to ICICI Bank Limited and Life Insurance Corporation of India Limited. The NCDs are secured by way of first pari passu charge on all immovable and moveable fixed assets of the Company in favour of Axis Trustee Services Limited, the trustee of the Debenture Holders.

e) Loan against equipment from ICICI Bank Limited is secured by hypothecation of the Equipment financed.

f) Working Capital loans obtained from State Bank of India, Central Bank of India, DBS Bank Limited, Axis Bank Ltd, Citibank N.A., The Hong Kong and Shanghai Banking Corporation Ltd, Yes Bank Limited and ICICI Bank are secured by way of first pari passu charge on the entire current assets of the Company, both present and future. Working Capital facilities from Deutsche Bank, The Hong Kong and Shanghai Banking Corporation Ltd and CitiBank N.A are secured by pledge of investments in Mutual Funds for Rs.17350.09 lacs.

Additionally,

i) Working Capital loans obtained from State Bank of India and Axis Bank Ltd. are secured by second pari-passu charge over the entire fixed assets of the Company.

ii) Working Capital loans obtained from The Hong Kong and Shanghai Banking Corporation Ltd and DBS Bank Limited are further secured by way of first pari-passu charge over the entire fixed assets of the Company situated at Liluah Unit- I & Liluah Unit-II (West Bengal) and Visakhapatnam (Andhra Pradesh) and second pari-passu charge on the entire fixed assets of the Company located at Mahistikry, Hooghly (West Bengal).

iii) Credit facilities from State Bank of India, Central Bank of India and CitiBank N.A are personally guaranteed by the promoter directors of the Company.

The Company is in the process of creating / modifying charge in favour of some of the lenders. Further, the Company is also in the process of standardisation / uniformity of security structure providing first parri-passu charge over current assets to working capital lenders and first parri-passu charge on all the fixed assets to the term loan lenders.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

3. **Contingent Liabilities not provided for in respect of:**

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
a) Bank Guarantees	1870.80	993.63
b) Letter of Credit outstanding	1516.08	903.06
c) Interest on FCCB	258.15	121.80
d) Bills discounted with Banks	2406.25	–
e) Claims against the Company in respect of statutory liabilities disputed under appeal:		
– Custom Duty	28.83	28.83
– Sales Tax	257.91	257.91
– Service Tax / Excise Duty	77.44	64.46

4. Estimated amount of commitments on capital account (net of advances) - Rs. 2745.33 lacs (Previous Year Rs. 7032.17 lacs).
5. Estimated amount of export obligation to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) - Rs. 3829.03 lacs (Previous Year Rs. 8511.25 lacs).
6. Fixed Deposits of Rs. 714.40 lacs (Previous Year Rs 808.41 lacs) have been lodged with the Banks as margin against Bank Guarantees issued on behalf of the Company and for treasury facilities.
7. **Capital Work-in-Progress includes:**

   i. Expenditure during construction period on substantial expansion / new industrial units of the Company as under:

(Rs. in Lacs)

	2010-11		2009-10	
Opening Balance		928.80		1915.40
Add: Incurred during the year				
Consumables Stores and Spares	0.09		3.80	
Employees' Emoluments	83.89		101.32	
Sales Returns	–		41.55	
Power & Fuel	431.34		524.58	
Research & Development Expenses	666.02		–	
Rates & Taxes	1.87		6.49	
Auditors Remuneration	2.04		0.44	
Repairs & Maintenance	3.46		33.68	
Insurance	29.58		8.86	
Upfront fees & Processing charges	257.51		811.17	
Bank Charges	0.02		0.10	
Interest on Term Loans	1205.27		599.38	
Rent	19.32		55.00	
Depreciation and Amortisation	5.65		2.61	
Miscellaneous Expenses	1111.16		604.45	
	3817.22		2793.43	
(Increase)/Decrease in Stock of trial run production	–	3817.22	(27.65)	2765.78
		4746.02		4681.18
Less:				
Interest Received on Fixed Deposits		(99.04)		–
Capitalised during the year		–		(3752.38)
		4646.98		**928.80**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

ii. Rs.267.50 lacs on account of advances against capital expenditure (Previous year Rs. 2811.09 lacs).

iii. Rs.1405.88 lacs on account of stock of stores and spares (Previous year Rs. 545.13 lacs).

8. Research and Development expenses aggregating to

a. Rs. 178.15 lacs (Previous year Rs. 60.25 lacs) in the nature of revenue expenditure;

b. Rs. 738.20 lacs (Previous year Rs. 121.86 lacs) in the nature of capital expenditure have been included under the appropriate account heads.
(Capital expenditure of Rs.738.20 lacs includes Rs.13.48 lacs capitalised during the year and debited to the respective fixed assets and Rs. 724.72 lacs incurred for ongoing expansion projects debited to Capital Work-in-progress)

9. Fixed Deposits include interest accrued but not due amounting to Rs 150.62 lacs (Previous year Rs. 39.87 lacs)

10. Amount of excise duty on variation in stocks shown in Schedule 17 represents differential excise duty on opening and closing stock of finished goods.

11. In the opinion of the management, Current Assets, Loans & advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all known losses and liabilities.

12. Interest on Term Loan is net of Rs. 32.14 lacs, being interest subsidy receivable for earlier years.

13. In the year 2009-2010, the Company had issued to International Finance Corporation (IFC), 70 Foreign Currency Convertible Bonds (FCCB) having a face value of USD 100,000 each aggregating USD 7 million. The FCCBs are hybrid instruments with an option of conversion into Equity Shares and an underlying foreign currency liability with redemption in the event of non conversion at the end of the period.

The bond holder has an option of converting these bonds into Equity Shares at any time within a period of 7 years from the date of issue at an initial conversion price of Rs 13.50 per share (face value Re. 1/- each) at the exchange rate prevailing on the date of conversion request. Unless the conversion option is exercised, the outstanding FCCB's will be redeemed in full at their par value together with interest at the rate of 6 months LIBOR+3.35% p.a. accrued on a compounded 6-monthly basis.

As at 31st March, 2011 conversion option has not been exercised in respect of any bond. The Company expects that the Bond holder will opt for conversion rather than redemption and consequently no interest is expected to be payable and therefore, the same is not provided for.

14. During the year 2009-10, the Company has issued and allotted 63,10,000 Equity Shares of Rs. 10/- each on preferential basis to Bain Capital India Investments at a premium of Rs. 390 per share, aggregating to Rs. 25240.00 Lacs.

The object of the issue was to part finance its ongoing projects, capacity expansion and to meet increased working capital requirements. Out of the above proceeds, the Company has expended Rs. 10786.00 Lacs on the objects of the issue and Rs.14454.00 Lacs representing temporary surplus funds are invested in Mutual Funds & Fixed Deposits.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

15. Employee Benefits

A. The disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

(Rs. in Lacs)

	2010-11	2009-10
Employer's Contribution to Provident and Other Funds	44.77	26.11

Defined Benefit Plan

The employee gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2011 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.2011	31.03.2010
i. Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:		
Defined Benefit obligation at beginning of the year	23.70	18.12
Current Service Cost	5.51	2.27
Interest Cost	1.90	1.45
Actuarial (Gain)/Loss	2.98	1.86
Benefits paid	0.39	–
Settlement cost	–	–
Defined Benefit obligation at the year end	**33.70**	**23.70**
ii. Reconciliation of Opening and Closing Balances of fair value of plan assets:		
Fair value of plan assets at beginning of the year	25.48	23.38
Expected return on plan assets	2.83	2.10
Actuarial Gain/(Loss)	Nil	–
Employers' contribution	7.09	–
Benefits paid	0.39	–
Settlement cost	–	–
Fair value of plan assets at the year end	**35.01**	**25.48**
Actual return on plan assets	2.83	2.10

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.2011	31.03.2010
iii. Reconciliation of fair value of assets and obligation:		
Fair value of plan assets	35.01	25.48
Present value of obligation	33.70	23.70
Amount recognised as asset / (liability) in Balance Sheet**	–	–
** The excess of assets over liabilities have not been recognised as they are lying in an irrevocable trust fund.		
iv. Expenses recognised during the year in the Profit & Loss Account: (shown in Schedule – 17)		
Current Service Cost	5.51	2.27
Interest Cost	1.90	1.45
Expected return on plan assets	(2.84)	(2.10)
Actuarial (Gain)/Loss	2.98	1.86
Net asset not recognised/adjusted	0.46	(3.48)
Net Cost	7.09	–
v. Break-up of Plan Assets as a percentage of total plan assets:		
Insurer Managed Funds	100%	100%
vi. Actuarial Assumptions:		
Mortality Table	LIC 1994-96 Ultimate	
Discount rate (per annum)	8%	8%
Expected Rate on Plan Assets (per annum)	9%	9%
Rate of escalation in salary (per annum)	3.25%	4%

(Rs. in Lacs)

	31.03.2011	31.03.2010	31.03.2009	31.03.2008
vii. Other Disclosures:				
Defined Benefit Obligation	33.70	23.70	18.12	21.38
Plan Assets	35.01	25.48	23.37	17.82
Surplus/(Deficit)	1.31	1.78	5.25	(3.56)
Experience Adjustment on Plan Liabilities	2.98	1.86	(2.30)	4.92

a) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

b) The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency in terms of the post employment benefit obligations.

c) Expected rate of return assumed by the insurance Company is generally based on their investment pattern as stipulated by the Government of India.

viii. The above information is certified by the actuary.

ix. The Company expects to contribute Rs. 7.50 lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the financial year 2011-12.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

16. Detail of Payments and provisions on account of remuneration to managerial person is as under: *(Rs. in Lacs)*

	2010-11	2009-10
Salary to Managing Director		
Mr.Bankey Lal Choudhary	30.00	14.70
Salary to Executive Directors		
Mr.Shyam Sundar Choudhary	30.00	14.70
Mr.Vijay Kumar Choudhary	30.00	14.70
	90.00	**44.10**
Perquisites	–	–
Sitting Fees to Other Directors	2.34	1.80

Salaries paid to directors are included under Employees' Emoluments.

Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole. The amount pertaining to the directors is not ascertainable and therefore, not included above.

The computation of net profit for the purpose of Director's Remuneration u/s 349 of Companies Act, 1956 has not been enumerated since no commission has been paid to any of the directors. Fixed managerial remuneration has been paid to the whole-time directors within the limits prescribed in Schedule XIII of the Companies Act, 1956.

17. Auditors' Remuneration includes *(Rs. in Lacs)*

	2010-11	2009-10
a) Audit Fees	8.36	8.44
b) As Advisor		
Taxation matters	–	–
Company Law matters	0.35	1.00
Management Services	–	–
c) In any other matter	4.63	2.86
Total	13.34	12.30

18. Power & Fuel includes expenses incurred on operation of the Power Plant :- *(Rs. in Lacs)*

	2010-11	2009-10
Consumable Stores & Spares	35.52	16.53
Diesel/ Furnace Oil	97.84	86.97
Repairs & Maintainence	27.93	8.01
Operational Expenses	67.50	58.50
Total	**228.79**	**170.01**

19. Segment Reporting:

Primary Business Segment

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard - 17, the Company is predominantly engaged in a single reportable segment of "Carbon Materials & Chemicals" during the year. The risks and returns of power plant are also directly associated with its manufacturing operations and hence not treated as a separate reportable segment.

Geographical Segment

The secondary segmental reporting is based on the geographical location of customers. The Geographical segments have been disclosed based on revenue within India (sales to customers within India) and revenue outside India (sales to customers located outside India). Secondary segment assets and liabilities are based on the location of such asset / liability.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

Information about Secondary Geographical Segments *(Rs. in Lacs)*

	2010-11	2009-10
Within India		
Segment Revenue	57,718.80	37,226.60
Segment Assets	1,72,712.26	1,16,822.17
Capital Expenditure during the year	26,495.88	12,386.39
Outside India		
Revenue	12,289.46	9,915.34
Capital Expenditure during the year	2,853.80	1,501.17

Since the total carrying amount of assets located outside India is less than 10% of the total assets of the Company, information in respect of segment assets located outside India and capital expenditure incurred outside India has not been disclosed.

20. The Company has made current tax provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961. As per the provisions of Section 115JAA, MAT Credit receivable for the amount in excess over tax liability as per normal computation has been recognised as an asset. MAT credit is recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement. The Company will review the same at each balance sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

21. Related Party Disclosures:

i. Name of the related parties where control exists irrespective of whether transactions have occurred or not

a) Entities / Individuals owning directly or indirectly an interest in the voting power that gives them control

None

ii. Names of the other related parties with whom transactions have taken place during the year

a) Key Managerial Personnel

Mr. Bankey Lal Choudhary	Managing Director
Mr. Shyam Sundar Choudhary	Executive Director
Mr. Vijay Kumar Choudhary	Executive Director
Mr. Anurag Choudhary	Chief Executive Officer
Mr. Amit Choudhary	President – Projects
Mr. Tushar Choudhary	President – Operations
Mr. Jatin Kapoor	CFO – (upto- 31st August,2010)

b) Enterprises owned or significantly Influenced by the Key Mangerial Personnel or their relatives

Himadri Credit & Finance Ltd.
Himadri Dyes & Intermediates Ltd
Himadri Coke & Petro Ltd
Himadri Industries Ltd.
AAT Techno-Info Ltd.
Sri Agro Himghar Ltd
Himadri e-Carbon Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

Transactions carried out with related parties referred to in above, in ordinary course of business, are as under:

(Rs. in Lacs)

Nature of transaction	Referred in i(a) above		Referred in ii(a) above		Referred in ii(b) above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Salary / Managerial Remuneration						
– Mr.Bankey Lal Choudhary			30.00	14.70		
– Mr.Shyam Sundar Choudhary			30.00	14.70		
– Mr.Vijay Kumar Choudhary			30.00	14.70		
– Mr. Anurag Choudhary			10.50	6.00		
– Mr. Amit Choudhary			10.50	6.00		
– Mr. Tushar Choudhary			10.50	6.00		
– Mr. Jatin Kapoor			10.53	20.34		
Repayment of Loan - Himadri Credit & Finance Ltd					150.00	150.00
Interest paid on loan - Himadri Credit & Finance Ltd					101.25	119.25
Discount on Debentures written off - Himadri Coke & Petro Ltd					399.64	356.24
Rent paid						
– Himadri Dyes & Intermediates Ltd					0.07	0.07
– Himadri Industries Ltd.					0.07	0.07
– Sri Agro Himghar Ltd					0.04	0.04
BALANCES AT YEAR-END						
Loans Taken – Himadri Credit & Finance Ltd					750.00	900.00
Investment held						
– Himadri Credit & Finance Ltd					33.49	33.49
– Himadri Dyes & Intermediates Ltd					72.00	72.00
– Himadri Industries Ltd.					84.50	84.50
– Himadri e-Carbon Ltd					4.00	4.00
Deep Discount Debentures - Himadri Coke & Petro Ltd					3679.84	3280.20

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

22. Operating Lease

The Company has taken an SNF manufacturing unit in Vapi, Gujarat on an operating lease vide agreement dated 27th Feb, 2009 from Chemsons Industrial Corporation for a period of 7 years with an option to exit or further renewal for a period of 10 years, effective from 1st April, 2009. The lease rent payable shall increase by 10% every 5 years without cascading effect.

a) Future Lease Rental payments

(Rs. in Lacs)

	2010-11	2009-10
Not later than one year	24.00	24.00
Later than one year and not later than five years	100.80	98.40
Later than five years	–	26.40

b) Lease payments recognised in Profit and Loss Account – Rs. 24 lacs (P. Y. Rs. 24 lacs).

23. Earnings per Share (EPS):

(Rs. in Lacs)

		Year ended 31.03.2011	Year ended 31.03.2010
Net Profit for the year attributable to equity shareholders: (Rs. in lacs)	(a)	11,325.20	10,732.53
Weighted average number of Equity Shares of Re1 each outstanding during the period:	(b)	38,57,32,570	33,19,51,860
Add: Dilutive effect of issue of shares on conversion of FCCB	(c)	1,61,95,475	1,44,86,940
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	(d) = (b) + (c)	40,19,28,045	34,64,38,800
Earnings Per Share (Rs.) :			
Basic	(e) = (a) / (b)	2.94	3.23
Diluted	(f) = (a) / (d)	2.82	3.10

Pursuant to the approval of the shareholders at the 22nd Annual General Meeting held on 28th Sep, 2010, the Equity Shares of the Company of Rs. 10 each have been sub-divided into equity shares of Re. 1 each w.e.f. 9th Nov, 2010. Weighted average number of Equity Shares used in computing the Earning Per Share is based on face value of Re. 1 per share. No. of Equity Shares for previous year has also been adjusted accordingly.

24. Deferred Tax:

The components of Deferred Tax liabilities / assets are as under:

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Components of Deferred Tax Liability		
Depreciation	7,199.19	6,390.92
Components of Deferred Tax Assets		
Unabsorbed Depreciation	Nil	21.56
Net Deferred Tax Liability	**7,199.19**	**6,369.36**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

25. a. The Company uses various forms of derivative instruments such as foreign exchange forward contracts, options, cross currency swaps and interest rate swaps to hedge its exposure to movements in Foreign Exchange and Interest rates.

b. The Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement. Accordingly, all such contracts outstanding as on 31st March, 2011 are marked to market and the loss aggregating Rs. 355.74 lacs (Previous Year – Rs.440.51 lacs) arising on contracts that were designated as effective hedges of future cash flows has been recognised in the Hedging Reserve Account to be ultimately recognised in the Profit & Loss Account, depending on the exchange rate fluctuation till and when the underlying forecasted transactions occur.

c. The Company has entered into Cross Currency Swaps (Notional Principal Amount aggregating to Rs. 7500 lakhs) whereby fixed INR interest rate payable to Debenture holders has been swapped into floating Libor linked interest rates. The differential amount of interest has been reduced from the Borrowing Costs. The Company has also entered into Principal only Swaps (POS) for equivalent to INR 20000 lakhs, being amount of Debentures, against receipt of periodic premium. The quantum of mark to market loss on the said derivatives as at the Balance Sheet date (net of periodic premium) has been adjusted in the accounts with borrowing cost.

d. Other Forward Contracts / Hedging instruments outstanding as at Balance sheet date, as per information available with the Company, are as follows:

Nature (Nos.) of Contract	Foreign Currency	Buy/Sell	Amount in Foreign currency (in lacs)		Purpose
			2010-11	2009-10	
Forward Contract (7)	USD/INR	Buy	625.90	–	Hedging Purpose
Forward contracts (2)	USD/INR	Sell	80.00	80.00	Hedging Purpose
Cross currency swaps (2)	USD/INR	Sell	74.30	112.64	Hedging Purpose
Cross currency swap (1)	USD/JPY	Sell	7750.00	–	Hedging Purpose

Particulars of unhedged foreign currency exposure as at 31.03.2011 from Indian Company are as follows:

	Currency	2010-11	2009-10
a) Amounts payable in foreign currency	USD	875.65 lacs	405.92 lacs
b) Amounts receivable in foreign currency	USD	148.39 lacs	163.74 lacs

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 20 NOTES ON ACCOUNTS *(Contd.)*

26. The Company had been showing captive consumption of its finished products, being oils, used as fuel by inclusion thereof in Sales with corresponding debit to Power and Fuel in the Profit and Loss Account. The Company has discontinued the said practice in consonance with the spirit of AS 9 on "Revenue Recognition" notified by the Companies (Accounting Standards) Rules, 2006. This has no impact on the profit for the year of the Company. Accordingly, the accounts for the previous year have been regrouped by excluding the contra effect of oils used as fuel from 'Sales' and 'Power and Fuel'.

27. Sales are shown net of trade discounts which were hitherto included under "Rebates and Discounts".

28. Previous year's figures have been reworked, re-grouped, re-arranged and reclassified, wherever considered necessary. Accordingly amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules 1 to 20
As per our report of even date
For **S. Jaykishan**
Chartered Accountants
Firm Registration No. 309005E

on behalf of the Board of Directors

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251
Place: Kolkata
Dated : 23rd May, 2011

Sd/-
B. L. Sharma
Company Secretary

Sd/-
B. L. Choudhary
Managing Director

Sd/-
V.K. Choudhary
Director

NOTES

NOTES

Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans' 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

BUT WHEN YOU INVEST IN KNOWLEDGE,

RETURNS APPRECIATE IN A SUSTAINABLE WAY.

Corporate information

Board of Directors

Mr. Damodar Prasad Choudhary
– *Chairman*

Mr. Rahul Kumar Yadav
– *Nominee of Citigroup Venture Capital International Growth Partnership Mauritius Ltd.*

Mr. Shyam Sundar Choudhary
– *Executive Director*

Mr. Amit. R. Chandra
– *Nominee of Bain Capital India Investments*

Mr. Bankey Lal Choudhary
– *Managing Director*

Mr. B.P. Dhanuka
– *Non-Executive Independent Director*

Mr. Vijay Kumar Choudhary
– Executive Director

Dr. B. Sen
– *Non-Executive Independent Director*

Mr. S.K. Banerjee
– *Non-Executive Independent Director*

Mr. S.K. Saraf
– *Non-Executive Independent Director*

Senior Management Team

Mr. Anurag Choudhary
– *Chief Executive Officer*

Mr. Rene Genin – *Director, Technical*

Mr. Manuel Cimas Gonzalez
– *Director, Business Development*

Mr. Amit Choudhary
– *President, Projects*

Mr. Tushar Choudhary
– *President, Operations*

Dr. C.R. Natrajan – *President, R&D*

Dr. Soumen Chakraborty – *Joint President, (Carbon Black Business)*

Bankers

Central Bank of India
Citi Bank, N.A.
State Bank of India
The Hongkong & Shanghai Banking Corporation Ltd.
Yes Bank Ltd.
DBS Bank Ltd.
Axis Bank Ltd.
ICICI Bank Ltd.

Registrar & Share Transfer Agents

M/s. S.K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata 700 006
Tel: (033) 2219 6797/ 4815
E-mail: agarwalskc@rediffmail.com

Registered Office

Fortuna Tower
23-A, Netaji Subhas Road
8th Floor, Kolkata 700 001
Tel: (033) 2230-4363/ 9953
Fax: 91-033- 2230-9051
E-mail: info@himadri.com

Corporate Office

8, India Exchange Place, 2nd Floor,
Kolkata – 700 001

Auditors

M/s S. Jaykishan
Chartered Accountants
12 Ho-Chi Minh Sarani
Suite No. 2D- 2F, 2nd Floor
Kolkata 700 071

Company Secretary & Compliance officer

Mr. B.L. Sharma

Solicitors & Advocates

M/s Sandip Agarwal & Co.
10 Old Post Office Street
Gr. Floor, Room No. 10
Kolkata 700 001

Works

Unit number 1
58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2
27B Gadadhar Bhatt Road, Liluah, Howrah (W.B.)

Mahistikry unit
Mahistikry, P.S. – Haripal
District Hooghly (W.B.)

Visakhapatnam unit
Ancillary Industrial Estate
Visakhapatnam (A.P.)

Korba unit
Jhagrah, Rajgamar Colliery
Korba (Chhattishgarh)

Vapi unit
GIDC 1st Phase, Vapi (Gujarat)

Windmill units
1. Village Amkhel: Taluka- Sakri, District Dhule, Maharashtra
2. Village Titane, Taluka- Sakri, District Dhule, Maharashtra

Falta unit
Falta Special Economic Zone
Sector- II, Vill- Simulberia
Falta, Dist- 24 Pgs (South)
West Bengal

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