IS ESSENCE OF LIFE

Forward-looking statement

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

Carbon represents a world of huge possibilities. In a business marked by challenges of innovation, research, technology, process complexity and need for continuous improvement, Himadri has invested in cutting-edge research and reinforced its deep understanding of carbon properties and technology capabilities.

The Company's competence has been marked by a progressive increase in the number of new products on the one hand and the increasing transformation of waste gases into energy on the other hand.

The result is that Himadri Chemicals is not just one of the widest manufacturers of a bouquet of products but one of the lowest cost manufacturers as well.

MAKING IT POSSIBLE FOR THE COMPANY TO GROW ITS REVENUES BY 60.46% IN ONE OF THE MOST CHALLENGING MARKETS OF 2011-12.

HIMADRI CHEMICALS. CARBON CORPORATION. LEVERAGING ITS DEEP KNOWLEDGE OF ONE OF THE MOST VERSATILE SUBSTANCES KNOWN TO MANKIND.TO CREATE CORE PRODUCTS. AND VALUE-ADDED BY-PRODUCTS. WITH THE OBJECTIVE TO EXTEND ONE OF THE MOST EXTENSIVE VALUE CHAINS IN THE CARBON SEGMENT ANYWHERE IN THE WORLD.

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

Mission

- Ensure customer satisfaction by strengthening our core competencies of developing products, processes and people towards achieving global standards of excellence.
- Be a cost leader, unleashing employee potential to satisfy stakeholders while being a responsible corporate citizen and adhering to our values
- Develop employees and encourage them to excel in their professional, personal and social lives
- Conserve the environment, maintain high levels of safety and address social concerns in the regions of operation

Background

Incorporated in 1987, Himadri Chemicals & Industries Limited commenced its business in December 1990, headquartered in Kolkata (India).

Through the years, the Company has emerged as India's leading and only vertically integrated specialty carbon corporation.

The Company is India's largest coal tar pitch manufacturer with a core competence in the specialty niche business of coal tar distillation.

The Company was able to convert its business model into a model business, validated by leading global investors like Bain Capital, Citi Venture Capital International, IFC Washington who acquired sizeable stakes in the Company.

Snapshot

- Eight manufacturing facilities -- seven in India and one in China.
- Among a few global manufacturers of Zero Quinolene Insoluble (QI) Impregnating coal tar pitch used in the manufacture of graphite electrodes.
- Manufacturer of advanced carbon material, a critical input in the manufacture lithium-ion batteries.

Dispersed presence

Domestic: Four manufacturing facilities in West Bengal. One manufacturing facility each in Vishakhapatnam (Andhra Pradesh), Korba (Chhattisgarh) and Vapi (Gujarat).

Global: One manufacturing facility in Shandong Province in China

Critical

Himadri's products represent critical inputs in downstream industries like aluminium, steel, automobile, graphite electrode, infrastructure, lithium-ion batteries, tyres and other rubber products. The Company also generates clean and green power by using waste gas and through investments in renewable wind energy.

Diversified product portfolio

Broad category	Products	Applicability/developments
	Aluminium grade pitch	In pre-baked anode and soderberg in aluminium manufacture
	Graphite grade binder pitch	In graphite electrode manufacture
	Graphite grade zero QI coal tar impregnating pitch	In graphite electrode, nipple impregnation and UHP grade electrode manufacture
	Mesophase pitch	In anode material for Li-ion batteries, carbon/carbon composites
Coal tar distillation	Special pitches	In refractories, carbon paste, paints/ultramarine blue and water proofing, among others
	Naphthalene	In dyes and dyestuff intermediates, tanning agents, super plasticiser manufacture, pharmaceuticals, disinfectants
	Light creosote oils	In paints and asphalt liquefying, manufacture of phenolic disinfectants
	Wash oil/wood preservative oil	In benzole extraction from the coke oven gas and as a wood preservative
	Anthracene oil/Carbon black oil	In carbon black manufacture as a feedstock and in coal tar enamel manufacture
Carbon black	Carbon black	As a reinforcing agent for rubber, abrasion-resistant, tear-resistant, improving fracture behaviour with improved dynamic mechanical properties
	SSG (Standard synthetic graphite)	In Li-ion batteries to power mobile devices, laptops and other electronic appliances
Advanced carbon material	HPG (High power graphite)	In Li-ion batteries to power automobiles, power tools, EV and HEV
	Carbonised pitch	Intermediate product to be graphitised for final use as anode material
	Himcoat enamel	Provides anti-corrosion protection to underground and off-shore pipelines
	Himcoat Primer-B	Oil & gas and water and sewage pipelines, tanks underground structures and fittings
Corrosion protection	Himtape	Oil & gas, tanks underground structures and fittings
	Himwrap	Provides complete protection to the underground pipeline as it protects the enamel against soil stress, pipe shift, moisture, bacteria and root growth
Sulphonated Naphthalene Formaldehyde	Benton SP-011– liquid and powder form	It can be used on its own or with admixture formulations for high performance, high fluidity, high strength concrete
Power	Power	Himadri Chemicals successfully commissioned its 12 MW and 8 MW power plants. The 12 MW plant is under IPP mode and 8 MW plant is under CPP mode running on carbon black tail gas. Both the power plants are eligible for carbon credits

THIS IS WHAT WE ACHIEVED IN 2011-12

Revenues increased 60.46% from Rs. 70,008.26 Lacs in 2010-11 to Rs. 1,12,336.06 Lacs

Financial highlights

- Revenues increased 60.46% from Rs. 70,008.26 Lacs in 2010-11 to Rs. 1,12,336.06 Lacs
- EBIDTA increased from Rs.19,255.69 Lacs to Rs. 22,459.60 Lacs; EBIDTA margin declined from 27.50% to 20%
- PAT declined from Rs.11,438.91 Lacs to Rs. 6,331.65 Lacs; PAT margin declined from 16.34% to 5.64% mainly due to MTM losses of Rs. 6720.19 Lacs on account of foreign exchange fluctuations.
- Net worth strengthened from Rs. 84,578.11 Lacs in 2010-11 to Rs. 89,798.68 Lacs
- Gross block (including capital work-in-progress) strengthened from Rs. 96,850.82 Lacs in 2010-11 to 1,23,282.67 Lacs

Project highlights

- Brownfield expansion of carbon black completed; capacity increased by 140% at Mahistikry; production commenced.
- Greenfield expansion of SNF was completed; capacity increased by 278 % at Mahistikry; production commenced.
- Greenfield plant for manufacturing advanced carbon materials commenced production at Falta, SEZ.
- Greenfield plant for manufacturing coal tar pitch in Longkou, Shandong, (China) was completed; production commenced.
- Greenfield project to set-up liquid pitch terminal at Longkou port is expected to commence operations from the second quarter of the current financial year.
- Brownfield project to expand the capacity of the existing coal tar distillation capacity in India by 60 %, is expected to be operational by the end of the last quarter of the current financial year.
- Brownfield expansion of power plant completed: capacity increased from 12 MW to 20MW

Operational highlights

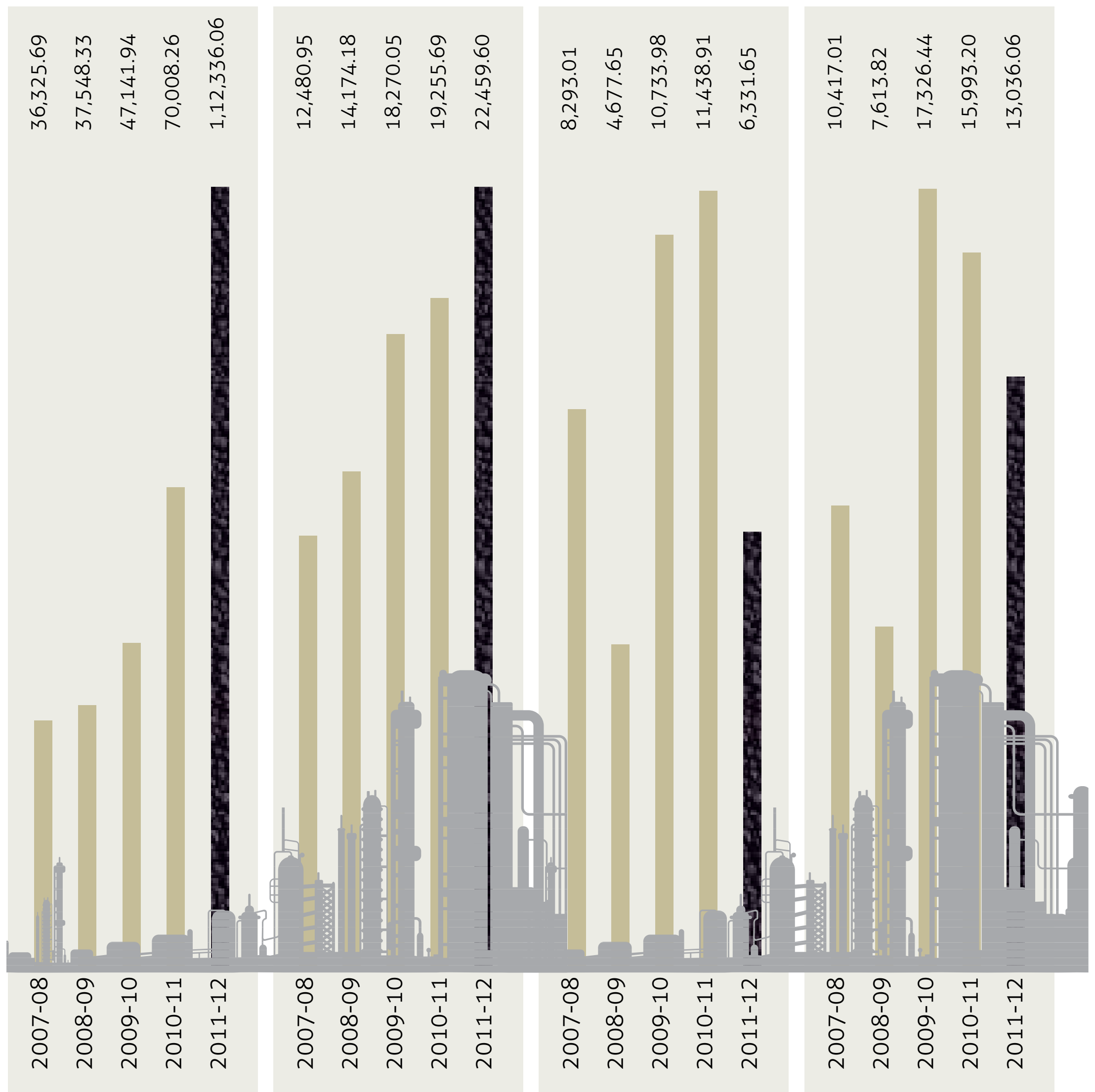
- Coal tar pitch capacity operated at 108% during the year
- Carbon black plant was commissioned, synchronised and stabilised with the existing capacity during the year
- SNF plant was commissioned production stabilised
- China, plant commenced production and is under stabilisation

Marketing highlights

- Entered geographies like Nigeria, the U.A.E, Senegal, Poland to market products
- Established SNF quality among top-end customers; developed the export market
- Established carbon black quality among the tyre and non-tyre segments in the Indian and global market
- Entered the global and Chinese markets for coal tar pitch to be manufactured from China.

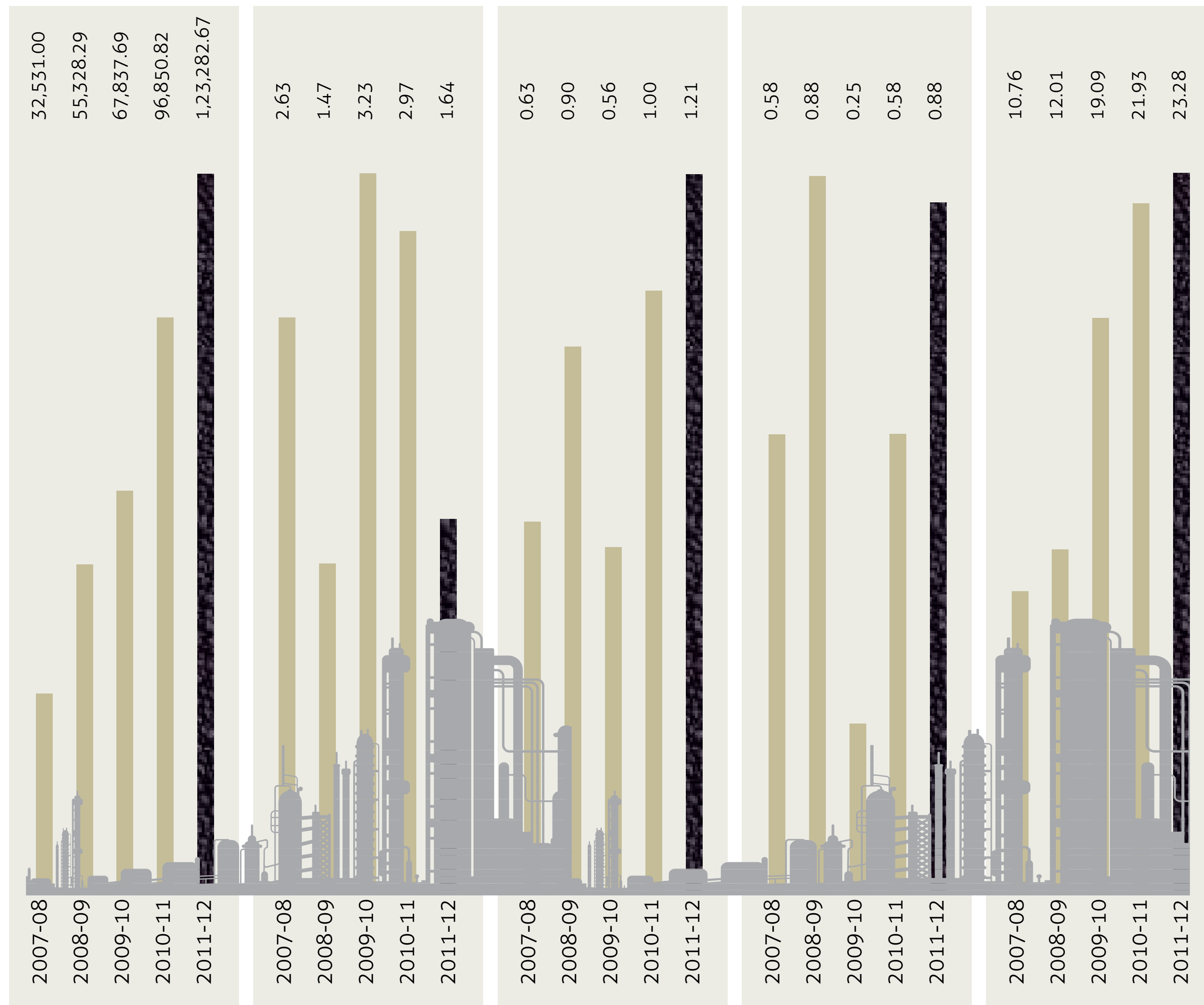
FINANCIAL

Revenue (net of excise) (In Rs. Lacs) | **EBIDTA*** (In Rs. Lacs) | **PAT** (In Rs. Lacs) | **Cash profit** (In Rs. Lacs)



EBIDTA is calculated by excluding the effect of foreign currency loss/gain and other income

Gross block (including capital work in progress) (In Rs. Lacs) | **EPS (basic)** (In Rs.) | **Debt-equity ratio** | **Net debt-equity ratio** | **Book value per share** (In Rs.)



THE JOURNEY TILL DATE

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 facility at Korba in Chhattisgarh

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

2012
- Completed expansion of carbon black and power plant in Mahistikry
- Commissioned production of SNF in Mahistikry
- Commissioned production of advanced carbon material in Falta, SEZ
- Commissioned production of coal tar pitch in China

Knowledge and environment friendliness

In a business marked by an increasing responsibility to be environment-friendly, we reconciled value-addition to each product line through the vertical integration of our business model. This connectedness made it possible for us to use the by-products from one process as inputs for another. The Company does not generate any waste that is discharged either in solid or liquid form, all the products are recaptured through an effective waste heat recovery system and the Company enhances value addition. We also capture the tail-gas generated from the manufacture of carbon black to produce power.

The amount of waste generated by the Company

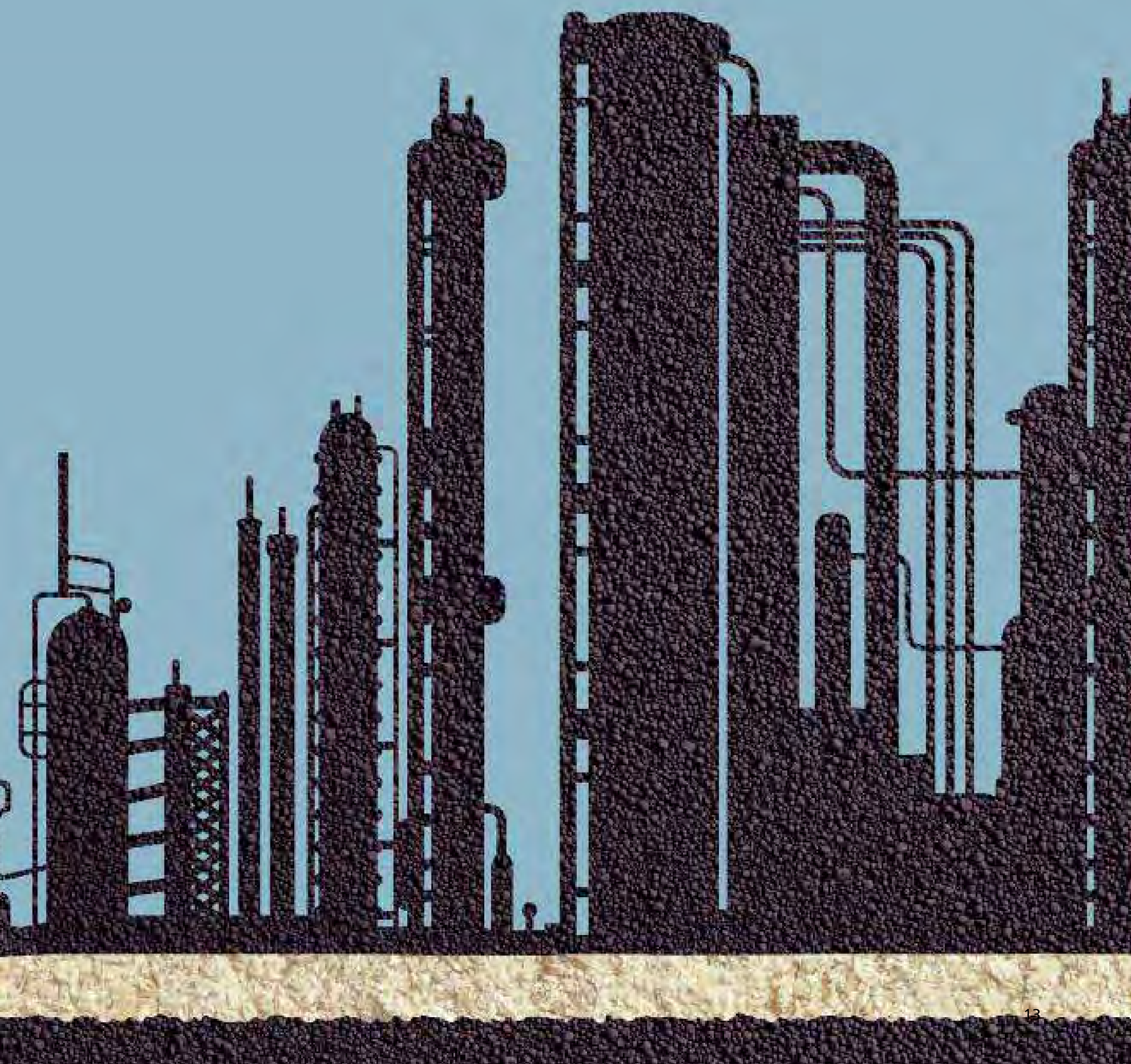
NIL

CAGR in revenues in the last five years leading to 2011-12

28 %

Knowledge and capacity creation

In a business marked by the need to enhance viability, we brought our additional capacities into play in a timely manner, which helped reduce project overruns on the one hand and generate scheduled revenues that translated into budgeted payback on the other. During the last seven years, the Company undertook new projects which were completed within the proposed cost and stipulated timelines showcasing the Company's project execution capability.

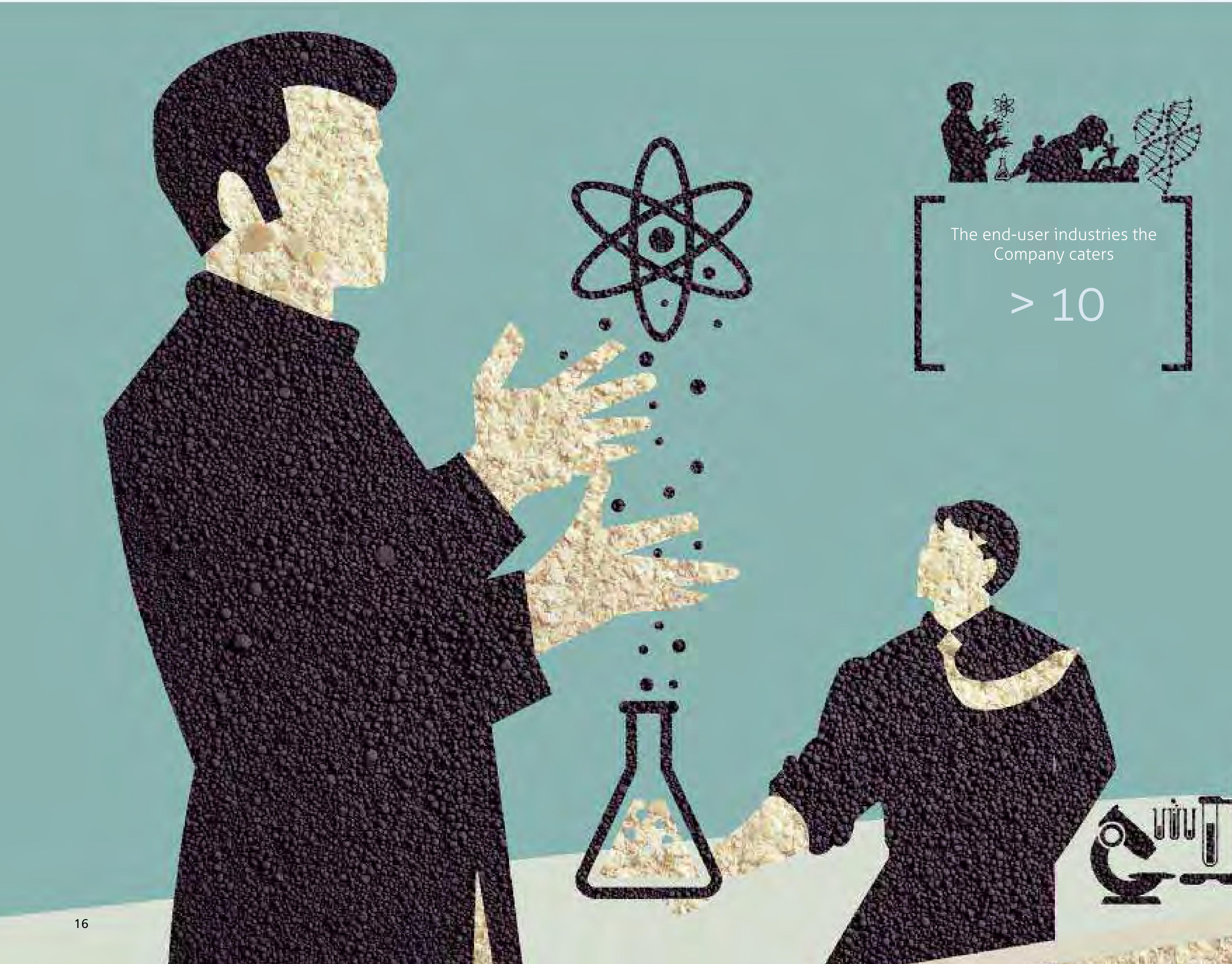


Knowledge and adjacent spaces

In a business marked by the need to enhance organisational value, we successfully explored adjacent spaces across all our product lines. For instance, we manufactured just two products through the process of distillation until 2005. Over the years distillation generated the following by-products – coal tar pitch, oil and naphthalene. In turn, oil generated carbon black and power, while Naphthalene generated SNF, a revenue-generating product. By exploring each successive adjacent space, we are now an eight-product organisation, which is a significant achievement for a Company with no non-distillation revenues until 2005.

The total product portfolio of the Company

8



The end-user industries the Company caters

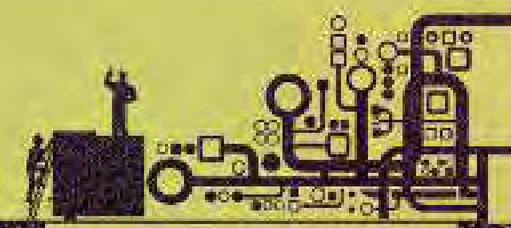
> 10

Knowledge and diversified portfolio of products

In a business marked by an increasing need to keep growing all the time, we selected core and adjacent spaces marked by large revenue opportunities. For instance, our core business of distillation addresses the aluminium and steel sectors which are core to infrastructure growth and global progress. Our carbon black manufacture addresses a global tyre sector estimated at USD 150 bn *(Source: CRI)*. Our SNF product addresses a national construction sector estimated at USD 400 bn *(Source: IHS)*. Our naphthalene product addresses dyes intermediate sector estimated at USD 1.4 bn *(Source: FICCI/Indiachem)*. Our advanced carbon material serves the sunrise industry of Li-ion batteries. Besides, our cost of manufacture for all these products is attractively competitive even in spaces marked by larger and older competitors. As a result, while we address considerably large spaces, we possess a structure which helps us grow in a sustainable way well into the long-term.

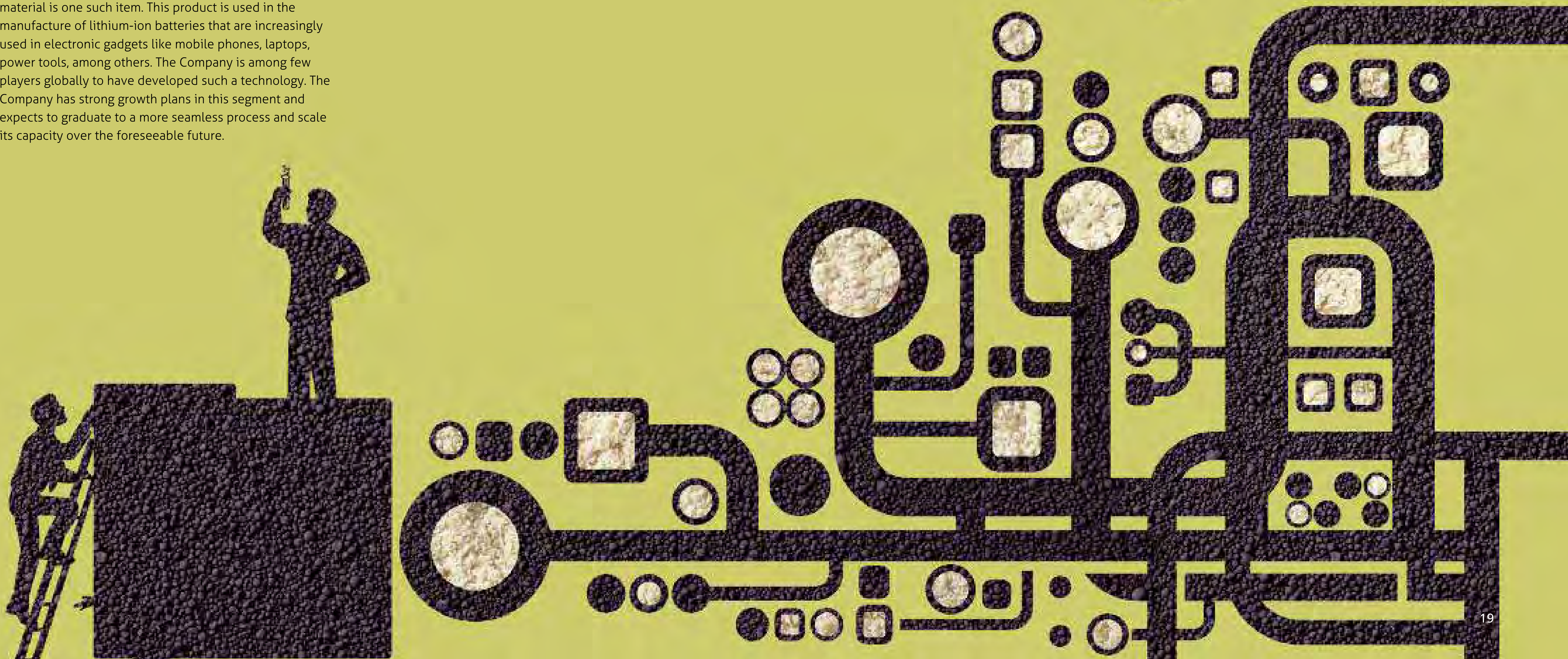
Knowledge and high technology

In a business where we have largely demonstrated the capacity to manufacture downstream value-added products in a competitive way, we have also showcased our capability to extend into the manufacture of niche and technologically-complex products. The advanced carbon material is one such item. This product is used in the manufacture of lithium-ion batteries that are increasingly used in electronic gadgets like mobile phones, laptops, power tools, among others. The Company is among few players globally to have developed such a technology. The Company has strong growth plans in this segment and expects to graduate to a more seamless process and scale its capacity over the foreseeable future.



Investments in research and development made by the Company in last three years

Rs. 129 mn.



Chairman's statement

Our Company has a diversified portfolio of carbon products. We are the only Company to have a fully integrated specialty carbon complex, specialising in developing coal tar by-products and derivatives (advanced carbon material, coal tar pitch, carbon black, corrosion protection and naphthalene). We can now also boast of the fact that we are engaged in power generation also. Understandably, the Company enjoys a formidable downstream presence in the aluminium, graphite, lithium-ion batteries, infrastructure, tyres and rubber application sectors.

We have successfully augmented our carbon black capacity. We added to our portfolio a new SNF plant; a coal tar pitch plant in China and commissioned advanced carbon plant. The result was that the Company reported a creditable year in 2011-12,despite the economies around the world trying to grapple with the vagaries of the downturn: topline grew 60.46 % to Rs. 1123.36 crore, EBIDTA grew 16.64% from Rs. 192.56 crore in 2010-11 to Rs. 224.60 crore in 2011-12.

Mr. D. P. Choudhary
Chairman

Industry overview

Himadri Chemicals has a large portfolio of products catering to the needs of diverse industries and carving for itself a niche in its sector. Even though dark clouds of economic crises hover on the horizon, our industrial presence and performance especially over the last financial year serve for us as the proverbial silver-lining.

Over the years, there has been a demographic shift in the manufacture of aluminium products from Western countries to Asia. Large capacities have been harnessed in the Middle East, China and India leveraging proximate demand, low power costs and the easy availability of competitively-priced raw material. In turn, this increased supply has grown in direct proportion with the consumption of aluminium products in downstream sectors.

Indian crude steel production is expected to grow at a compound aggregate growth rate (CAGR) of around 10% in during 2010-2013. This bodes well for the Company on multiple grounds through generation of raw material for Himadri and simultaneously represent attractive downstream prospects. Coal tar accounts for ~3.5% of the coke produced. From the coal tar distillation process we derive ~50-55% of coal tar pitch.

India's aluminum industry is the principal consumer of coal tar pitch; it accounts for around 78% of coal tar pitch consumed globally. India is engaged in a rapidly bolstering its aluminium capacity as the centre of gravity shifts from Europe to India-China-Middle East.

India is one of the strongest emerging telephony markets in the world. The country's mobile penetration is expected to grow to 72% by 2016 which provides a scope of switching from landlines to cell phones widening the market for lithium ion batteries and materials derived from our distillation process.

India's consumption of carbon black is growing by about eight percent per year. About 95% of the carbon black is consumed by the country's rubber industry. Demand is expected to grow by about nine or ten percent over the next five years. A staggering increase in the country's infrastructural sector as well as the burgeoning automobile industry can prove to be the perfect agents promoting the demand for Himadri's products.

Himadri Chemicals expects to capitalise on these trends through its extensive integration and a growing presence in India and China, two of the fastest growing suppliers of raw material for the Company's operations, ensuring not just consumers but also end products. This two-country presence will enhance flexibility and enable the Company to service the growing demand for coal tar distillation products in India, China and the rest of the world.

Challenges

While the aforementioned data places our prospects from a medium-term perspective, the short-term appears to be a completely different ball game altogether. The Indian economy decelerated in 2011-12, the rupee depreciated 14.57 % against the dollar which resulted in marked-to-market losses of around Rs.89.55 crores. In turn, an industry delay in commissioning new coke oven batteries affected coal tar availability playing havoc with the fortunes of your Company. The slowdown in the Indian economy affected steel production, which in turn, affected the production of coal tar. Due to this the Company's dependence on costly imported coal tar increased and affected profitability in the long-run. In turn, the increase in the raw material cost for carbon black could not be offset by an increase in realisation. Besides, a slowdown in the Chinese construction industry resulted in a naphthalene surplus that affected realisation in India, also affecting our profitability in an extremely adverse fashion.

Outlook

During the short term, we expect to maintain topline growth on account of increasing capacities of its core capacities as well as those of the byproducts and try to shrug off the constraints imposed on the margins due to an increase in raw material costs.

The increase in coke oven capacities and aluminium smelter expansions were delayed, which jolted our profitability and this pressure is likely to sustain into the current financial year. On the brighter side of things, once the coke oven projects under expansion at various integrated steel plants are completed it will increase coal tar availability. We are working to commission the incremental capacity of coal tar pitch to meet the increasing demand from the aluminium sector by this year-end. We are expecting the lithium-ion battery market to increase, resulting in an increase in the demand for our products.

We expect to leverage our capability in core carbon competencies and strengthen our business model by expanding our distillation capacity by a significant 60%. This we intend to leverage on basis of the accruals and debt by the end of the fourth quarter of the current financial year. This expansion will enhance our distillation economies as well as the economies of our downstream by-products.

At Himadri Chemicals, our long-term vision is to enhance value-addition for the gamut of products that come out of our conveyor belts. This facilitates strengthening of margins around base products, increases our distillation capacity, enhances the quantum of raw material required to feed by-product manufacture and widen our coverage of diverse carbon finished products.

This positioning will reinforce our global brand of being a focused and integrated carbon corporation, enhancing value in the hands of the stakeholders.

We expect to leverage our capability in core carbon competencies and strengthen our business model by expanding our distillation capacity by a significant 60%. This we intend to leverage on basis of the accruals and debt by the end of the fourth quarter of the current financial year. This expansion will enhance our distillation economies as well as the economies of our downstream by-products.

Q&A WITH CEO

"EVEN AS MARGINS WERE UNDER SEVERE PRESSURE, WE ENHANCED OUR REVENUES AND OUR CAPACITIES, WHICH WILL CATALYSE REVENUE GROWTH, GOING AHEAD"

Anurag Choudhary reviews the performance of the Company in 2011-12

Q: What were the principal achievements in 2011-12?

A: The financial year 2011-12 was a transformational year in the history of the Company. The Company graduated to a Rs.1000 cr + turnover, and for the first time achieved an EBIDTA above Rs.200 crores, which clearly reflects an inflection point in the history of the Company. In retrospect, since 2003-04, we achieved a CAGR of 26% in our topline and 46% in our EBIDTA.

During the year, we successfully expanded carbon black capacity, set up a new SNF plant, set up a coal tar pitch plant in China and an advanced carbon plant.

Q. What were the challenges faced during the financial year 2011-12 ?

A: 2011-12 was challenging, against the backdrop of the global crisis. The Indian economy also slowed down. There was 14.57 % depreciation in the value of the rupee against the dollar, which had a direct impact on the balance sheet of the Company, which resulted in marked to market losses of around Rs.89.55 crores. However there was not much of an impact on the cash flow as these were more provisions on account of marked to market losses.

The availability of coal tar also did not increase to the level as expected due to a delay in commissioning the new coke oven batteries, the production of steel was affected due to a slowdown in the Indian economy, which in turn, affected the production coal tar, our critical raw material. We had to depend on imported raw material to a great extent. Even as we were grappling with the unprecedented reality, we were affected by an increase in the landed cost of coal tar due to depreciation in value of the rupee against the dollar. This higher cost could not be passed on to customers, affecting the profitability of our business.

The challenge extended to the manufacture of our downstream by-products as well: there was an increase in the raw material cost of carbon black that was not matched by a similar increase in the realisation of carbon black. Besides, a slowdown in the Chinese construction industry resulted in a naphthalene surplus that affected realisation in India, affecting our profitability.

The result was that our margins were severely affected – EBIDTA margin declined from 27.50% in 2010-11 to 20% in 2011-12.

Q: What are the various positives to have transpired during the year under review?

A: There are two things that I want our shareholders to look at.

One, despite a challenging environment, we modified our business model and worked on several initiatives to reduce the cost of production, further improved yields in carbon black and continuously worked on establishing new products.

Two, we recognised that the only way we could counter the prevailing reality was by managing the variables under our control with enhanced precision. The Company focused on reducing the working capital requirement and this yielded results. The net working capital declined from 68 % of the total capital employed during 2010-11 to 54% during 2011-12. Further, the Company is working on various possibilities to improve this during the current financial year.

So even as shareholders will perceive the reality of a decline in EBIDTA margins, I would like to draw their attention to the fact that we strengthened our operating platform which will translate into higher revenues and profits over the long term future. It is actually such challenging times which make us rethink our strategy and strengthen our business model to sustain any eventuality. So the principal message that I intend to send out to shareholders is that at a time of sectoral weakness, we did not go on the defensive but continued to strengthen our overall business model.

Q: Where does the Company go from here?

A: Our principal objective is to leverage our capability in core carbon competence and strengthen our business model by expanding our distillation capacity by a significant 60% in a single year out of accruals and debt. We expect that this expansion will be commissioned by the end of the fourth quarter of the current financial year. This expansion will not only enhance our distillation economies, which is core to our existence; it will also enhance the economies of our various downstream by-products, helping us create a stronger Company marked by an increase in production at one and competitiveness on the other.

Q: What is the short and medium-term outlook of the Company?

A: In the short-term, there are major areas of concern. The coke oven which was expected to start operation was delayed, which had a direct impact on the availability of raw materials for our increased distillation capacity, resulting in increased raw material imports directly impacting our margins. Further, the expansion of capacity by various aluminium smelters was also delayed due to various challenges. The Company was not able to meet its 100 % requirement for feedstock for carbon black through in-house raw material, which also impacted profitability. This indicates that there will be further pressure on our margins during the current financial year.

For medium-term we are optimistic as we expect the coke oven projects under expansion at various integrated steel plants to be completed; this will result in additional volumes of coal tar being available. On the other hand, aluminium capacity in India is expected to increase over the foreseeable future: from 1650 KTPA at the end of 2011-12 to a projected 4000 KTPA by 2014-2015 with CAGR of 34% *(Source : aluminium Company annual reports)*. This increase in aluminium output will need a large increase in the availability of coal tar pitch. As the largest coal tar pitch manufacturer, we recognise that we will not be able to service this significant increase in coal tar pitch appetite with our current projected capacity. In view of this, we have reconciled with the reality that even as we are working to commission the incremental capacity by this year-end, we will need to start planning for a significant increase in our distillation capacity beyond what is already on the ground and in progress. In view of this, the Company expects to further expand its capacity as soon as the coal tar availability becomes clear and the time frame for aluminum smelter capacity addition becomes clearer. We are working aggressively on advanced carbon and expect to further scale the capacity significantly in the years to come. I am optimistic that in view of the significant expansions in the market and increased usage of Lithium –ion batteries, there will be a significant demand for our product.

Tushar Choudhary,
President (Operations)

Amit Choudhary,
President (Projects)

Anurag Choudhary,
CEO

STRENGTHS

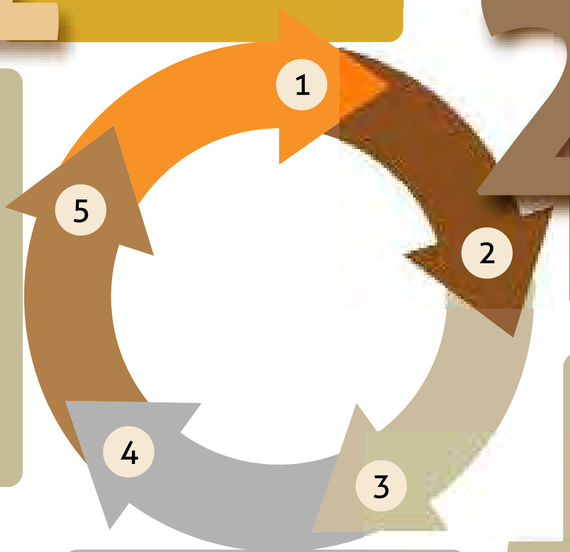
1 Scale
The Company is the largest coal tar pitch manufacturer in India.

2 Multi-presence
The Company's seven manufacturing facilities are located in India and one in China. The Indian facilities address domestic demand while the manufacturing facility in China caters to the Chinese and international markets.

3 Goodwill
The Company's decades-old experience and service makes us the preferred vendor for large companies. The result: More than 1/3rd of our revenues are derived from customers more than five years old.

4 Range
The Company is one of few global companies to manufacture value-added specialty carbon products, catering to diverse downstream industries. Our eight products are integral to sectors like metal, steel, automobile, infrastructure, lithium–ion batteries and power.

5 Logistics
The Company has a dedicated fleet of 110 temperature-controlled tankers (220 degrees centigrade temperature) to transport liquid pitch to customers.

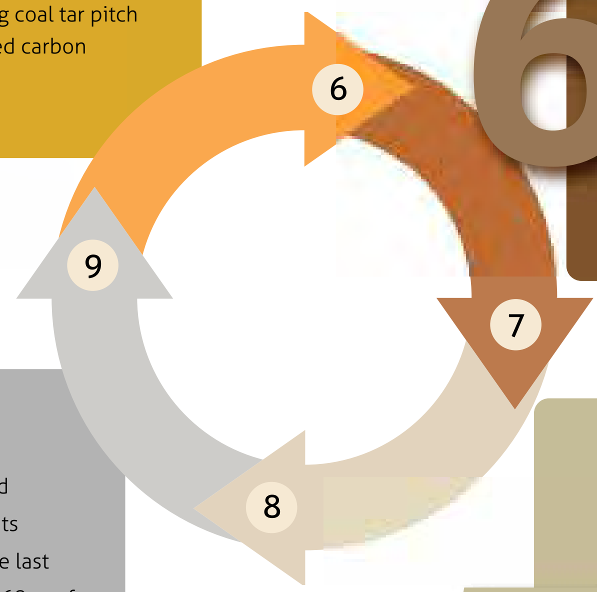


6 Integrated
The Company enjoys a high degree of vertical integration, helping enhance raw material availability and reduce raw material costs compared with manufacturers who do not enjoy this facility.

7 Finance
The Company has a net worth of Rs. 897.99 crores and a book value of Rs.23.28 per share; the net gearing stands at 0.88 and interest cover of 2.59x in 2011-12.

8 Value-creator
The Company created significant value for its shareholders over the last seven years: from Rs.68 cr of market capitalisation at the close of 2004-05 to Rs.1462 cr at the close of 2011-12.

9 Niche
The Company excelled in manufacturing niche products. It is among a few global producers of Zero Quinolene Insoluble (QI), Impregnating coal tar pitch and advanced carbon material.



PRODUCT PORTFOLIO

Coal tar pitch Advanced carbon materials

Carbon black By-products

COAL TAR PITCH

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.

Product overview

Coal tar is typically a by-product generated from the processing of coking coal into low ash metallurgical coke in a high temperature recovery-type coke oven plant. It is primarily sourced from integrated steel manufacturers having captive coke oven batteries. 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, this has a very significant impact on the quality of metal produced and the cost of metal, even though directly it accounts for less than 3.5% of the cost of production but in case quality is compromised this can have very severe impact on both the quality and cost of metal produced.

Himadri 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 commissioned a plant in China in 2011-12. The Company is also among only a few Companies in the world to manufacture Zero QI Impregnation coal tar pitch and advanced carbon material, value-added carbon products.

Industry overview

Met-coke: Global metallurgical coke is an important input in the iron and steelmaking process because it provides the carbon and heat required to chemically reduce iron ore in blast furnaces to molten pig iron. Indian crude steel production will grow at a compound aggregate growth rate (CAGR) of around 10% during 2010-2013. Reports suggest that the finished steel consumption will grow at a CAGR of around 12 per cent during FY 2012 - FY 2014. World coke consumption has grown from 357 million tonnes in 2001 to around 600 million tonnes in 2012.

Coal tar pitch: Coal tar accounts for ~3.5% of the coke produced. From the coal tar distillation process we derive ~50 - 55% of coal tar pitch. The aluminum industry is the principal consumer of coal tar pitch accounting for around 78% of coal tar pitch consumption globally. The graphite industry comes second, accounting for ~13%of coal tar pitch production globally. The coal tar pitch consumption in aluminium production is around 10% of the aluminium produced, while coal tar pitch requirement in graphite production is 40-42%.

Graphite: The electrodes act as current carrying conductors and the arc generated melts the scrap/ DRI to make steel. Its demand is 'derived demand', depending on steel production. India emerged as the world's fourth-largest steel producer after China, USA and Japan. India produced 71 MMT of crude steel in 2011-12 against 68 MMT in 2010-11. India's per capita consumption of 57 kgs is still way behind the developed economies which means a huge growth potential for the country in steel production. As per the latest forecast, India is poised to become the world's second-largest steel producer by 2015

ADVANCED CARBON MATERIALS

There is a growing demand globally for advanced carbon products as lithium-ion batteries represent the heart of mobile electronic devices

Product overview

Advanced carbon material is produced from coal tar pitch and used as anode material in lithium-ion batteries. There is a growing demand globally for advanced carbon products as lithium-ion batteries represent the heart of mobile electronic devices and will be the energy source for energy-efficient vehicles.

The lithium-ion battery is versatile for a number of reasons: the battery is a lightweight, high energy density battery, high power, possesses high capacity, high voltage, has an enduring life and does not emit gases or liquids. It is used in mobile phones, laptops, power tools, digital cameras, audio devices, games and implantable medical devices. Interestingly, its application is being extended to hybrid electric vehicles. There is a growing feeling that the development of thin-film batteries and high-energy density lithium-ion batteries will widen applications and catalyse product offtake.

Himadri overview

Himadri Chemicals commenced the manufacture of advanced carbon materials through its 100% export-oriented unit in 2008. The Company leveraged two decades of core carbon competence to enter this specialised segment. Over the years, the Company emerged as the only company outside Japan to possess this specialised and well-guarded technology to manufacture this demanding material from coal tar products.

Industry overview

India is one of the most penetrated telephony markets in the world with 903.73 million telecom subscribers as in January 2012. The country's mobile penetration is expected to grow to 72% by 2016 *(Source: Times of India),* facilitating a switch from landlines to cell phones, indirectly widening the market for lithium-ion battery and thus for battery materials .

The Indian mobile handset market grew 14.1% to 182 million handsets in 2011. According to ABI Research, a US-based market intelligence company specialising in global connectivity and emerging technology, the Indian handset market is poised to grow at a compounded annual growth rate (CAGR) of 10.7% over 2011-17, with total handset volume projected at 335 million units of sales by 2017. A recent study by Roland Berger Strategy Consultants, puts the global lithium-ion battery market at nearly $9 billion by 2015 and projected to exceed $50 billion by 2020 *(Source-http://www.solarfeeds.com/lithium-ion-battery-market-50-billion-by-2020/).*

CARBON BLACK

Himadri produces various carbon black variants that find applications in non-rubber and rubber industries.

Product overview

Carbon black is a pure elemental carbon in the form of turbo-static colloidal particles. It is manufactured through the incomplete combustion/thermal decomposition of gaseous or liquid hydrocarbons under controlled conditions.

It is a black, finely divided powder in the form of small pellet that finds application as one of the world's most important industrial chemicals as reinforcing agent in the elastomer matrix. It is used in rubber as a reinforcing material and plastics, coating, ink as an inorganic pigment and batteries and conveyor belts. The rubber industry is a major consumer accounting for the consumption of around 90% of the world's carbon black production.

Himadri overview

The Company commenced carbon black manufacture at its Mahistikry plant in July 2009. The Company is producing power through the recovery of tail heat gas. Himadri produces various carbon black variants that find applications in non-rubber and rubber industries.

Industry overview

Asia accounts for 61% of the world's carbon black capacity with China alone accounting for 38%. In the past decade, the Asian carbon black production capacity reported an average annual growth rate of 10%.

The market share of the domestic industry declined as compared to the base year as well as in the most recent period whereas share of the imports increased significantly. India's consumption of carbon black is growing strongly by about eight percent per year. Most of this carbon black – about 95% –is consumed by the country's emerging rubber industry. The use for paints is a much smaller market segments. The report expects the demand to grow by about nine or ten percent over the next five years, largely driven by a recent growth of India's automotive and tyre industry but also by infrastructural improvement in roads and highways.

BY-PRODUCTS

We leveraged our research and technological insight leading to the manufacture of several derivatives.

We leveraged our research and technological insight leading to the manufacture of several derivatives derived from the Company's core competence in the area of coal tar distillation.

Sulphonated Naphthalene Formaldehyde (SNF): In 2009 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 which is used in ready mix concrete. This enhances strength, fluidity and rationalises cement consumption. The product is also used as a dispersing agent in the dyes, leather and agro industries. In 2011, the Company commenced production of SNF in Mahistikry and thereby enhanced its capacity by 278% during the year under review.

Naphthalene

A by-product of coal tar distillation, naphthalene is frequently used in Sulphonated Naphthalene Formaldehyde, dye and organic compound intermediates in fine chemicals, pharmaceuticals, beta-naphthol, phthalic anhydride, tanning agents, moth balls and domestic disinfectants.

Himcoat enamel

This value-added product is finding increasing acceptance as a corrosion protection agent for underground and offshore pipelines. The product is of high-end quality conforming to demanding quality standards like BS 4164, AWWA C203 and IS 15337 (2033).

Himcoat primer-B

This product is used in coating in oil and gas pipelines, tanks, underground structures and fittings, water and sewage pipelines, fire hydrant lines, pipe joints and couplings. The product is of high quality and certified with BS 4164 and AWWA C203 standards.

Himtape

This specially formulated plasticised coal tar coating is bonded on both sides of high tensile strength fabric. Its application is similar to primer-B and used to protect underground gas, oil and water pipelines as well as buried metal surfaces from corrosion and electrolysis. The product is certified with international quality standards.

Himwrap

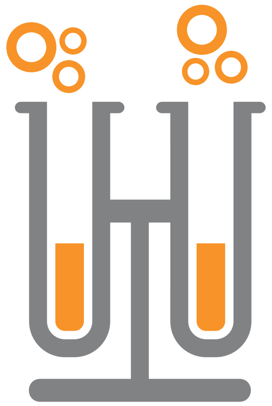
This key product protects underground pipelines from soil stress, pipe shift, moisture, bacteria and root growth. The fibre-glass tissue is blended with plasticised coal tar enamel and dusted with inorganic parting agents that prevent sticking to the roll.

Key features

SNF	Naphthalene	Himcoat Enamel	Himcoat primer-B	Himtape	Himwrap
• Enhance strength,fluidity and rationalising cement consumption in ready mix concrete • Used as a dispursant agent in dyes, leather and agro industries	• Used in manufacturing SNF • Used in Dye and organic compound intermediates • Used in moth balls and domestic disinfectants	• Permanent corrosion protection • Reduced moisture absorption • Insoluble in hydrocarbon • Resistant to cathodic disbonding • Highly flexible	• Fast drying • Higher coverage capacity • Tasteless and odourless • Can be used to coat pipes from inside	• Easy to use • Uniformity in thickness • Water resistant • Ability to sustain high temperatures • Excellent adhesion to metal surface	• Rust proof • High tensile strength • Porosity resistant

Business driver-1

QUALITY



Highlights, 2011-12

The Company developed some of its own proprietary tests, which helped it to understand the impact of the material the Company supplies to the user industry better. This helped the Company clearly deliver value addition. The Company was able to supply raw material at the right price with the best properties, enhancing value for customers.

Key initiatives

- Meeting stringent customer requirements through a high quality focus, strong interaction with customers, understanding their changing requirements and accordingly improving the process and product
- Plants certified with ISO 9001:2008 and ISO 14001:2004
- Plants equipped with statistical process control equipment leading to quality consistency
- Products tested in line with ASTM standards from raw material procurement to finished product manufacture

Comprehensive checking of all (22) quality parameters, ensuring that high quality products are manufactured. Strong and experienced team in the laboratory, a distinctive competitive advantage

Business driver-2

RAW MATERIAL MANAGEMENT

Highlights, 2011-12

The Company faced severe challenge in terms of availability of raw material during the year, due to a delay in the commissioning of coke oven batteries by steel plants. It became even more critical to secure the maximum quantity at the best prices. The Company's manufacturing facilities are strategically located near the raw material industry, enabling it to source raw material in the most efficient manner.

Coal tar is the most important raw material for the Company. The Company invested in creating adequate storage capacity, to ensure uninterrupted material supply.

Key initiatives

- Adequate storage facilities at plants
- Setting up a coal tar dehydration facility in Rourkela with railway rack loading facility so that dehydrated coal tar can be moved to the main plant for further processing via rail at the most economical cost. Insulated tanks with temperature-control measures reduce raw material processing time and enhance productivity
- Strategic extension to China strengthened raw material availability

Business driver-3

MARKETING

Highlights, 2011-12

The Company commenced operations across various products during the year.

The Company supplied samples from its Chinese plant to various customers across continents. Coal tar pitch being a highly specialised product and having direct impact on the quality of the end product, it takes 6 – 18 months for products to be approved by customers.

The capacity of SNF increased manifold, which made it important for the marketing team to push the product among customers. The Company is targeting the export market in a big way, and started exports of SNF in liquid form to various global markets.

Strengthened its pan India distribution network for supply of carbon black.

Key initiatives

- Make products available on time leading to a high service standard
- Pan-India and global presence makes it possible to service a large customer range
- Timely service helps customers enhance uptime and reduce inventory

Business driver-4

RESEARCH AND DEVELOPMENT

Highlights, 2011-12

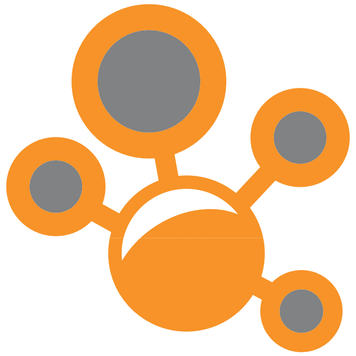
Research and development is the core of the Company's existence, the Company R&D team has been working relentlessly on developing new products, improving the existing product lines keeping in pace with the changing requirement of the user industry, improving the technology to optimise the cost of production. The Company is also working on other new products from impregnating pitch and other forms of advanced carbon material and also working on advanced carbon material for special applications. It is also working on developing specialty pitch from oil to be used for high value-added applications.

Key initiatives

- Proactive investment (Rs.895.94 Lacs in the nature of capital expenditure and Rs. 395.04 Lacs in the nature of revenue expenditure) in three years
- One of the few companies globally to develop advanced carbon material used in Lithium-ion batteries
- Made strategic investment in a tail-gas recovery system for generating power.
- Exploring new technologies to extract more value-added products from coal tar (anthraquinone, carbozole, phenolic fractions, quinoline products, indene and fluorine)

Business driver-5

SUPPLY CHAIN MANAGEMENT



Highlights, 2011-12

Supply chain management has become one of the key areas of cost for any industry. It is critical for us as well-- right from the stage of raw material to finished products. Liquid pitch needs specialised tankers for moving the material to customer plants at a very high fixed temperature. The cost of product movement is increasing every year and the biggest challenge is to minimise this cost and move the material most efficiently and economically.

Over the years the Company gradually shifted its movement of raw material from road tankers to the railway network, which resulted in a lower time lag and efficient movement

The Company started work on the blue printed strategy to have its own storage tankage at various locations pan-India including ports to reduce logistic costs and ensure on time movement of raw material.

The Company developed its own Liquid Pitch Terminal in China , to facilitate the global exports of liquid pitch. This will also help the Company source liquid cargo from China for its Indian operations at most economically.

Key initiatives

- Having a dedicated fleet for specialised movement of liquid pitch and an increased fleet size in five years leading to timely product supply
- Pan-India presence with adequate road and rail connectivity
- Dedicated temperature-controlled tankers capable of carrying liquid coal tar pitch, while maintaining product quality
- International plant in China to facilitate exports

Business driver-6

INTELLECTUAL CAPITAL

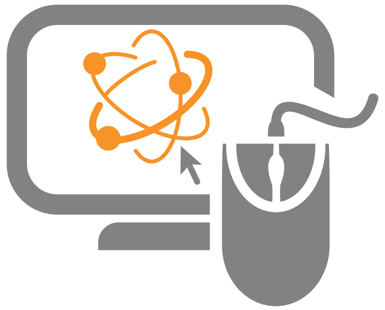
Highlights, 2011-12

The Company's intellectual resource is its most valuable asset. This makes Himadri different from its global peers.We developed our intellectual capital through years of grooming in-house talent and retention for years. On an overall basis, it reduced attrition rates and provided technical and behavioural training to employees.

Key initiatives

- Introduced performance-based employee appraisal and reward system
- Streamlined the feedback module
- Plans to introduce Employees Stock Option Plan (ESOP) to enhance employee engagement and motivation

INDUSTRY OVERVIEW



Indian economy

The Indian economy grew 6.5% in 2011-12 as against 8.4% in 2010-11. The country's foreign exchange reserves decreased by USD 11.90 bn to USD 294.40 bn, and exports grew by 22 %. Gross fiscal deficit was 5.2% in 2010-11, rising to 5.9% in 2011-12 and estimated to fall to 5.1% in 2012-13.

Global aluminium capacity, production and consumption

Year	Capacity (MT)	Production (MT)	Consumption(MT)
2005	36.88	31.21	31.24
2006	38.52	33.86	34.47
2007	42.45	38.15	38.29
2008	45.95	39.57	38.13
2009	49.57	36.97	35.80
2010	50.19	41.12	40.35
2011(E)	52.52	44.25	43.60
2012(E)	55.80	46.69	45.62

(Source: HSBC, Brook Hunt)

Downstream industry review (aluminium)

Global: Global primary aluminium production grew 7.61% from 41.12 million tonnes (MT) in 2010 to 44.25 MT in 2011 and is estimated to increase by 5.51% to 46.69 MT in 2012. Global aluminium consumption increased by 8.05% from 40.35 MT in 2010 to 43.60 MT in 2011 and is expected to grow by 4.63% to 45.62 MT in 2012 *(Source: HSBC, Brook Hunt)*. LME prices of aluminium rose 10.40% from a weighted average price of USD 2,175 per tonne in 2010 to USD 2,401 per tonne in 2011, further there is steep downward trend in the aluminium prices which has dropped almost by 25 % to USD 1800 per tonne in 2012, this has resulted in severe pressure on the aluminium industry as the industry average cost of production is above this level. There has been severe production cuts across the world , as the current prices are unsustainable.

China: China's aluminium production increased by 10.35% from 16.13 MT in 2010 to 17.80 MT in 2011 and is expected to grow 9.72% to 19.53 MT in 2012. China accounts for about 40% of the total global aluminium production. China's aluminium consumption increased 13.29% from 16.03 MT in 2010 to 18.16 MT in 2011 and is expected to grow by 8.26% to 19.66 MT in 2012 (Source: HSBC, Brook Hunt).

India: India's primary aluminium consumption grew at a CAGR of 15% during FY02 to FY06. During FY06 to FY11, the compounded annual demand growth decelerated to 9.3% owing to the global slowdown. The Indian aluminium capacity grew at a CAGR of about 13% during FY02 to FY11. Domestic production increased at a CAGR of 11% during the same period. CARE Research expects domestic aluminium demand to grow at a CAGR of about 8.5% during FY11 to FY16. Domestic demand is likely to grow to about 2.4 mn tonnes by FY16. Power, automobiles and construction sectors, which contribute about 50% of the domestic end-use consumption pattern, are likely to drive domestic demand, followed by the packaging and white goods sectors.

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 52% of the global aluminium production in 2005; they now account for just 35%. Asia accounted for only 35.09% of the global aluminum production in 2005, now it accounts for 56.10% and this is projected to increase to 64% by 2020 *(Source: HSBC, Brook Hunt)*.

World share of aluminium production by region (In %)

	2005	2006	2007	2008	2009	2010	2011
USA	24.31	23.08	21.51	21.32	19.64	16.56	15.79
Europe	28.07	26.11	24.18	24.57	22.03	19.86	19.10
China	24.42	27.57	33.02	33.27	35.03	40.87	41.93
Other Asia	10.67	11.03	10.45	10.71	12.78	13.21	14.17
Oceania	7.04	6.71	6.07	5.80	5.97	5.38	5.05
Africa	5.48	5.50	4.76	4.33	4.54	4.12	4.00

(Source: HSBC, Brook Hunt)

Downstream industry review (steel)

Global: Global steel consumption increased 6.72% to 1,382 MT in 2011 and is expected to increase 3.5% to 1,430 MT in 2011 and by 5% to 1,502 MT in 2012. China is the world's largest steel producer. China's steel consumption is estimated to grow from 618 MT in 2011 to 650 MT in 2012 *(Source: World HSBC, Brook Hunt).*

Leading steel-producing nations

Country	2011	2010	y-o-y growth (%)
China	696	639	8.9%
Japan	108	110	-1.8%
USA	86	80	7.5%
India	72	68	5.9%
Russia	69	67	3.0%

India: The Indian per capita steel consumption stood at 59 kgs. The steel production stood at 73 million tonnes in 2011-12 while the consumption stood at 71 million tonnes during the same period. India's steel demand is likely to grow from 70 MT in 2011-12 to 113 MT, a 10% CAGR, transforming India into a net exporter of steel by 2016-17. Per capita steel consumption is forecast to double within five to seven years.

Power industry overview

India accounts for 4% of global power generation, and has the fifth largest generation capacity in the world. The total installed generation capacity in the country as on 20th September, 2011 stood at 182,344.62 MW, with thermal power contributing 118,695.98 MW, nuclear 4,780.00 MW and hydro power 38,706.40 MW, according to Central Electricity Authority (CEA) data.

The Power Ministry has set a target for 76,000 MW of electricity capacity in the Twelfth Five Year Plan (2012-17) and 93,000 MW in the Thirteenth Five Year Plan (2017-2022). The Working Group on Power for the Twelfth Five Year Plan has estimated total fund requirement of Rs.13,72,580 crore for the power sector.

Downstream industry review (automobile)

The automobile sector is an indirect consumer of carbon black (through tyres). In 2011-12, India's automobile production grew 13.83% and exports grew 25.44%. India's automobile industry is expected to grow 11-13% in 2012-13. Light commercial and passenger vehicles are expected to grow 28-30% and 2-4% respectively. The Indian demand for cars is expected to grow by more than three million units by 2014 *(Source: SIAM).*

FINANCE REVIEW

Analysis of the Profit and Loss account

Financial snapshot (Rs. in Lacs)

	2011-12	2010-11	% growth (annualised)
Total income	114,311.10	70,779.78	61.50%
Net sales	112,336.06	70,008.26	60.46%
EBIDTA*	22,459.60	19,255.69	16.64%
PAT	6,331.65	11,438.91	(44.65)%

**EBIDTA is calculated by excluding the effect of foreign currency loss/gain and other income*

Highlights, 2011-12

- The total income of the Company increased 61.50% from Rs. 70,779.78 Lacs in 2010-11 to Rs. 114,311.10 Lacs in 2011-12.
- The net sales of the Company increased 60.46% from Rs. 70,008.26 Lacs in 2010-11 to Rs. 112,336.06 Lacs in 2011-12.
- EBIDTA grew 16.64% from Rs. 19,255.69 Lacs in 2010-11 to Rs. 22,459.60 Lacs in 2011-12.
- PAT declined 44.65% from Rs. 11,438.91 Lacs in 2010-11 to Rs. 6,331.65 Lacs in 2011-12.

Income analysis

Total income

The total income of the Company (income from operating and non-operating income) increased 61.50% from Rs. 70,779.78 Lacs in 2010-11 to Rs. 114,311.10 Lacs in 2011-12.

Income from operating activities

The operating income of the Company comprising net sales increased 60.46% from Rs. 70,008.26 Lacs in 2010-11 to Rs. 112,336.06 Lacs in 2011-12, owing to an increase in production. The Company's exports grew from Rs. 12,289.46 Lacs in 2010-11 to Rs. 16,768.53 Lacs in 2011-12, with its proportion to total sales decreasing by 263 basis points to reach 14.93%.

Income from non-operating activities

The non-operating income of the Company comprising other income increased 156% from Rs. 771.52 Lacs in 2010-11 to Rs.1,975.04 Lacs in 2011-12 due to increase in income from investments in mutual funds.

Margin

(In percentage)

	2011-12	2010-11
EBIDTA margin	20	27.50
Net profit margin	5.64	16.34

The Company's EBIDTA and PAT margins decreased 750and 1,070 basis points respectively despite an increase in sales. The decrease in margins was primarily because of further increase in raw material costs from last year.

Cost analysis

The total expenditure of the Company increased 88.09% from Rs. 56,439.53 Lacs in 2010-11 to Rs. 1,06,157.29 Lacs in 2011-12.

Cost components

(Rs. in Lacs)

Costs	2011-12	% of total cost	2010-11	% of total cost
Operating expenses	89,876.46	84.67	50,752.57	89.93
Finance cost	5,120.09	4.82	2,970.32	5.26
Forex Loss/(Income)	6,720.19	6.33	(608.18)	-1.08
Depreciation	4,440.55	4.18	3,324.82	5.89
Total	**1,06,157.29**	**100.00**	**56,439.53**	**100.00**

Operating expenses

Total operating expenses increased 77.09% from Rs. 50,752.57 Lacs in 2010-11 to Rs. 89,876.46 Lacs in 2011-12. The primary items in the operating expenses comprised:

Raw material costs: The cost of raw materials consumed increased 77.09% from Rs. 44,622.31 Lacs in 2010-11 to Rs. 80,594.08 Lacs in 2011-12, 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 net sales, increased from 63.74% in 2010-11 to 71.74% in 2011-12.

Manufacturing and other expenses: The Company's manufacturing and other expenses increased 31.84% from Rs. 8,909.23 Lacs in 2010-11 to Rs. 11,745.51 Lacs in 2011-12. The primary reasons for growth in the manufacturing and other costs are:

- Increase in employee costs by 34.41% from Rs. 1,248.45 Lacs in 2010-11 to Rs. 1,677.98 Lacs in 2011-12.
- Increase in freight and forwarding expenses by 65.16% from Rs. 2,064.49 Lacs in 2010-11 to Rs. 3,409.74 Lacs in 2011-12.

Financial expenses

Total financial expenses comprising interest and financial expenses increased 72.38% from Rs. 2,970.32 Lacs in 2010-11 to Rs. 5,120.09 Lacs in 2011-12. 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 5.83 times in 2010-11 to 2.59 times in 2011-12.

Analysis of the Balance Sheet

Sources of funds

Analysis of capital employed (Rs. in Lacs)

	2011-12		2010-11	
Segment	Amount	% of total capital employed	Amount	% of total capital employed
Share capital	3,857.33	1.95	3,857.33	2.28
Reserves and surplus	85,941.35	43.39	80,720.78	47.64
Net worth	89,798.68	45.34	84,578.11	49.92
Loan funds	1,08,264.27	54.66	84,865.88	50.08
Capital employed	1,98,062.95	100.00	1,69,443.99	100.00

Capital employed

The total capital employed by the Company increased 16.89 % from Rs. 1,69,443.99 Lacs as on 31st March, 2011 to Rs. 1,98,062.95 Lacs as on 31st March, 2012, following an increase in reserves and surplus and secured loans for expansion plans.

The average return on capital employed by the Company decreased from 14.08 % as on 31st March, 2011 to 13.30% as on 31st March, 2012.

Net worth

The Company's networth as a proportion of total capital employed decreased from 49.92% as on 31st March, 2011 to 45.34% as on 31st March, 2012 despite an increase of 6.17% from Rs. 84,578.11 Lacs as on 31st March, 2011 to Rs. 89,798.68 Lacs owing to the ploughback of operational surplus. The average return on net worth declined from 14.46% in 2010-11 to 7.26 % in 2011-12.

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 6.47% from Rs. 80,720.78 Lacs as on 31st March, 2011 to Rs. 85,941.35 Lacs as on 31st March, 2012.

Loan funds

The total loan funds of the Company increased 27.57% from Rs. 84,865.88 Lacs as on 31st March, 2011 to Rs. 1,08,264.27 Lacs as on 31st March, 2012. The debt-equity ratio of the Company increased from 1.00 in 2010-11 to 1.21 in 2011-12.

Secured loans: The secured loans worth Rs. 1,00,285.14 Lacs comprised 92.63% of the total loan funds. External commercial borrowings comprised 23.67%, working capital loans 54.73%, term loans 1.66% and non-convertible debentures 19.94% of the total secured loans.

Unsecured loans: The unsecured loans worth Rs. 7,979.13 Lacs comprised 7.37% of the total loan funds, deep discount debentures comprised 51.74% and foreign currency convertible bonds 48.26% of the total unsecured loans.

Application of funds

Gross block

The gross block increased from Rs. 68,244.27 Lacs as on 31st March, 2011 to Rs. 95,017.80 Lacs as on 31st March, 2012. Whereas, the return on gross block decreased from 29.35% in 2010-11 to 25.72% in 2011-12, the accumulated depreciation stood at 17.33% of gross block, reflecting the newness of assets.

Capital work-in-progress

The capital work-in-progress decreased from Rs. 28,606.55 Lacs as on 31st March,, 2011 to Rs. 28,264.87 Lacs as on 31st March, 2012 owing to capacity expansion projects underway.

Investments

The Company's investments decreased 13.42% from Rs. 25,903.02 Lacs as on 31st March, 2011 to Rs. 22,427 Lacs as on 31st March, 2012 owing to utilisation in projects.

Working capital

The Company's working capital requirement increased 28% from Rs.47,564.85 Lacs as on 31st March, 2011 to Rs. 60,896.51 Lacs as on 31st March, 2012,whereas the Company's working capital as a proportion of net sales declined from 68% to 54% in 2011-12. The Company's current ratio and quick ratio stood at 1.44 and 0.95 respectively in 2011-12 compared with 2.09 and 1.42 respectively in 2010-11.

Inventory: Inventory increased 23.44% from Rs. 23,959.00 Lacs as on 31st March, 2011 to Rs. 29,573.89 Lacs as on 31st March, 2012. The inventory cycle decreased from 125 days in 2010-11 to 96 days in 2011-12.

Debtors: Debtors increased 52.45% from Rs. 15,640.88 Lacs as on 31st March, 2011 to Rs. 23,843.78 Lacs as on 31st March, 2012. Despite this, the debtors' collection period decreased from 73 days in 2010-11 to 69 days in 2011-12.

Loans and advances: Loans and advances increased 4.94% from Rs. 24,635.18 Lacs as on 31st March, 2011 to Rs. 25,853.20 Lacs as on 31st March, 2012.

Cash and bank balances: The Company's cash balance decreased 31.90% from Rs. 9,828.22 Lacs as on 31st March, 2011 to Rs.6,692.88 Lacs as on 31st March, 2012.

Current liabilities and provisions: Current liabilities and provisions increased 7.20% from Rs. 9,297.73 Lacs as on 31st March, 2011 to Rs. 9,967.02 Lacs as on 31st March, 2012

Taxation

The Company's provision for taxation for the current year decreased 37.20% from Rs. 2,901.34 Lacs in 2010-11 to Rs. 1822.16 Lacs in 2011-12. The average tax rate for the current year increased 212 basis points from 20.23% in 2010-11 to 22.35% in 2011-12.

RISK MANAGEMENT

Risk is defined as the 'effect of uncertainties on objectives' and which can have a material impact on performance and future prospects of the Company.

Thus, as a measure of risk management, it is the responsibility of Company to identify, evaluate and counter the risks, by understanding the core of the business and the market conditions affecting the business. In other words the risks should be minimised and the returns should be maximised.

As far as Himadri is concerned, it has a well-defined integrated risk management policy that includes a clear understanding of risk, evaluating its impact on the business and taking appropriate actions to counter them. The centralised system for devising the risk management approach rests with the senior management. The approach is then communicated downwards to all managers at various organisational levels, helping the Company mitigate risks early on.

Operational risk

Risk explanation: Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people, and systems or from external events. Low equipment uptime and inefficiencies could lead to lower productivity and reduced profitability.

1

Risk mitigation

Some of the measures taken by the Company include creation of a raw material storage capacity for facilitating easy input availability. The Company made investments for training manpower and also invested in coal tar pitch storage tanks to store finished products at optimal temperatures, which will in turn help reduce production time at the customer's end. Risk of loss due to process equipment failure or damage is a real risk, the Company analyses the cause of probable failure and takes preventive action.

Industry risk

Risk explanation: Industry risk refers to the dangers to a particular stock that stem not from problems with the Company per se but rather from far more wide ranging issues involving the entire industry that the Company belongs to. So if demand from coal tar pitch consuming downstream industries declines, it could impact demand for the Company's products.

2

Risk mitigation

Aluminium production facilities are shifting from the western world to Asia, especially Middle East, China and India, closer to the Company's manufacturing centres, catalysing the growth of the Company. The Company's footprint expansion in India and China could ensure continued operations; any cyclical effect on this industry will have its impact first on the aluminium smelters in the western world , where the costs of production are higher and the plants have smaller and fragmented capacities compared to the new capacities coming up in the Middle East and India.

Funding risk

Risk explanation: Funding risk is a form of liquidity risk which arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms as and when required. Unavailability of funds at lower cost could impact profitability and lack of adequate funds could impact the business as a whole.

3

Risk mitigation

The cash profits of the Company stood at Rs. 13,036.06 Lacs as on 31st March, 2012. Further, its net gearing (standing at 0.88) enhanced its credibility. 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 additionally at a low cost.

Environmental risk

Risk explanation: This risk arises when environmental considerations are compromised for economic benefits. Non-compliance with statutory environmental norms could attract censure or lead to loss of reputation.

4

Risk mitigation

The Company invested in effluent treatment plants in all factories to reduce environmental impact well below norms. It is certified for ISO 14001:2004, certifying its environment management system. The Company conserves natural resources like water, fuel, energy and build environmental awareness among employees and interested parties.

Logistics risk

Risk explanation: It refers to the need of the Company to deliver products to customers at the right time and of the right quality. It can increase product turnaround, hamper goodwill and lead to a probable loss of sale.

5

Risk mitigation

The Company's network is widespread with dispersed plants helping reduce delivery time. These plants are connected with good rail and road networks. The Company also has a dedicated fleet of 110 temperature-controlled tankers to transport Liquid Pitch on schedule to customers. Its efficient logistics management ensures that all products are dispatched within schedule.

Raw material risk

Risk explanation: It refers to irregular supply of raw material which can hinder the production process. It also includes non-availability of raw materials at lower prices. It can directly or indirectly, affect profitability of any Company.

6

Risk mitigation

The Company's relationship with its suppliers is one where both are loyal to each other. It has a long-term relationship with all major Indian raw material suppliers. The storage capacity is high so large volumes of raw material can be stored, increasing the re-ordering level. Captive consumption of one-third of the CTP division's production also reduces the raw material supply worries. The Company is not completely dependent on the indigenous market for sourcing its requirement of raw material. Depending on the market dynamics it imports its requirements, the cost of material can vary depending on the global, economical and demand-supply dynamics and this can have direct impact on the profitability of the Company.

Quality risk

Risk explanation: The Company's inability to produce quality products could result in customer dissatisfaction, which in turn could lead to a loss of goodwill or erosion in market share.

7

Risk mitigation

The Company's R&D competencies and technology advancement resulted in improving product quality. Its products meet all stringent quality parameters required by customers. The Company also interacts periodically with customers to improve product quality. Its finished products are subject to extensive tests in line with international standards. The Company's laboratory is equipped with advanced equipment that benchmarks product quality by using various analytical methods.

Competition risk

Risk explanation: This risk refers to a downturn in market share as a result of increased competition and under-cutting.

8

Risk mitigation

Himadri is unique from its peers in many respects. The Company is the only Indian Company with an integrated carbon complex. It is the only Indian Company to manufacture advanced carbon material and Zero QI coal tar pitch. The Company has developed product customisation to develop long-term client relationships. More than 1/3 of the Company's sales was derived from customers older than five years. The Company feels there is adequate risk in terms of completion for some of its products profile, which can have direct impact on the profitability of the Company.

Realisation risk

Risk explanation: It refers to the impact of the decline in margin and realisations on the earnings of the Company.

9

Risk mitigation

The Company accepts this as a big risk to its business model. The projected increase in capacity of steel in India, will lead to higher availability of feed stock and Company will be in a position to procure its raw material requirement at a reasonable cost. The Company plans to increase the proportion of value-added products in its portfolio.

Geographic risk

Risk explanation: The growth of the Company can be affected if it is unable to spread into newer geographies.

10

Risk mitigation

The Company markets products to downstream industries like aluminium, steel, graphite, automobile, infrastructure and rubber across India. Its operations are spread throughout the country. The Company has expanded its presence internationally through its manufacturing facility in China.

Currency risk

Risk explanation: A downturn in the value of currency in which the Company is dealing could lead to huge losses or reduction in profits for the Company.

11

Risk mitigation

The Company has a substantial foreign currency exposure with most positions unhedged which has lead to marked to market losses. The Company foresees foreign exchange downturn as a major risk. At right point of time it will opt for forward contracts to hedge the currency risk.

The Company's exports reduce its foreign exchange exposure against raw material import.

Productivity risk

Risk explanation: Being in the manufacturing industry, the Company is susceptible to this risk. It is highly dependant on human resources to run its plants. Any strikes, or lock-outs could lead to lower profitability.

12

Risk mitigation

The Company values its workers and ensures a safe working environment. The Company views itself as a socially responsible citizen, adopting safe practices and providing engineering solutions to avoid hazard occurrences. Accidents and health risks are prevented through continual improvement in working environment and the involvement of all employees, making work accident-free.

Many benefits are given to the workers, like educational benefits for their children among others, to motivate them to work efficiently.

CSR ACTIVITIES

Eye Camp organised at Haripal

Food & cloth distribution camp at Kamarhati

Marriage sponsered at Hooghly

Food & cloth distribution camp at Chandni Chowk

Free medical camp at Hooghly

Free cloth distribution camp at Garden Reach

The International Finance Corporation (IFC) recognised Himadri for its excellence in environmental leadership. In the annual environmental audits held by IFC, they certified that the Company's environmental protection measures meet stringent international standards.

Himadri has taken several initiatives to protect the environment. To ensure this the Company has an effluent treatment plant and a waste heat-based power plant. The waste gas that is generated from coal manufacturing is consumed by the Company and that helps generate power which in turn minimises impact on the environment. The Company also gives extensive training to its employees to reduce wastage of water, fuel and energy. The Company runs a free dispensary for villagers and employees near its Mahistikry plant. The Company in collaboration with the local administration distributed books and uniforms to students, food and clothing to the needy, commissioned tube wells to ensure hygienic water and funded local schools in the other locations. It also organised health & eye camps along with blood donation drives and rescue and relief camps for flood affected villages. It held cultural and sports programmes for economical, cultural and social betterment of the community. Himadri ensured that they have abided by the international safety standards in their plants. Due to the maintenance of cleanliness and hygiene at the plants the employee's health and safety is always ensured.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report, together with the audited financial statements and the Auditor's Report of your Company for the financial year ended 31st March, 2012.

Financial Results

The performance of the Company for the financial year ended 31st March, 2012 is summarised below:

(Rs. in Lacs)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Gross turnover	1,24,106.25	77,174.54
Other income	1,975.04	771.52
Total income	1,14,311.10	70,779.78
Operating profit	**20,166.64**	**20,692.91**
Interest and finance charges	7,572.28	3,027.84
Depreciation	4,440.55	3,324.82
Profit before tax	**8,153.81**	**14,340.25**
Provision for tax		
Current Tax	6.63	2,071.51
Deferred tax	1,815.53	829.83
Profit after tax	**6,331.65**	**11,438.91**
Add: Surplus brought forward	29,807.70	20,817.10
Surplus available for appropriation	**36,139.35**	**32,256.01**
Appropriations		
Transfer to General Reserve	1,500.00	1,500.00
Transfer to Debenture Redemption Reserve	500.00	500.00
Proposed Dividend	385.73	385.73
Corporate Dividend Tax	62.58	62.58
Balance carried to balance sheet	**33,691.04**	**29,807.70**

Dividend

Your Directors have recommended payment of dividend of Re 0.10 per share on 38,57,32,570 Equity Shares of Re 1/- each for the financial year 2011-12.

Dividend

Your Directors have recommended payment of dividend of Re 0.10 per share on 38,57,32,570 Equity Shares of Re 1/- each for the financial year 2011-12, 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 Lacs. The dividend as proposed is in accordance with the Company's policy to pay sustainable dividend linked to long term performance, keeping in view the capital needs for the Company's growth plans and intent to achieve optimal financing of plans through internal accruals.

Financial Performance

Total income of the Company for the year 2011-12 increased by 61.50% to Rs.1,14,311.10 Lacs from Rs.70,779.78 Lacs during the previous year. The EBIDTA for the year, excluding the effect of foreign exchange gain/loss was Rs. 22,459.60 Lacs as compared to Rs. 19,255.69 Lacs for the previous year. The net profit was down to Rs. 6,331.65 Lacs from Rs. 11,438.91 Lacs during the financial year 2011-12.

The net profit for the year declined mainly due to higher mark to market provision for foreign exchange fluctuation loss due to sharp depreciation of Rupee against US Dollar. The another reason for decline in the net profit was higher depreciation and finance costs.

Windmills

During the year 2011-12, the performance of Windmills at Dhule in Maharashtra remained satisfactory and it generated Wind Energy of 36,18,177 kwh units as compared to 32,01,432 kwh units of Wind Energy in previous year. The revenue generated of Rs.152.00 Lacs as compared to Rs. 129.59 Lacs in 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 income of H K $ 1,36,690.28 (Previous year loss of HK $ 19,83,213) for the year ended 31st March, 2012.

Joint Venture in China

Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") is a joint venture company in China, in which the Company holds 94% equity through its' Wholly Owned Subsidiary Company Himadri Global Investment Limited.

During the year 2011-12, the Company has completed the process of setting up green field project through its' Joint venture for distillation of coal tar in Longkou, Shandong Province, China. The Plant has become commercially operational in the third quarter of financial year 2011-12.

Himadri Global Investment Limited (HGIL) has injected capital of RMB 47 Million to its subsidiary, SDHCIL making HGIL ownership of 94%. Additionally, HGIL invested an amount of RMB 31 Million in SDHCIL towards loan.

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.

Capacity Expansions

The Company has commenced the following projects during the current financial year.

Carbon Black

During the year 2011-12, the Company has successfully expanded the capacity of its' Carbon Black Project at Mahistikry by 140%.

Power Plant

During the year 2011-12 the Company has expanded the capacity of its' Power Plant based on waste heat gas generated during the process of manufacture of carbon black at Mahistikry, Dist Hooghly (W.B.) from 12 MW to 20 MW. The economic operations of Carbon Black Plant largely depend upon utilisation of its waste heat gas generated during the process of manufacture of Carbon Black.

Since the Company has expanded the capacity of its' Carbon Black Plant which has further necessitated to increase the corresponding capacity of its' Power Plant in order to make its' expansion in Carbon Black more economical, hence the Company has enhanced its capacity from existing 12 MW to 20 MW.

SNF

The Company during the year 2011-12, has commissioned the project at Mahistikry to manufacture "Sulfonated Naphthalene Formaldehyde (SNF)"and thereby annual capacity of SNF has increased by 278%.

Advanced Carbon Material – SEZ Unit at Falta (West Bengal)

The Company has commenced during the year production of Advanced Carbon Material at SEZ Unit at Falta (West Bengal).

Coal Tar Pitch

The Company has started the expansion of its' existing Coal Tar distillation capacity at Mahistikry with a view to meet the additional requirements of feed stock by the Carbon Black after successful expansion of the Carbon Black Projects and to cater the additional demand of Coal Tar Pitch. The capacity of the Coal Tar distillation will be increased by 60% after completion of this expansion.

Finance

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. During the year, the Company has been sanctioned additional working capital facilities from Standard Chartered Bank and Union Bank of India. The Company has been regular in servicing these debts.

Credit Rating by CARE

The Company continued to enjoy credit rating from the Credit Analysis & Research Ltd (CARE) which has reaffirmed the rating of "CARE A1+" (A One Plus) assigned for its' short term debts, which is considered to have very strong degree of safety regarding timely payment of financial obligations.

The CARE has re-affirmed the rating of "CARE AA-" assigned for long term facilities, which is considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The CARE has re-affirmed the rating of "CARE AA-" for Non Convertible Debentures, which is considered to be of high degree of safety regarding timely servicing of financial obligations.

Capital expenditure

During 2011-12, the Company incurred a capital expenditure of Rs. 26,562.31 Lacs (including Capital work in progress).

Directors

In accordance with the provisions of the Companies Act, 1956 Mr. Shyam Sundar Choudhary, Mr. Damodar Prasad Choudhary and Mr. Bhagwati Prasad Dhanuka, Directors of the company, will retire from the office by rotation, and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. The particulars of these Directors seeking re-appointment are given in annexure to the notice.

The Board has appointed Mr. Krishnava Dutt and Mr. Hardip Singh Mann as Additional Directors of the Company with effect from 14.11.2011. These Directors will hold office upto the date of the forthcoming Annual General Meeting (AGM) of the Company. The Company has received notice from members under Section 257 of the Companies Act, 1956, proposing the candidature for appointment of Mr. Dutt and Mr. Mann as Directors of the Company at the ensuing Annual General Meeting and accordingly the resolutions for appointment of Mr. Krishnava Dutt and Mr. Hardip Singh Mann has been included in the Notice convening the annual general meeting of the Company.

The terms of appointment of Mr. V. K. Choudhary- Whole-time Director has expired on 31st March, 2012. The Board has re-appointed him for the further period of five years with effect from 1st April, 2012, subject to the approval of members in ensuing Annual General Meeting.

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:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;

ii) 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;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;

iv) 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.

Public deposit

During the year 2011-12, your Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Auditors

M/s S. Jaykishan, Chartered Accountants and M/s B S R & Co, Chartered Accountants have expressed their willingness to be appointed as Statutory Auditors of the Company for the financial year 2012-13. The Company has received special notice from a member under section 225 of the Companies Act, 1956 proposing the name of M/s B S R & Co, Chartered Accountants to be appointed as the Joint Auditors of the Company along with the retiring Auditors M/s S. Jaykishan, Chartered Accountants from the conclusion of this annual general meeting until the conclusion of the next annual general meeting. M/s B S R & Co, Chartered Accountants and the retiring Auditors have been duly informed with a copy of the said notice.

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices adopted by the Company together with a certificate from the Company's Auditors' confirming compliance, is set out in the Annexure 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.

Listing on stock exchanges

The Equity shares of the Company are continued to be listed on the Bombay Stock Exchange Limited (BSE), and The National Stock Exchange of India Limited (NSE). The Company has remitted the Listing Fee to these Stock Exchanges, up to date.

Dematerialisation of shares

There were 37,66,57,399 equity shares of the Company held by the shareholders in dematerialised form as on 31st March, 2012, representing 97.647% of the total paid-up capital of the Company. The Promoters' shareholding has been fully dematerialised in terms of SEBI Circular. 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).

Industrial Relations

The industrial relations at all the works/ units of the Company continued to be cordial during the year 2011-12. 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. The company has adopted various measures to enhance efficiency, competency and skills of individual employees through training programmes and motivation.

Acknowledgement

Your Directors are thankful to the various Central and State Government Departments & Agencies for their continued support and cooperation. Your Directors are also grateful to various stakeholders, i.e. customers, members, bankers, dealers, vendors, shareholders financial institutions including Life Insurance Corporation of India and other business partners for their excellent support extended to the Company during the whole of the year.

Your directors also wish to convey their gratitude to the foreign investors and shareholders for their confidence reposed by them in the Company. We Directors recognise and appreciate the hard work and efforts put in by all the employees of the Company for their contribution towards growth and development of the Company.

For and on behalf of the Board

Place: Kolkata Date: May 15, 2012	Sd/- **B.L. Choudhary** *Managing Director*	Sd/- **S.S. Choudhary** *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 31st March, 2012.

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 has expanded the capacity of existing power plant at Mahistikry, Hooghly, W.B. with an additional investments.. Power is being generated from waste gas. Entire power requirements at Mahistikry Unit will be met from this additional capacity of power plant.
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 are expected to reduce the consumption of power substantially and consequently cost of production. Further surplus power generation will be sold which will add to the revenue of the Company.
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

i) Electricity	Unit	Current Year	Previous Year
a) Purchased			
Unit	Kwh	60,81,607	1,43,31,489
Total	Rs.	5,09,34,556	8,96,71,461
Rate per unit	Rs./Kwh	8.38	6.26
b) Own generation through Power Plant	Kwh	4,74,52,230	1,26,24,307
c) Total Units Consumed (a+b)	Kwh	5,35,33,837	2,69,55,796
ii) Fuel			
Quantity	Kltrs	608.920	474.790
Total cost	Rs.	1,41,48,387	1,30,09,304
Average rate	Rs/Kltr.	23,235.22	27,400.12
iii) Diesel			
Quantity	Ltrs	6,92,707.29	7,66,893
Total cost	Rs.	3,08,72,479	3,15,61,869
Average rate	Rs./Ltr.	44.57	41.16

2. Consumption per unit of production

	Unit	Current year	Previous year
Total production of Carbon Material and Chemicals	MT	5,07,811	3,47,001
Electricity	Unit/ MT	105.421	77.682
Fuel	Ltrs/MT	1.200	1.368
Diesel	Ltrs/MT	1.364	2.210

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 Plasticizer 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 new 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. 760.60 Lacs (of which 724.72 Lacs debitor in earlier years to capital work in progress has been capitalised during the year);
   b) Recurring expenditure: Rs. 156.64 Lacs;
   c) Total Research & Development expenditure: Rs. 917.24 Lacs ;
   d) Total R & D expenditure as a percentage of total turnover: 0.82%

C. Foreign exchange earnings and outgo

	Current Year (Rs.)	Previous Year (Rs.)
Total foreign exchange used	464,09,32,094	121,42,07,099
Total foreign exchange earned	150,77,12,257	122,89,46,154
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 Nigeria, U.A.E, Senegal, Poland etc.	

For and on behalf of the Board

Place: Kolkata
Date: May 15, 2012

Sd/-
B.L. Choudhary
Managing Director

Sd/-
S.S. Choudhary
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Company background & Nature of business

The Company is engaged in the processing of Coal Tar, to produce Pitch of various grades and several other value added by-products. Coal Tar, a By-Product derived during the processing of Coking Coal form Coke Oven Plant, is the primary source for the Company. The Coal tar is distilled to derive Pitch and other various grades of By-Products. It has manufacturing units at Andhra Pradesh & West Bengal in India and at Longkou in China. Coal tar is the primary input for distillation and manufacturing of various grades of pitch which is used as input in aluminum industry and Graphite.

Coal Tar is the primary input for distillation and for manufacture of various grades of Pitch which is used as an input in aluminum and graphite. India is one of the leading producers of aluminum in the world with largest 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 not only to the growth of Aluminum Industries in India but also there is a scope for extended foreign trade by exporting surplus to Europe and the Eastern Countries.

Wind Energy

The Company has two windmills in Maharashtra, having capacity to produce wind energy of 2.5 MW. These units are fully operational and during 2011-12, it has generated revenue of Rs. 152.00 Lacs with production of 36,18,177 Kwh Units of wind energy.

Joint Venture- China

During the year 2011-12, the Company has successfully set up a Joint venture Plant, through its Wholly Owned Subsidiary Company Himadri Global Investment Limited, for distillation of coal tar in Longkou, Shandong Province, China. The Plant has become commercially operational in 3rd quarter of the financial year 2011-12. The Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") is a joint venture Company in China, in which the Company holds 94% equity interest.

SNF

The Company during the year 2011-12, has commissioned the project at Mahistikry to manufacture "Sulfonated Naphthalene Formaldehyde (SNF)"and thereby annual capacity of SNF has increased by 278% including manufacturing capacity at Vapi (Gujarat).

Carbon Black

With a view to cater the increasing customers demand of Carbon Black the Company during the year 2011-12, has successfully expanded the capacity of its' Carbon Black Project at Mahistikry by 140%.

Power Plant

The power plant at Mahistikry remained fully operational during the year. The Company during the year 2011-12 has further expanded the capacity of its' Power Plant based on waste heat gas generated during the process of manufacture of carbon black at Mahistikry, Dist Hooghly (W.B.) from 12 MW to 20 MW. The economic operations of Carbon Black Plant largely depend upon utilisation of its waste heat gas generated during the process of manufacture of Carbon Black.

Since the Company has expanded the capacity of its' Carbon Black Plant which has further necessitated to increase the corresponding capacity of its' Power Plant in order to make its' expansion in Carbon Black more economical, hence the Company has enhanced its capacity existing from 12 MW to 20 MW.

Advanced Carbon Material – SEZ Unit at Falta (West Bengal)

The Company has commenced during the year production of Advanced Carbon Material at SEZ Unit at Falta (West Bengal).

Coal Tar Pitch

The Company has started the expansion of its' existing Coal Tar distillation capacity at Mahistikry with a view to meet the additional requirements of feed stock by the Carbon Black after successful expansion of the Carbon Black Projects and to cater the additional demand of Coal Tar Pitch. The capacity of the Coal Tar distillation will be increased by 60% after completion of this expansion.

Opportunities

Export Markets

The Company during the year under review has identified new export markets for it's product i.e. Carbon Black and Coal Tar Pitch and added new countries like Nigeria, U.A.E., Senegal, Poland etc. The Company has already entered into export market in Argentina, Singapore, Japan, Indonesia, South Africa, Malaysia, Vietnam, Sri Lanka and Bangladesh. The management is optimistic about the future development particularly in export front. The Company, with a view to cater the demand in international market, expanding its operation in China and the Joint venture company in China has started its operations during the year.

Finance

The Company continued to enjoy the working capital facilities under multiple banking arrangements from various bankers including State Bank of India, Central Bank of India, Citi Bank N.A., The Hong Kong and Shanghai Banking Corporation Limited, Yes Bank Limited, Axis Bank Limited, DBS Bank Limited, ICICI Bank Limited. During the year the Union Bank of India and Standard Chartered Bank has sanctioned additional working capital facilities to the Company. The company has been regular in servicing these loans / working capital credit facilities.

Enterprise Resource Planning

The Company has been fully connected to E.R.P. System. All the Divisions, Departments and Units now have been linked with ERP system and the data are made easily accessible on Production, Sales and Marketing, Account and Finance. The management has successfully implemented the ERP System in the Company inter-connecting all the units and divisions. 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 put in. The management provided full training to the employees through outside professional in this field so as to take full benefit of 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 sound management systems which ensure a greater degree of satisfaction to its customers. Further the manufacturing facility is certified for ISO 14001:2004.

Credit Rating by CARE

The Company continued to enjoy satisfactory credit rating from the Credit Analysis & Research Ltd (CARE). The CARE has reaffirmed the rating of "CARE A1+" (A One Plus) assigned for its' short term debts, which is considered to have very strong degree of safety regarding timely payment of financial obligations.

The CARE has re-affirmed the rating of "CARE AA-" assigned for long term facilities, which is considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The CARE has re-affirmed the rating of "CARE AA-" for Non Convertible Debentures, which is considered to be of high degree of safety regarding timely servicing of financial obligations.

Threats

Transportation/ Logistic

The basic contents of raw material(Coal Tar) is in liquid form which needs special care for handling from source of material to the Company's ultimate consumption destination. Special Tankers are required to carry such material. The temperature as well the conditions of weather affects its' efficiency and quality. Raw material availability and its transportation is one of the major threat to distillation industry to which the Company operates. The Company largely depends upon the road transport. Liquid form of the raw material procured from major steel plants across the country, requires the availability of tankers to ensure the adequate flow of materials without any interruption of the production process. Further, the cost of transportation remains a serious concern since the price of crude oils at international level continues to surge which have a direct bearing on the cost of the Company's input. The Company has planned to set up raw material storage facility on pan India basis, near to the steel plants and the railway network, this will enable company to accumulate the raw material from the suppliers and move through railway logistics , which is more time and cost efficient.

Human Resources (HR)

Himadri, has adequate employee strength across all the units as on 31st March, 2012. A successful management team recognises that nurturing and recruiting the best talent is vital to the long term success of the enterprise. A Company's employees have always been a key assets and now more companies are realising that their people are by far their most important assets because in the world where technology, process, and products are easily duplicated by competitors and the pace of change and level of competition are constantly increasing, people are the key to the most reliable source of advantages i.e. better service, increased responsiveness, stronger customers relationships, and the creativity and innovation that keep a company one step ahead.

The Company has been continuously growing into becoming 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 developments 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 package links 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 industry standards.

Recruitment

Recruitment of best talent and creation of motivated work force is a challenging task and to retain it for a longer period is an another challenge. Himadri with a view to maintain best pool of talent, recruit people at beginning of their career and provide them ample opportunities of training and absorb in the organisation.

Training & Development

At Himadri, we provide adequate training and development for building up Human capital and this is the part of Company's HR Policy. Himadri provide in-house training to its' employees at the start 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 programme. An extensive theory and shop floor training usually provided in the Plant and employees usually trained in area as safety, medical insurance, computer skills, technical competencies and soft skills. The Company provide excellent on-job training opportunity to it's employees.

Compensation

We at Himadri, has the promotional policy, incentive linked with performance with employee concerned. Right person at right job is our policy. With a view to keep our compensation package comprehensive and competitive and benchmarked with market standards, surveys are conducted on regular intervals. Reward and Recognition policy has also been adopted to recognise and appreciate significant acts of the team member and reward it. All these measures have helped to create a dedicated, inspired, innovative and committed team. The Company embarked on various kinds of initiatives to enhance motivational levels and to boost a strong sense of belongingness among employees.

Safety Measures

The Company is committed for protecting the environment, ensuring a safe and hazardous free work environment for all its employees and conserving natural resources. To provide adequate safety equipments to each employee at work place is Himadri's top priority. Each team member has been equipped with Helmets, Boots, and Jackets. The fire-fighting equipments are also available / accessible in and around the work place. The Company has obtained adequate medical insurance coverage for its employees.

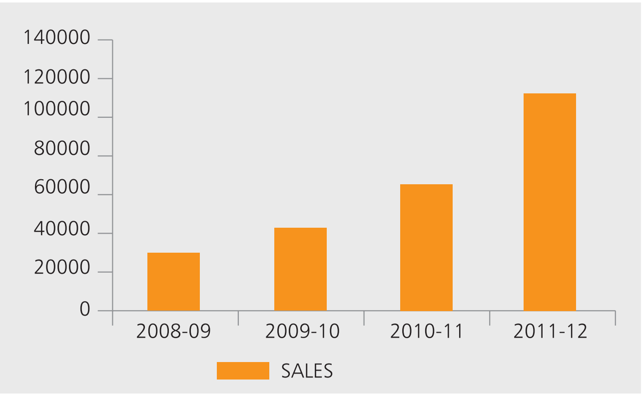
Employee Relation

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

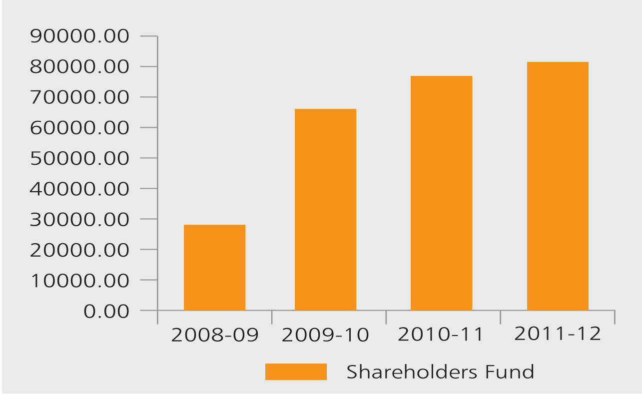
Enhancing shareholders value

Your Company's long term strategic vision is to create value addition to the wealth of shareholders. All the operations of the Company are well guided and aligned towards maximising shareholders value. The management has adopted such business plans which will have an impact to increase in shareholders growth in long term. The Company is committed to enhance shareholders wealth by improving the performance of the Company. The new projects for capacity expansion and diversification have been taken up for enhancement of growth in sales and profitability. Your Company's long-term strategic vision is to create value addition to the wealth of the shareholders.

Gross Turnover (in Lacs)



Shareholders Fund (in Lacs)



Risks & Management

Himadri 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. The Management is aware that all industries are prone to market cyclicality. In addition to this, the Government policies of 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, geo-political problems, also have an adverse impact on the performance of the Company. The Company's entire raw materials come from domestic procurements and imports. However, with further expansion, it may not be possible and the management therefore, has been actively engaged in identifying new and alternate sources of raw materials.

The Audit Committee reviews the risks management framework of the Company and approves risk management action plans. The Company carries out a detailed risk management exercise for purposes of identification processes and controls to mitigate these risks. 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.

Statutory Compliance

The Company Secretary, as Compliance Officer, ensures compliance with the 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 looks after and 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 regulations 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 of the Company.

Internal control systems

The Company has further strengthened the Internal Controls process and adopted systematic approach to control its activities. Himadri, has a strong internal control culture at all its units and divisions. Internal Audit at all locations are undertaken on regular basis to ensure that the highest standards of internal control are maintained. The Company has an adequate system of internal control 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 controls and implementation of policies of the management, the Company appointed an efficient team of professionals. The finance department is well equipped 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 appointed Independent Internal Auditors to monitor its business activities. 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 code of conduct. The internal control system provides for well documented policies, guidelines, and authorisation and approval procedures. The effectiveness of the internal controls 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. The management with a view to strengthen the internal control system and long term benefits of I.T. vision has successfully implemented the E.R.P. program in the Company. This will enable the management to review the operations on line and take effective and corrective measures, if required.

The Company has appointed adequate qualified Audit Staff. 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 up for implementation of 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 the difficulties and provide guidance and solution to a problem. The subordinates are free to access their departmental heads, and express their difficulties and find a solution.

The internal control systems are constantly reviewed and updated The department follows risk-based audit approach and draw annual audit plan based on the risk perceived on each business process, validated by the line management and top management. The audit plan is usually approved by the senior management team. The management has been continuously reviewing the performance of these professionals to ensure adherence to the management policies. The department functions independently to ensure smooth operations of the Organisation.

Out look

The growth of Indian Economy in the year 2011 slowed down because of persistently high inflation and surged in interest rates and slow progress in economic reforms. The increase in international crude prices have contributed to a higher fiscal deficit which further weakening current account deficit. The economic reform started in 2011 which has slowed-down largely due to heavy corruption scandals and in absence of strong legal framework. The overall Indian Economy in medium term would be positive due to a young population and low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy, even though, India has many long term challenges including widespread poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, insufficient access to higher education, and accommodating rural- to- urban migration.

Despite these constraints, the outlook for Indian Economy for the year 2012-13, of the industry within which the Company operates, seems to be 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 utilises the optimum resources available within the Company and to increase the efficacy by using the waste heat gas and converting it into power. This will serve twin objectives; reducing the dependence and minimising the overall cost of the final products. It has embarked upon further expansions, producing higher value added items. The management is optimistic about sustaining the pace of growth in the foreseeable future.

Cautionary Statement

The Report of the Board of Directors and Management Discussion and analysis report are forward looking and affirmative within the meaning of the applicable securities laws and regulations. The actual performance of the Company in the coming years could differ from what is projected, estimated, expressed or implied in this report. The factors that could affect the Company's performance are economic and other factors that may affect the demand – supply in the domestic market as well as the international market that the Company services, change in governmental regulations, tax laws and other statues and host of other incidental factors.

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 framework. 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 2011-12, 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 twelve directors, as on 31st March 2012, out of which three directors are executive and nine are non-executive. The Chairman of the Board is a promoter director and half of the Board is independent. 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 2011-12. 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, customers, 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 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 2011-12, five (5) meetings of the Board of Directors were held i.e. on 23rd May, 2011, 29th July, 2011, 14th November, 2011, 10th February, 2012 and 28th March, 2012. The maximum time gap in between two meetings was not more than four months and the required information were 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 along with the explanatory notes were 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 31st March, 2012 are given hereunder

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

* Mr. Hardip Singh Mann and Mr. Krishnava Dutt were appointed as director with effect from 14.11.2011

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 senior management. The declaration from the Managing Director stating that as on 31st March, 2012 all the board members and the senior management personnel of the Company have adhered to the code of conduct for the financial year 2011-12 and the same has been included in this report.

3. Committees of Board

The Board constituted various committees to function in specific areas and to take informed decision within delegated powers. Each Committee exercises its functions within the scope and area as defined in constituting it. These Committees are constituted in conformity of Listing Agreement and provisions of the Companies Act, 1956. The Company has the following Committees:-

Audit Committee
Remuneration Committee
Share Transfer Committee
Investors' Grievance Committee
Finance Committee

Audit Committee

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 23rd May 2011, 29th July 2011, 14th November 2011 and 10th February 2012. The Committee reviewed the results of operation; Statement of significant related party transactions submitted by management. The composition of Audit Committee and the details of meetings attended by the each of members are given 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	4
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	3
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 of 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 Whole time/Executive Directors and Senior Executive Officers. The committee met once during the year on 31st March, 2012 and reviewed the remuneration paid/payable to its Whole time Directors and Executives.

b. Remuneration policy

The remuneration of the Whole-time 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 is paid to any Independent / Non-Executive Directors, except sitting fee. All managerial remuneration for Executive Director/ 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 31st March, 2012 is given hereunder:

Sl. No.	Name 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.	Name of the Directors	Amount of sitting fees paid (Rs.)
1	Mr. S.K. Banerjee	40,000
2	Mr. S.K. Saraf	58,000
3	Dr. Basudeb Sen	40,000
4	Mr. B.P. Dhanuka	58,000
5	Mr. Rahul Kumar Yadav	40,000
6	Mr. Hardip Singh Mann	20,000
7	Mr. Krishnava Dutt	10,000

Share Transfer Committee

The Share Transfer Committee consisting of Mr. S.S. Choudhary, as the Chairman, Mr. S.K. Saraf, Mr. D.P. Choudhary and Mr. B.L. Choudhary as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ Re-materialisation and other related matters.

In accordance with Cause 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 Agent, M/s S. K. Infosolutions Pvt. Ltd and monitors the activities.

The Committee holds periodical meetings for Transfer and Transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During the financial year ended 31st March, 2012, the committee met 24 times.

The Company confirms that there were no share transfers lying pending as on 31st March, 2012, and all request for de-materialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

Investors' Grievance 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 Investors' Complaints is given hereunder

There was 1 pending complaint at the beginning of the year and during 2011-12, total 41 complaints were received from investors, out of which 41 complaints were replied/ resolved to the satisfaction of the investors, and the balance 1 remained pending as on 31st March 2012. The SEBI has introduced a new system for resolving Investors complaints by means of "SCORES", an online portal. The Company regularly updates the status of Investors Complaints on the portal.

Finance Committee

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 for its' projects 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 2011-12, the committee met twenty eight times.

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
2008-09	21st AGM	17th September 2009	"Bharatiya Bhasha Parishad" 36-A, Shakespeare Sarani, Kolkata- 700 017	10.00 am
2009-10	22nd AGM	28th September 2010	"GYAN MANCH" 11, Pretoria Street, Kolkata- 700 071	2.30 pm
2010-11	23rd AGM	28th September 2011	" Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am

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

21st AGM held on 17th 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 29th 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 form 24% to 49%.
	3. Amendment in Articles of Association of the Company.
22nd AGM held on 28th 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 1st 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 1st 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 1st 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 1st 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.
23rd AGM held on 28th September 2011	1. Re-appointment of Mr. B.L. Choudhary as Managing Director in terms of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 for a period of 2 years with effect from 1st April, 2011;
	2. Approval of Issue of shares under Employees Stock Option Scheme (ESOS) in terms of Section 81(1A) of the Companies Act, 1956;
	3. Approval of Issue of shares to employees of Subsidiaries Companies under Employees Stock Option Scheme (ESOS) in terms of Section 81(1A) of the Companies Act, 1956;

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 Company also has one step down subsidiary Company i.e. Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") a joint venture company in China, in which the Company holds 94% equity through its' Wholly Owned Subsidiary Company Himadri Global Investment Limited.

The Accounts and Auditors' Report of the wholly-owned subsidiary Company and Joint Venture Subsidiary Company in China were placed before and reviewed by the Board of Directors.

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 2011-12 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 31st March, 2012.

b. Reconciliation of Share Capital Report

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

The Company in the year 2010 had 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.182 Crores on the objects of the issue and balance of Rs.18 Crores representing temporary surplus funds were invested in Mutual Funds.

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's) having a face value of USD 100,000 each aggregating to USD 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 bondholder 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 31st March, 2012 conversion option has not been exercised in respect of any Bond. The company expects that the bondholder will opt for conversion rather than redemption.

g. Shareholding of Non-executive director

As on 31st March 2012 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 the 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 maximum 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 Mandir", 48 Shakespeare Sarani, Kolkata-700017 on Saturday the 29th September 2012 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 re-appointment. Shareholders may kindly refer to the Notice and explanatory statement convening the Company's 24th 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 close from 12th September 2012 to 29th September 2012 (both days inclusive).

8.04 Financial Calendar for 2012-13 (tentative schedule)

Financial Year	2012-13
Board meetings for approval of quarterly results	
-Quarter ended June 30, 2012 -Quarter ended September 30,2012 -Quarter ended December 31, 2012 -Annual Result for the year ended 31.03.2013 (Audited)	Within 2nd Week of August 2012 Within 2nd week of November, 2012 Within 2nd week of February, 2013 Within two months (May 2013)
Annual General Meeting for 2012-13	In accordance with Section 166 of the Companies Act, 1956
Posting of Annual Report	21 (clear) days before the meeting
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

The Company has remitted the listing fee to the Stock Exchanges as per schedule.

8.06 Listing of Non-Convertible Debentures

The Non-Convertible Debentures (NCD(s)) issued by the Company on private placement basis aggregating to Rs.200 Crores 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

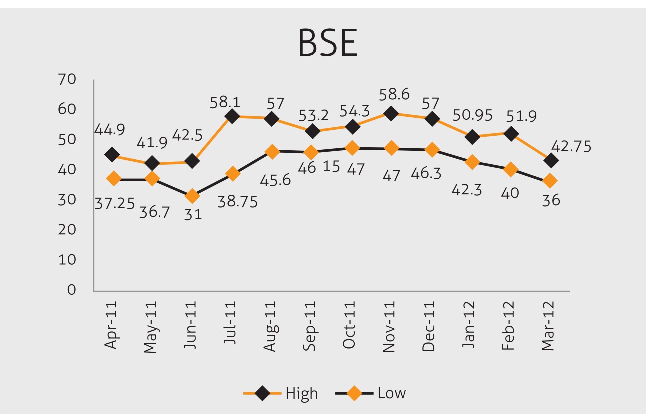
The Companies (Amendment) Act, 1999 introduced through the new Section 109A, the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility, especially those holding shares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

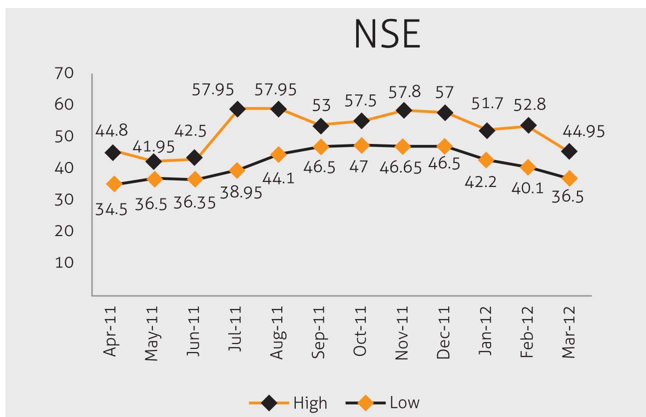
In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the D/P as per the formats prescribed by them.

8.08 Market price data

Monthly high / low market price of the shares during the year 2011-12 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 2011	44.90	37.25	44.80	34.50
May 2011	41.90	36.70	41.95	36.50
June 2011	42.50	31.00	42.50	36.35
July 2011	58.10	38.75	57.95	38.95
August 2011	57.00	45.60	57.95	44.10
September 2011	53.20	46.15	53.00	46.50
October 2011	54.30	47.00	54.50	47.00
November 2011	58.60	47.00	57.80	46.65
December 2011	57.00	46.30	57.00	46.50
January 2012	50.95	42.30	51.70	42.20
February 2012	51.90	40.00	52.80	40.10
March 2012	42.75	36.00	44.95	36.50





8.09 Registrar and Share Transfer Agent

The Company engaged the services of S.K. Infosolutions Pvt. Limited of 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006, a SEBI registered Registrar as its' Share Transfer Agent 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. Infosolutions Pvt. Ltd was appointed as common agency to act as the transfer agent for both physical and demat shares.

Pursuant to stock split approved by the shareholders at the annual general meeting held on 28th September 2010, each equity share 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 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.

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 Share Transfer Agent, M/s S.K. Infosolutions Pvt. Ltd - 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).

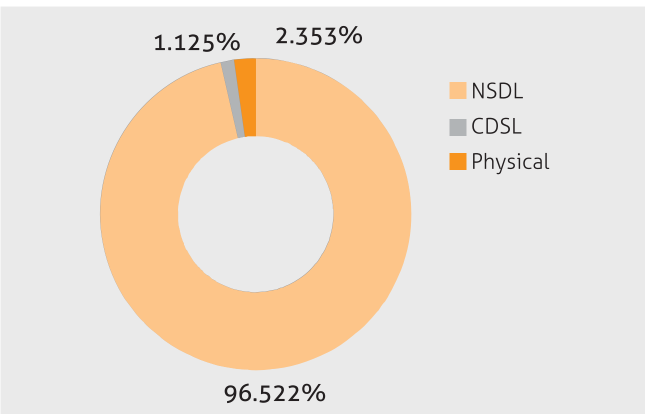
8.11 Distribution of Shareholding as on 31st March, 2012

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Up to 500	4764	32.18	9,68,842	0.25
501 – 1000	5454	36.84	53,15,966	1.38
1001 – 2000	2436	16.45	44,82,426	1.16
2001 – 3000	937	6.33	23,72,034	0.61
3001 – 4000	307	2.07	11,87,202	0.31
4001 – 5000	277	1.87	13,53,504	0.35
5001 – 10000	302	2.04	23,95,301	0.62
10001 – 50000	245	1.65	50,11,441	1.30
50001 – 100000	28	0.20	20,07,535	0.52
100000 and above	53	0.37	36,06,38,319	93.50
Total	**14,803**	**100.00**	**38,57,32,570**	**100.00**

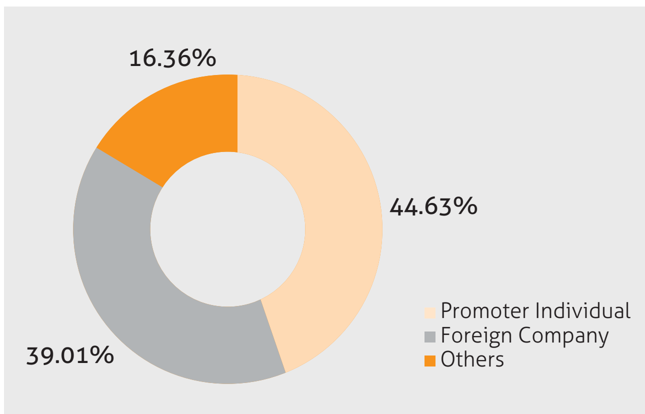
8.12 Shareholding pattern as on 31st March, 2012

	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	4	15,94,11,310	41.33
	Sub- total (A)	**12**	**17,21,39,910**	**44.63**
(B)	**Non-promoters**			
	(a) Mutual funds / UTI	2	22,31,159	0.58
	(b) Financial institutions / banks	4	16,000	0.00
	(c) Foreign institutional investors (FII)	4	88,100	0.02
	(d) Foreign company	2	15,04,59,525	39.01
	(e) Bodies corporate	344	2,64,31,113	6.85
	(f) Individuals	14,361	3,42,61,636	8.88
	(g) NRI(s)	74	1,05,127	0.03
	Sub Total (B)	**14,791**	**21,35,92,660**	**55.37**
	Total (A) + (B)	**14,803**	**38,57,32,570**	**100.00**

Distribution of Shareholding



Shareholding Pattern



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 annual general meeting held on 28th 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	CDSL
INE 019C01026	INE 019C01026

As on 31st March, 2012, out of the 38,57,32,570 equity shares of the Company 37,66,57,399 shares were held in Electronic form representing 97.647 % to the total paid up capital, whereas balance of 90,75,171 shares were held in physical form representing 2.353 % to the total paid up share capital of the Company.

8.14 Plant Locations

Sr. 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 (Chhattishgarh)
6	Wind Mills Division:
	a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra
	b. 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
9	China unit at LongKou, Shandong, China

8.15 Address for correspondence

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

Himadri Chemicals & Industries Limited, 23A, Netaji Subhas Road, 8th floor, Kolkata- 700 001. Phone number: (033) 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. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata-700 006. Ph No: 91-033- 22196797/ 4815

8.16 Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31st March, 2012, 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 12th September 2012, 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 11th September 2012.

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 Agent, M/s SK Info Solutions Pvt. Ltd, 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 Agent, M/s SK Info Solutions Pvt. Ltd, 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 31st March, 2012 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 31.3.2012	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2004-05	14th September 2005	5,21,675.00	20th September 2012	IDBI Bank limited
2005-06	18th September 2006	8,23,090.00	24th September 2013	HDFC Bank Limited
2006-07	26th September 2007	27,50,305.00	2nd October 2014	HDFC Bank Limited
2007-08	26th September 2008	11,70,894.00	2nd October 2015	HDFC Bank Limited
2008-09	17th September 2009	6,03,350.00	23rd September 2016	State Bank of India
2009-10	28th September 2010	6,03,527.00	4th October 2017	State Bank of India
2010-11	28th September 2011	5,93,186.20	4th October 2018	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 Agent 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 21-04-2011 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 Agent, M/s SK Infosolution Pvt. Ltd, at their following e-mail address mentioning your folio No/ DP-ID/ CL-ID:- **hcil@skcomputers.net**.

For and on behalf of the Board

Place: Kolkata
Date: May 15, 2012

Sd/-
B.L. Choudhary
Managing Director

Sd/-
S.S. Choudhary
Executive Director

AUDITORS' 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 31st March, 2012, 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. 050251

Place: Kolkata
Dated: May 15, 2012

DECLARATION BY THE MANAGING DIRECTOR

To
The Members of
Himadri Chemicals & Industries Limited

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 31st March, 2012.

Sd/-
B.L. Choudhary
Managing Director

Place: Kolkata
Dated: May 15, 2012

CEO/CFO CERTIFICATION

To
The Board of Directors
Himadri Chemicals & Industries Ltd
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 2011-12 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/-
Place: Kolkata	**B.L. Choudhary**	**Anurag Choudhary**
Date: May 15, 2012	*Managing Director*	*Chief Executive Officer (CEO)*

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 2012 and also the Statement of Profit & Loss 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit & Loss 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, 2012 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 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, 2012,

      ii. in case of the Statement of Profit & Loss, 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
FRN: 309005E

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

Place : Kolkata
Dated : The 15th day of May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date to the members of Himadri Chemicals & Industries Limited on the financial statements for the year ended 31st March 2012)

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. 750 Lacs & NIL 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 2012 net of discount, to be written off over the period of Debentures was Rs. 4,128.17 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 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, 2012, 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	14.65	Commissioner (Appeal), Kolkata
Excise duty	213.60	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 given guarantee for loans taken by its subsidiary company from a bank, which prima facie is not prejudicial to the interest of the Company.

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) According to the information and explanations given to us, the Company has created Security as per the terms of Issue of the Non-Convertible Secured Debentures.

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
FRN: 309005E

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

Place : Kolkata
Dated : The 15th day of May, 2012

BALANCE SHEET As at 31st March, 2012

(Rs. in Lacs)

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	2	3,857.33	3,857.33
b) Reserves and Surplus	3	85,941.35	80,720.78
		89,798.68	84,578.11
2) NON-CURRENT LIABILITIES			
a) Long-term Borrowings	4	49,769.04	50,637.80
b) Other Long- term Liabilities	5	4,029.08	375.49
c) Deferred Tax Liability	6	9,014.73	7,199.19
		62,812.85	58,212.48
3) CURRENT LIABILITIES			
a) Short-term Borrowings	7	54,720.82	30,539.94
b) Trade Payables		2,529.15	1,746.25
c) Other Current Liabilities	8	9,123.97	7,913.81
d) Short- term Provisions	9	2,088.31	3,325.81
		68,462.25	**43,525.81**
Total		**221,073.78**	**186,316.40**
II. ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	10	78,546.87	56,213.89
ii) Capital Work-in-progress	11	28,264.87	28,606.55
		106,811.74	84,820.44
b) Non- Current Investments	12	4,697.00	248.64
c) Long-term Loans & Advances	13	12,283.62	8,781.82
d) Other Non-Current Assets	14	0.23	46.97
		123,792.59	**93,897.87**
2) CURRENT ASSETS			
a) Current Investments	15	22,427.00	25,903.02
b) Inventories	16	29,573.89	23,959.00
c) Trade Receivables	17	23,843.78	15,640.88
d) Cash and Bank Balances	18	6,692.88	9,828.22
e) Short- term Loans & Advances	19	13,569.58	15,853.36
f) Other Current Assets	20	1,174.06	1,234.05
		97,281.19	92,418.53
Total		**221,073.78**	**186,316.40**
SIGNIFICANT ACCOUNTING POLICIES	1		
Accompanying notes form integral part of the financial statements			

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

Place : Kolkata
Dated : 15th May, 2012

STATEMENT OF PROFIT AND LOSS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Note No.	Year ended 31 March, 2012	Year ended 31 March, 2011
INCOME			
I. Revenue From Operations (gross)	21	124,106.25	77,174.54
Less : Excise Duty		11,770.19	7,166.28
Revenue From Operations (net)		112,336.06	70,008.26
II. Other Income	22	1,975.04	771.52
III. Total Revenue (I + II)		**114,311.10**	**70,779.78**
IV. EXPENSES			
Raw Materials Consumed	23	80,594.08	44,622.31
(Increase)/ Decrease in Inventories	24	(2,463.13)	(2,778.97)
Employee Benefits Expense	25	1,677.98	1,248.45
Finance Costs	26	7,572.28	3,027.84
Depreciation and Amortization Expense		4,440.55	3,324.82
Foreign Exchange Fluctuation Loss/(Gain)		4,268.00	(665.70)
Other Expenses	27	10,067.53	7,660.78
Total Expenses (IV)		**106,157.29**	**56,439.53**
PROFIT BEFORE TAX (III-IV)		8,153.81	14,340.25
Tax Expenses			
Current Tax		1,620.00	2,860.00
Less : MAT Credit entitlement		(1,613.37)	(788.49)
Net Current Tax		6.63	2,071.51
Deferred Tax		1,815.53	829.83
PROFIT FOR THE YEAR		**6,331.65**	**11,438.91**
Earnings Per Equity Share [Nominal Value Of Share - Re 1/-]	38		
Basic		1.64	2.97
Diluted		1.56	2.85
SIGNIFICANT ACCOUNTING POLICIES	1		
Accompanying notes form integral part of the financial statements			

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Place : Kolkata
Dated : 15th May, 2012

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

CASH FLOW STATEMENT For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-Ordinary Items		8,153.81		14,340.25
Adjustments for :				
Depreciation	4,440.55		3,324.82	
Finance costs	7,572.28		3,027.84	
Interest Received	(547.06)		(261.08)	
Dividend Received	(64.53)		(461.83)	
Loss/(profit) on redemption of Mutual Funds	(1,292.61)		14.02	
Foreign Exchange Loss/(Gain)	7,039.49		(178.52)	
Profit on sale of Vehicles	–		(1.42)	
		17,148.12		5,463.83
Operating Profit before Working Capital Changes		25,301.93		19,804.08
Adjustments for :				
(Increase)/Decrease in Inventories	(5,614.89)		(8,099.50)	
(Increase)/Decrease in Trade Receivables	(8,202.90)		(2,168.58)	
(Increase)/Decrease in Loans and Advances	(1,397.81)		(5,868.36)	
(Increase)/Decrease in Other Assets	122.04		(751.62)	
Increase/(Decrease) in Trade Payables	782.90		(157.72)	
Increase/(Decrease) in Other Liabilities	454.64		107.52	
		(13,856.02)		(16,938.26)
Cash generated from operations		**11,445.91**		**2,865.82**
Direct Tax Paid		(1,865.31)		(3,019.45)
Net Cash from Operating Activities		**9,580.60**		**(153.63)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(26,562.31)		(25,173.21)	
(including Capital Work-in-Progress and Capital Advances)				
Sale of Fixed Assets	–		3.30	
Interest Income	485.33		150.33	
Dividend Income	64.53		461.83	
Advances/Investments to subsidiary	(2,253.73)		(3,476.59)	
Sale of investments	24,582.86		81,151.38	
Purchase of Investments	(18,964.13)		(87,196.58)	
(Increase) / Decrease in Fixed Deposits with Banks	3,322.69		(5,958.19)	
Net Cash used in Investing Activities		(19,324.76)		(40,037.73)

CASH FLOW STATEMENT *(Contd.)* For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Non Convertible Debentures	–		20,000.00	
Increase in Long Term Borrowings	117.99		13,809.59	
Repayment of Long Term Borrowings	(4,874.09)		(4,958.72)	
Increase/(Decrease) in Working Capital Borrowings	19,516.43		15,203.72	
Share Issue Expenses	–		(71.21)	
Interest Paid	(4,459.76)		(2,419.87)	
Dividend Paid	(385.73)		(385.73)	
Dividend Tax Paid	(62.58)		(64.07)	
Net Cash from Financing Activities		9,852.26		41,113.71
Net Increase/(Decrease) in Cash & Cash Equivalents		108.10		922.35
Cash & Cash Equivalents at the beginning of the year (Refer Note No.18 to the Accounts)		2,439.87		1,652.17
Effect of Exchange Gain/ (Loss) on Cash & Cash Equivalents		27.34		(134.65)
Cash & Cash Equivalents at the end of the year (Refer Note No.18 to the Accounts)		2,575.31		2,439.87

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 accounts [Refer Note No.18 to the Accounts].
3. Figures in brackets indicate cash outflows.

As per our report of even date attached

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

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Place : Kolkata
Dated : 15th May, 2012

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 1 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) and presented under the historical cost convention on accrual basis of accounting to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

   (b) The preparation of the financial statements in conformity with Indian GAAP 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. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. Differences between the actual results and estimates are recognised in the period in which the results are known / materialize.

   (c) During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed in preparation of financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. Revenue Recognition:
   (a) Revenue is recognized 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 recognized 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 and delivery charges, if any, and net of Trade Discounts. However, excise duty relating to sales is 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 recognized 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 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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 realizable 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 – The Company has exercised option available to it under Para 46A of AS 11 "The Effects of Changes in Foreign Exchange Rates" and accordingly exchange differences relating to long term monetary items in so far as they relate to the acquisition of depreciable capital assets, are added/deducted from the cost of the asset and depreciated over the balance useful life of the asset. 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 recognized as income or as expenses. All other exchange differences are recognised as income/expenditure in the period in which they arise.

   (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 recognized in the Profit and Loss Account. Premium or discount on such forward exchange contracts is amortized 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 recognizing 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 designated as a hedge 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Gains or losses on the ineffective transactions are immediately recognized in the Profit and Loss Account. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognized in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

8. Government Grants:

   Government Grants are recognized 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 recognized 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 recognized 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 include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and are shown as "Applicable Net Gain/Loss in Foreign Currency Transactions and Translations" (under "Finance Costs").

    (b) Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized 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.

    (c) Other Borrowing costs are recognized as expense in the period in which they are incurred.

12. Discount on Issue of Debentures

    Discount on issue of Deep Discount Debentures is amortized 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 capitalized 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 capitalized and added pro-rata to the cost of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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 recognized under the head "Loans and Advances". Deferred MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

    (b) Deferred tax liabilities and assets are recognized 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 recognized 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 recognized 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 2 SHARE CAPITAL		
Authorised		
70,00,00,000 Equity Shares of Re. 1/- 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	3,857.33	3,857.33

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.
Equity Shares

Particulars	As at 31 March, 2012 Number	As at 31 March, 2012 Rs. Lacs	As at 31 March, 2011 Number	As at 31 March, 2011 Rs. Lacs
At the beginning of the period	385732570	3,857.33	38573257	3,857.33
Sub- division of equity shares of Rs. 10/- each into equity shares of Re 1/- each	–	–	347159313	–
Outstanding at the end of the period	385732570	3,857.33	385732570	3,857.33

b. Terms/Rights attached to equity shares
The Company has only one class of equity shares having a par value of Re 1/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of the shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2012 Number	As at 31 March, 2012 % holding	As at 31 March, 2011 Number	As at 31 March, 2011 % holding
Equity shares of Re 1 each fully paid				
BC India Investments	103178860	26.75%	103178860	26.75%
CITI Group Venture Capital International	47391210	12.29%	47391210	12.29%
Himadri Dyes & Intermediates Ltd	98284310	25.48%	98284310	25.48%
Himadri Industries Ltd	46140000	11.96%	46140000	11.96%

d. Shares reserved for issue under options
For details of shares reserved for issue on conversion of Foreign Currency Convertible Bonds which were issued on 13th April,2009, please refer note 4A(i)(d) regarding terms of conversion/redemption of Foreign Currency Convertible Bonds.

e. During the year 2009-10, the Company had issued and alloted 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. 25,240 Lacs. The object of the issue was to part finance its ongoing projects, capacity expansion and to meet increased working capital requirements. The Company has utilised the entire proceeds on the objects of the issue.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 3 RESERVES AND SURPLUS		
Capital Reserve - As per last account	1,280.50	1,280.50
Securities Premium Account		
Balance as per last financial statements	39,576.97	39,648.18
Share Issue Expenses Written Off	–	(71.21)
Closing Balance	39,576.97	39,576.97
Debenture Redemption Reserve		
Balance as per last financial statements	500.00	–
Transferred from Surplus in the Statement of Profit and Loss	500.00	500.00
Closing Balance	1,000.00	500.00
General Reserve		
Balance as per last financial statements	10,017.44	8,517.44
Transferred from Surplus in the Statement of Profit and Loss	1,500.00	1,500.00
Closing Balance	11,517.44	10,017.44
Foreign Exchange Translation Reserve		
Balance as per last financial statements	(106.09)	(39.47)
Movement during the year	612.15	(66.62)
Closing Balance	506.06	(106.09)
Hedging Reserve (Refer Note 32(b))		
Balance as per last financial statements	(355.74)	(440.51)
Movement during the year	(1,274.92)	84.77
Closing Balance	(1,630.66)	(355.74)
Surplus (Balance in the statement of Profit & Loss)		
Balance as per last financial statements	29,807.70	20,817.10
Profit for the year	6,331.65	11,438.91
Less : Appropriations		
Transfer to Debenture Redemption Reserve	(500.00)	(500.00)
Transfer to General Reserve	(1,500.00)	(1,500.00)
Proposed equity dividend (Amount per share Re 0.10)	(385.73)	(385.73)
Tax on proposed equity dividend	(62.58)	(62.58)
Closing Balance	33,691.04	29,807.70
	85,941.35	80,720.78

Particulars	Non-current portion 31.03.2012	Non-current portion 31.03.2011	Current Maturities 31.03.2012	Current Maturities 31.03.2011
Note 4 LONG-TERM BORROWINGS				
Bonds / Debentures				
12,300 Deep Discount Debentures (unsecured)	12,300.00	12,300.00	–	–
Less : Discount on issue of Debenture to the extent not written off or adjusted.	8,171.83	8,620.16	–	–
	4,128.17	3,679.84		
2,500,000, 10% Non–Convertible Debentures (secured)	10,000.00	10,000.00	–	–
1000, 9.60% Non–Convertible Debentures (secured)	10,000.00	10,000.00	–	–
70 Foreign Currency Convertible Bonds of USD 100,000 each issued to International Finance Corporation (IFC) (unsecured)	3,580.96	3,125.50	–	–
	27,709.13	26,805.34	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Non-current portion 31.03.2012	Non-current portion 31.03.2011	Current Maturities 31.03.2012	Current Maturities 31.03.2011
Note 4 LONG-TERM BORROWINGS (Contd.)				
Term Loans				
Rupee Loans (secured)				
From Banks	225.00	2,196.43	1,435.71	3,042.86
From Non-Banking Financial Company	–	600.00	–	150.00
External Commercial Borrowings (secured)				
From Banks	15,787.24	15,140.26	1,559.30	233.99
From Other Parties	5,691.16	5,581.25	703.40	223.25
	21,703.40	**23,517.94**	**3,698.41**	**3,650.10**
Deferred Payment Liabilities				
Sales Tax Deferment (Unsecured)	270.00	270.00	–	–
Other loans and advances				
Loan Against Vehicles & Equipments (secured)	86.51	44.52	76.00	38.04
	49,769.04	**50,637.80**	**3,774.41**	**3,688.14**
The above amount includes				
Secured Borrowings	41,789.91	43,562.46	3,774.41	3,688.14
Unsecured Borrowings	7,979.13	7,075.34	–	–
Amount disclosed under the head - "Other Current Liabilities" (Refer Note 8)	–	–	(3,774.41)	(3,688.14)
	49,769.04	**50,637.80**	–	–

(A) Terms of Repayment/Conversion

(i) Bonds / Debentures

a) Deep Discount Debentures are redeemable at par at the end of 20 years from the date of allotment i.e. 24th September, 2001 , due date being 24th September, 2021.

b) 10% Non-convertible Debentures are redeemable at par at the end of 10 years from the date of allotment, i.e. 24th August, 2010, due date being 24th August, 2020.

c) 9.60% Non-convertible Debentures are redeemable at par on or after 28th June, 2017 and before 28th June, 2020.

d) 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 1 Lac each aggregating USD 70 Lacs. 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 bondholder 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, 2012 conversion option has not been exercised in respect of any bond. The Company expects that the bondholder will opt for conversion rather than redemption and consequently no interest is expected to be payable and therefore, the same is not provided for.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 4 LONG-TERM BORROWINGS (Contd.)

ii) Other Borrowings

a) Name of the Lendor	Loan Outstanding as on 31 March, 2012 (Rs. in Lacs)	Period of Maturity with respect to Balance Sheet date	No. of Instalments outstanding as on 31 March, 2012	Instalment Amount (Rs. in Lacs)
Term Loans				
Citi Bank	1,125.00	15 Months	5 (Quarterly)	225.00
HSBC	535.71	6 months	2 (Quarterly)	267.86
Term Loans carry an average interest rate of 9.49% p.a.				
External Commercial Borrowings				
ICICI Bank	4,557.41	8 years 5 months	17 (Half Yearly)	268.08
HSBC	7,673.48	4 years 11 months	16 (Quarterly)	479.59
DBS	5,115.65	4 years 9 months	10 (Half Yearly)	511.57
IFC	3,325.17	6 years 6 months	13 (Half Yearly)	255.78
DEG	3,069.39	8 years 6 months	32 (Quarterly)	95.92

External Commercial Borrowings carry an average interest rate of LIBOR + 3.07% p.a.

b) Deferred Sales Tax loan is interest free and sanctioned by the Government of Andhra Pradesh. The same has to be repaid monthly during the period from August 2014 to October 2017.

c) Loans against Vehicles & Equipments are repayable by way of Equated Monthly Instalments subsequent to taking of such loan.The period of loan is 3 years.

B) Details of Security

i) The Non- Convertible Debentures (NCD) issued to Life Insurance Corporation of India Limited and ICICI Bank Limited aggregating to Rs. 20,000 Lacs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahesana (Gujarat), First Pari Passu Charge on Immovable Properties (Lease Hold Land) situated at Mahistikry and also hypothecation of Movable fixed assets (including plant & machinery) in favour of Axis Trustee Services Limited, being the trustee of the Debenture holders.

ii) Rupee Term loan from Hong Kong and Shanghai Banking Corporation Ltd and External Commercial Borrowings (ECB) from ICICI Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by way of hypothecation of all the movable fixed assets (Including Plant & Machineries) and mortgage of immovable properties (Lease hold land) situated at Mahistikry on pari passu basis with other Lenders.

iii) Rupee Term Loan from Citibank N.A. is secured by way of hypothecation of movable and immovable fixed assets (including Plant & Machineries) of the Company at all locations.

iv) External Commercial Borrowing (ECB) from International Finance Corporation (IFC) is secured by way of hypothecation of movable fixed assets and mortgage of immovable properties (Lease Hold Land) situated at Mahistikry Unit, Liluah Unit-I & II and Vishakhapatnam Unit on pari passu basis with other Lenders.

v) External Commercial Borrowings from Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) and DBS Bank Ltd. are secured by way of mortgage of immovable properties (Leasehold Land) situated at Mahistikry on pari passu basis with other Lenders.

vi) Loans against Vehicles & Equipment are secured by way of hypothecation of the underlying asset financed.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 5 OTHER LONG-TERM LIABILITIES				
Derivative Contracts Payable (Refer Note 32(c))		4,029.08		375.49
		4,029.08		375.49

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 6 DEFERRED TAX LIABILITY (NET)				
Components of Deferred Tax Liability				
Related to Fixed Assets		10,836.29		7,199.19
Components of Deferred Tax Assets				
Unabsorbed Depreciation		850.70		–
Disallowances under Income Tax Act		970.86		–
		1,821.56		–
		9,014.73		7,199.19

Deferred Tax Asset on account of unabsorbed depreciation has been recognised as there exists virtual certainty of realisation on reversal of deferred tax liability in future years on account of depreciation.

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 7 SHORT-TERM BORROWINGS				
Working Capital Loans				
From Banks (Secured)				
Cash Credit		10,556.74		7,985.34
FCNR(B) Loan		20,462.60		8,930.00
Buyer's Credit		19,339.68		13,624.60
Packing Credit		4,361.80		–
		54,720.82		30,539.94

a) **Details of Security.**
The Working Capital facilities from Banks are secured by hypothecation of currents assets of the Company both present and future on Pari-Passu basis

Additionally,

i) Working Capital facilities from Citi Bank to the extent of Rs. 8,000 Lacs are secured by way of pledge of investments in Mutual Funds.

ii) Working Capital facilities from HSBC Bank to the extent of Rs. 8,427 Lacs are secured by way of pledge of investments in Mutual Funds .

iii) Working Capital Loans from Banks to the extent of Rs. 9,201.56 Lacs (P.Y. Rs. 3,457.26 Lacs) are personally guaranteed by the promoter directors of the Company.

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 8 OTHER CURRENT LIABILITIES				
Current maturities of long-term debt (Refer Note 4)		3,774.41		3,688.14
Interest Accrued but not due on borrowings		509.19		297.19
Unclaimed Dividend *		70.66		65.17
Due for Capital Goods		412.84		1,455.27
Derivative Contracts Payable (Refer Note 32(c))		2,400.29		903.60
Statutory dues		1,830.65		1,466.90
Advances received from customers		51.18		19.11
Other payables		74.75		18.43
		9,123.97		7,913.81

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 9 SHORT-TERM PROVISIONS				
Provision for Employee benefits (Refer Note No.35)		20.00		17.50
Others:				
Provision for Taxation		1,620.00		2,860.00
Proposed Dividend		385.73		385.73
Corporate Dividend Tax		62.58		62.58
		2,088.31		3,325.81

Note 10 TANGIBLE ASSETS

Particulars	Land (Freehold)	Land (Leasehold)	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total
Cost or Valuation								
At 1 April 2010	2,024.43	241.11	4,588.64	57,678.11	279.37	505.45	884.94	**66,202.05**
Additions	68.44	–	66.86	1,374.05	323.07	73.23	147.06	**2,052.71**
Disposals	–	–	–	–	–	(10.49)	–	**(10.49)**
At 31 March 2011	**2,092.87**	**241.11**	**4,655.50**	**59,052.16**	**602.44**	**568.19**	**1,032.00**	**68,244.27**
Additions	822.64	–	841.84	21,913.11	51.02	147.97	262.54	**24,039.12**
Disposals	–	–	–	–	–	–	–	–
Other Adjustments								
– Exchange differences (Refer Note 33)	–	–	–	1,751.94	–	–	–	**1,751.94**
– Borrowing Costs	–	–	69.32	913.15	–	–	–	**982.47**
At 31 March 2012	**2,915.51**	**241.11**	**5,566.66**	**83,630.36**	**653.46**	**716.16**	**1,294.54**	**95,017.80**
Depreciation								
At 1 April 2010	–	–	634.86	7,359.04	91.05	305.61	271.23	**8,661.79**
Charge for the year	–	–	158.74	3,052.44	18.99	31.71	115.32	**3,377.20**
Disposals	–	–	–	–	–	(8.61)	–	**(8.61)**
At 31 March 2011	**–**	**–**	**793.60**	**10,411.48**	**110.04**	**328.71**	**386.55**	**12,030.38**
Charge for the year	–	–	177.26	4,032.93	38.49	39.99	151.88	**4,440.55**
Disposals	–	–	–	–	–	–	–	–
At 31 March 2012	**–**	**–**	**970.86**	**14,444.41**	**148.53**	**368.70**	**538.43**	**16,470.93**
Net Block								
At 31 March 2011	**2,092.87**	**241.11**	**3,861.90**	**48,640.68**	**492.40**	**239.48**	**645.45**	**56,213.89**
At 31 March 2012	**2,915.51**	**241.11**	**4,595.80**	**69,185.95**	**504.93**	**347.46**	**756.11**	**78,546.87**

Note:

1) Original Cost as at 31st March, 2012 of Vehicles includes Rs. 259.58 Lacs (Previous Year-Rs. 137.11 Lacs) acquired under Auto Finance Scheme from Banks, of which Rs. 139.86 Lacs (Previous Year Rs. 69.49 Lacs) was outstanding as at 31st March, 2012.

2) Depreciation for the year includes Rs. Nil (Previous Year Rs. 52.38 Lacs) charged/allocated to Capital Work in Progress.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 11 CAPITAL WORK-IN-PROGRESS		
At the beginning of the year	28,606.55	1,635.64
Add : Incurred during the year	23,507.74	26,970.91
Less : Capitalised during the year	(23,849.42)	–
At the end of the year	28,264.87	28,606.55
Capital work-in-progress includes:		
a) Expenditure during construction period on substantial expansion / new industrial units of the Company as under:		
Opening Balance	3,633.32	472.06
Incurred during the year		
Consumables Stores and Spares	1.76	0.09
Employees' Emoluments	48.26	28.16
Power & Fuel	64.78	431.34
Research and Development Expenses	–	666.02
Rates & Taxes	5.30	1.11
Repairs & Maintenance	33.55	3.46
Insurance	22.20	24.40
Finance Cost		
Interest Expense	2,169.93	1,005.18
Other Borrowing Costs	31.99	221.87
Applicable Net Gain/Loss On Foreign Currency Transactions And Translations	510.76	200.09
Rent	7.04	17.56
Miscellaneous Expenses	302.92	661.02
	3,198.49	3,260.30
Less:		
Interest Received on Fixed Deposits	(137.07)	(99.04)
Profit on redemption of Mutual Funds (Current Investments)	(850.10)	–
Capitalized during the year	(2,829.98)	–
	(3,817.15)	(99.04)
Closing Balance	3,014.66	3,633.32

b) Rs. 1,077.09 Lacs on account of stock of stores and spares (Previous year Rs. 1,405.88 Lacs).

c) Rs. 483.46 Lacs, being exchange diifferences recognised under Para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates". (Refer Note No. 33).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Number of shares/units As at 31.03.2012	Number of shares/units As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Note 12 NON-CURRENT INVESTMENTS				
Trade Investments (at cost)				
Equity Shares - Unquoted (Fully Paid Up)				
Investment in Subsidiaries				
Himadri Global Investment Ltd. (Face Value - HKD 1 each)	70783680	783680	4,497.61	49.25
			4,497.61	49.25
Non - Trade Investments (at cost)				
Equity Shares - Quoted (Fully Paid Up)				
ACC Limited (F.V. Rs. 10/-)	1275	1275	1.95	1.95
Himadri Credit & Finance Ltd (F.V. Rs. 10/-)	334900	334900	33.49	33.49
NDTV Ltd. (F.V. Rs. 4/-)	1400	1400	0.98	0.98
Transchem Ltd (F.V. Rs. 10/-)	8000	8000	2.40	2.40
Equity Shares - Unquoted (Fully Paid Up)				
Himadri Dyes & Intermediaries Ltd. (F.V. Rs. 10/-)	720000	720000	72.00	72.00
Himadri E-Carbon Ltd (F.V. Rs. 10/-)	40000	40000	4.00	4.00
Himadri Industries Ltd (F.V. Rs. 10/-)	493300	493300	84.50	84.50
			199.32	199.32
Government & Trust securities (unquoted)				
Kisan Vikas Patra			0.07	0.07
			0.07	0.07
Total of Non Current Investments			4,697.00	248.64
Aggregate amount of unquoted investments			4,658.18	209.82
Aggregate amount of quoted investments			38.82	38.82
Aggregate market value of quoted investments (includes Rs.33.49 Lacs (P.Y. 33.49 Lacs) where cost has been considered as market value)			52.63	49.35

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 13 LONG-TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Capital Advances	1,051.51	267.50
Security and other deposits	3,354.12	667.22
MAT Credit Entitlement	4,931.38	3,318.01
Loans and advances to related parties		
To Subsidiary	2,946.61	4,529.09
	12,283.62	8,781.82

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 recognized as an asset. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 14 OTHER NON CURRENT ASSETS		
Bank Balance in Fixed Deposits (residual maturity over 12 months)	0.22	46.64
Interest Accrued on Fixed Deposit	0.01	0.33
	0.23	**46.97**

(Rs. in Lacs)

Particulars	Number of shares/units As at 31.03.2012	Number of shares/units As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Note 15 CURRENT INVESTMENTS				
Current portion of long-term investments (at cost)				
Mutual Funds				
Birla Sun Life Fixed Term Plan Series DT Growth	16000000	–	1,600.00	–
Birla Sun Life Fixed Term Plan Series CE Growth	–	20000000	–	2,000.00
Templeton India Short Term Income Retail Plan - Growth	120639	270427	2,500.00	5,000.00
Templeton India Ultra Short Bond Fund Retail Plan	–	742746	–	92.89
Templeton India Income Opportunities Fund - Growth	–	46965863	–	5,108.99
ICICI Prudential MF FMP Series 52-1 Y Plan C Cumulative	–	27003327	–	2,700.33
ICICI Prudential MF FMP Series 63-1 Y Plan B Cumulative	15000000	–	1,500.00	–
Kotak MF FMP 370 Days Series 8 - Growth	–	15000000	–	1,500.00
Kotak MF FMP 370 Days Series 7 - Growth	–	30003554	–	3,000.36
Kotak MF FMP Series 62 - Growth	16270000	–	1,627.00	–
Kotak MF FMP Series 66 - Growth	15000000	–	1,500.00	–
Kotak MF FMP Series 79 - Growth	15000000	–	1,500.00	–
Reliance MF Fixed Horizon Fund XV Series 8 - Growth	–	20004541	–	2,000.45
Reliance Fixed Horizon Fund XVI Series 7 - Growth	–	15000000	–	1,500.00
Reliance Regular Saving Fund -Debt Plan -Institutional Growth Plan	19293845	–	2,700.00	–
Reliance Fixed Horizon Fund XIX Series 5-Growth Plan	20000000	–	2,000.00	–
DSP Blackrock Money Manager Fund-Institutional Plan Growth	–	219718	–	3,000.00
DSP Blackrock FMP Series 39 - 12M - Growth	15000000	-	1,500.00	–
HDFC FMP 370D March 2012 (1) – Growth Series XXI	10000000	–	1,000.00	–
HSBC MF Fixed Term Series 82 - Growth	40000000	–	4,000.00	–
HSBC MF Fixed Term Series 83 - Growth	10000000	–	1,000.00	–
			22,427.00	**25,903.02**
Aggregate NAV of investments in mutual funds			**23,035.95**	**26,655.11**

Investments amounting to Rs. 21,427.00 Lacs (P.Y. Rs. 17,758.31 Lacs) are pledged with banks against various working capital limits enjoyed by the Company.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 16 INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials (includes in transit Rs. Nil (P.Y. Rs. 326.74 Lacs))	14,902.31	11,695.37
Work-in-Progress	114.67	388.98
Finished Goods	14,554.83	11,817.39
Packing Materials	2.08	57.26
	29,573.89	**23,959.00**
Note 17 TRADE RECEIVABLES		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months from the date they became due for payment	1,429.15	1,243.81
Other Debts	22,414.63	14,397.07
	23,843.78	**15,640.88**
Note 18 CASH AND BANK BALANCES		
i) **Cash & Cash equivalents**		
Cash In Hand (as Certified)	49.92	51.63
Cheques In Hand	1,117.95	363.30
Balances With Banks		
Current Accounts	526.55	1,259.63
EEFC Accounts	880.89	765.31
	2,575.31	**2,439.87**
ii) **Other Bank Balances**		
Balances With Banks in Fixed Deposit Accounts		
Original Maturity period more than 3 months but less than 12 Months	–	5,600.27
Original Maturity period more than 12 Months	4,046.64	1,722.64
Margin Money	0.27	0.27
Unclaimed Dividend Account	70.66	65.17
	4,117.57	**7,388.35**
	6,692.88	**9,828.22**

Fixed Deposits of Rs. 47.13 Lacs (Previous Year Rs. 714.40 Lacs) have been pledged with the Banks as margin against Bank Guarantees issued on behalf of the Company.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 19 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Advance for Supplies		
To Subsidiary	245.55	–
To Others	6,781.97	7,606.87
Other Advances	163.33	282.23
Balance with Central Excise & Cenvat Receivable	3,726.85	4,261.78
Sales Tax Deposit & Vat Receivable	680.87	736.78
Income Tax Payments	1,847.86	2,840.92
Income Tax Refundable	123.15	124.78
	13,569.58	**15,853.36**

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 20 OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest Accrued on Fixed Deposit	212.34	150.29
Incentive Receivable	332.14	332.14
Insurance Claim Receivable	629.58	751.62
	1,174.06	1,234.05

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 21 REVENUE FROM OPERATIONS		
Sale Of Products:		
Domestic	1,07,337.72	64,885.08
Exports	16,768.53	12,289.46
Revenue from operations (gross)	1,24,106.25	77,174.54
Less:-Excise Duty	11,770.19	7,166.28
Revenue from operations (Net)	1,12,336.06	70,008.26
Details of Sale of Products		
Carbon Materials & Chemicals	1,23,645.33	76,968.73
Power	460.92	205.81
	1,24,106.25	77,174.54
Note 22 OTHER INCOME		
Interest on Fixed Deposits with Bank	384.97	155.74
Interest on advance to Subsidiary	162.09	105.34
Dividend Income		
Long-Term Investments	0.40	0.29
Current Investments	64.13	461.54
Profit on redemption of Mutual Funds (Current Investments)	1,292.61	–
Warranty & Other Claims	15.74	27.63
Profit on sale of vehicles	–	1.42
Miscellaneous Income	55.10	19.56
	1,975.04	771.52
Note 23 RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	11,368.63	6,165.51
Add : Purchases	84,127.76	49,825.43
	95,496.39	55,990.94
Less : Inventory at the end of the year	14,902.31	11,368.63
Consumption of Raw Materials	80,594.08	44,622.31
Details of Raw Materials Consumed		
Coal Tar, Pitch, Oils etc.	79,254.12	44,016.03
Other Chemicals	1,328.75	582.10
Others	11.21	24.18
	80,594.08	44,622.31

Break up into Imported & Indigenous

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	%	Rs. Lacs	%	Rs. Lacs
Imported	30.45%	24,542.36	23.40%	10,443.03
Indigenous	69.55%	56,051.72	76.60%	34,179.28
	100.00%	80,594.08	100.00%	44,622.31

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 24 (INCREASE) / DECREASE IN INVENTORIES		
Carbon Materials and Chemicals		
Opening Stock		
Finished Goods	11,817.39	9,147.67
Work-In-Progress	388.98	279.73
	12,206.37	9,427.40
Closing Stock		
Finished Goods	14,554.83	11,817.39
Work-In-Progress	114.67	388.98
	14,669.50	12,206.37
	(2,463.13)	(2,778.97)
Note 25 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Allowances	1,421.86	1,073.20
Contribution to Provident & Other Funds	53.04	44.77
Gratuity (Refer Note 35)	15.50	7.09
Welfare & Other Amenities	187.58	123.39
	1,677.98	1,248.45
Note 26 FINANCE COSTS		
Interest Expense	4,257.83	2,285.90
Discount on Debentures Written Off	448.33	399.64
Other Borrowing Costs	413.93	284.78
Applicable Net Gain/Loss On Foreign Currency Transactions And Translations	2,452.19	57.52
	7,572.28	3,027.84

Interest on Term Loan is net of Rs. Nil (P.Y. Rs. 32.14 Lacs), being interest subsidy receivable for earlier years.

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 27 OTHER EXPENSES		
Consumable Stores & Spares (Refer Note (a) below)	168.67	71.13
Power & Fuel (Refer Note (b) below)	1,170.29	1,468.59
Excise duty on variation in Stocks (Refer Note (c) below)	379.57	270.29
Rent	153.45	93.63
Rates and Taxes	61.78	48.31
Repairs To:		
Factory Shed & Building	66.65	64.34
Plant & Machinery	649.95	528.78
Others	258.88	140.29
Auditors' Remuneration (Refer Note (d) below)	18.21	12.48
Rebates & Discounts	30.17	44.58
Insurance	351.97	200.71
Share Transfer Expenses	1.15	1.46
Miscellaneous Expenses	1,712.52	1,632.15
Packing Expenses	987.41	519.66
Freight & Forwarding Expenses	3,409.74	2,064.49
Commission on sales	647.12	485.87
Loss on redemption of Mutual Funds (Current Investments)	–	14.02
	10,067.53	7,660.78

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 27 OTHER EXPENSES *(Contd.)*

a) Imported and Indigenous Consumable Stores and Spares (including Power Plant)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	%	Rs. Lacs	%	Rs. Lacs
Imported	–	–	–	–
Indigenous	100.00%	233.87	100.00%	106.65
	100.00%	**233.87**	**100.00%**	**106.65**

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

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Consumable Stores & Spares	65.20	35.52
Diesel/ Furnace Oil	153.51	97.84
Repairs & Maintainence	55.98	27.93
Operational Expenses	89.56	67.50
Total	**364.25**	**228.79**

c) Amount of excise duty on variation in stocks represents differential excise duty on opening and closing stock of finished goods.

d) Auditors' Remuneration

a) As Auditor (includes tax audit fees of Rs. 2.00 Lacs (P.Y. Rs. 1.50 Lacs))	12.00	7.50
b) For Company Law Matters	0.25	0.35
c) For other services	5.96	4.63
	18.21	**12.48**

Note 28 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities not provided for in respect of:		
a) Standby letter of credit to secure financial assistance to its subsidiary	1,534.70	–
b) Interest on FCCB	436.01	258.15
c) Bills discounted with Banks	5,816.94	2,406.25
d) 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	228.25	77.44

b) Estimated amount of commitments on capital account (net of advances) - Rs. 1,752.94 Lacs (Previous Year Rs. 1,792.04 Lacs).

c) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) - Rs. 9,192.58 Lacs. (Previous Year Rs. 3,829.03 Lacs)

Note 29 C.I.F. VALUE OF IMPORTS

Items		
Raw Materials	20,866.42	13,477.51
Capital Goods	733.13	1,654.35
	21,599.55	**15,131.86**

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 30 EXPENDITURE IN FOREIGN CURRENCY (Including pre-operative expenses)		
Items		
Travelling	126.33	96.84
Consultancy	152.83	224.26
Upfront & Processing Fees	84.21	210.51
Interest	2,280.09	556.61
Other matters	109.04	221.90
Note 31 EARNINGS IN FOREIGN CURRENCY		
Items		
F.O.B. Value of Exports	14,630.05	12,255.12
Interest Received on Advances to Subsidiary	162.09	105.34

Note 32 AMOUNTS RECEIVABLE/PAYABLE IN FOREIGN CURRENCY

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

Nature (Nos.) of Contract	Currency Pair	Buy/ Sell	Foreign currency (in Lacs)	
			31.03.2012	31.03.2011
Forward contracts [4, P.Y. Nil]	EURO/USD	Sell	600.00	–
Forward contracts [12, P.Y. 2]	USD/INR	Sell	545.00	80.00
Forward contracts [Nil, P.Y. 7]	USD/INR	Buy	–	625.90
Cross currency swaps [9, P.Y. 10]	USD/INR	Sell	462.49	508.80
Interest rate swaps [2, P.Y. 2]	USD/INR	Notional Principal	108.05	108.05
Interest rate swaps [1, P.Y. 1]	JPY/INR	Notional Principal	4,733.69	4,733.69

(c) All derivative contracts outstanding as on 31st March, 2012 are marked to market. The Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement.

Accordingly, loss aggregating to Rs. 1,630.66 Lacs (P.Y. Rs. 355.74 Lacs), being the effective portion of the contracts designated as effective hedges for 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.

Gain/loss on contracts not designated as effective hedges and ineffective portion of the contracts designated as effective hedges is included in Foreign Exchange Fluctuation Account, after adjustment of periodic premium received on Cross Currency/Interest Rate Swaps.

Foreign Exchange Fluctuation in the Statement of Profit & Loss includes gain of Rs. 226.98 Lacs, being periodic premium on certain contracts (net of mark to market loss) adjusted in the accounts for earlier year from borrowing costs included in Capital Work in Progress.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 32 AMOUNTS RECEIVABLE/PAYABLE IN FOREIGN CURRENCY *(Contd.)*

(d) Particulars of unhedged foreign currency exposure as at 31.03.2012 are as follows:

Foreign currency (in Lacs)

Particulars	Currency	31 March, 2012	31 March, 2011
a) Amounts payable in foreign currency	USD	1,369.01	875.65
b) Amounts payable in foreign currency	EURO	36.51	–
c) Amounts receivable in foreign currency	USD	181.40	249.83

Note 33 CHANGE IN ACCOUNTING POLICY

The Company has exercised option available to it under Para 46A of AS 11 "The Effects of Changes in Foreign Exchange Rates" as per Notification No. GSR No. 914(E) issued by the Ministry of Corporate Affairs, Government of India on 29th December, 2011 in respect of accounting for fluctuations in Foreign Exchange relating to long term monetary items. Accordingly, the Company has adjusted exchange fluctuations amounting to Rs. 2,235.41 Lacs to the cost of its Fixed Assets (including Capital Work in Progress) during the year which was hitherto charged to Profit & Loss Account.

Consequent to the change in the accounting policy, additions to Fixed Assets (including Capital Work in Progress) as at 31st March 2012 are higher by Rs. 2,235.41 Lacs, depreciation for the year higher by Rs. 94.20 Lacs, and the profit for the year higher by Rs. 2,141.21 Lacs.

Note 34 AMOUNT DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Company owes Rs. 124.12 Lacs (P.Y. Rs. Nil) to Micro, Small and Medium Enterprises as on 31st March, 2012. However, 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, 2012. 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. This has been relied upon by the auditors.

Note 35 EMPLOYEE BENEFITS

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)

Particulars	31 March, 2012	31 March, 2011
Employer's Contribution to Provident and Other Funds	53.04	44.77

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, 2012 which recognizes 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 35 EMPLOYEE BENEFITS *(Contd.)*

(Rs. in Lacs)

Particulars	Gratuity (Funded) 31 March, 2012	Gratuity (Funded) 31 March, 2011
i. Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:		
Defined Benefit obligation at beginning of the year	33.70	23.70
Current Service Cost	7.29	5.51
Interest Cost	2.70	1.90
Actuarial (Gain)/Loss	10.42	2.98
Benefits paid	0.18	0.39
Settlement cost	–	–
Defined Benefit obligation at the year end	**53.92**	**33.70**
ii. Reconciliation of Opening and Closing Balances of fair value of plan assets:		
Fair value of plan assets at beginning of the year	35.01	25.48
Expected return on plan assets	3.59	2.83
Actuarial Gain/(Loss)	–	–
Employers' contribution	5.95	7.09
Benefits paid	0.18	0.39
Settlement cost	–	–
Fair value of plan assets at the year end	**44.37**	**35.01**
Actual return on plan assets	3.59	2.83
iii. Reconciliation of fair value of assets and obligation:		
Fair value of plan assets	44.37	35.01
Present value of obligation	53.92	33.70
Amount recognized as asset / (liability) in Balance Sheet**	(9.55)	**
** The excess of assets over liabilities have not been recognised as they are lying in an irrevocable trust fund.		
iv. Expenses recognized during the year in the Profit & Loss Account:		
Current Service Cost	7.29	5.51
Interest Cost	2.70	1.90
Expected return on plan assets	(3.59)	(2.84)
Actuarial (Gain)/Loss	10.42	2.98
Net asset not recognised/adjusted	(1.31)	(0.46)
Net Cost	15.50	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)	9.15%	9%
Rate of escalation in salary (per annum)	4.50%	3.25%

vii. Other disclosures

(Rs. in Lacs)

Particulars	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
Defined Benefit Obligation	53.92	33.70	23.70	18.12	21.38
Plan Assets	44.37	35.01	25.48	23.37	17.82
Surplus/ (Deficit)	(9.55)	1.31	1.78	5.25	(3.56)
Experience Adjustment on Plan Liabilities	10.42	2.98	1.86	(2.30)	4.92

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 35 EMPLOYEE BENEFITS *(Contd.)*

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. 10.36 Lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the financial year 2012-13.

Note 36 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 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

b) Enterprises owned or significantly Influenced by the Key Managerial 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.

Transactions carried out with related parties referred to in above, in ordinary course of business, are as under: *(Rs. in Lacs)*

Nature of transactions	Referred in i(a) above		Referred in ii(a) above		Referred in ii(b) above	
	2012	2011	2012	2011	2012	2011
Advance Given – Himadri Global Investment Ltd	2,703.79	3,304.63				
Advance for Supplies (Net) – Shandong Dawn Himadri Chemical Industry Ltd	245.55	–				
Interest received on advances to Subsidiaries	162.09	105.34				
Salary / Managerial Remuneration						
– Mr. Bankey Lal Choudhary			30.00	30.00		
– Mr. Shyam Sundar Choudhary			30.00	30.00		
– Mr. Vijay Kumar Choudhary			30.00	30.00		
– Mr. Anurag Choudhary			12.00	10.50		
– Mr. Amit Choudhary			12.00	10.50		
– Mr. Tushar Choudhary			12.00	10.50		

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 36 RELATED PARTY DISCLOSURES *(Contd.)*

Transactions carried out with related parties referred to in above, in ordinary course of business, are as under *(Contd)*: *(Rs. in Lacs)*

Nature of transactions	Referred in i(a) above		Referred in ii(a) above		Referred in ii(b) above	
	2012	2011	2012	2011	2012	2011
Repayment of Loan - Himadri Credit & Finance Ltd					750.00	150.00
Conversion of Advances into Investments Made - Himadri Global Investment Ltd	4,448.36	–				
Interest paid on loan - Himadri Credit & Finance Ltd					18.49	101.25
Discount on Debentures written off - Himadri Coke & Petro Ltd					448.33	399.64
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
Purchases						
– Himadri Global Investment Ltd	721.94	–				
– Shandong Dawn Himadri Chemical Industry Ltd	1,730.00	–				
BALANCES AT YEAR-END						
Loans Taken – Himadri Credit & Finance Ltd					–	750.00
Advance Given – Himadri Global Investment Ltd *	2,946.61	4,529.09				
Advance for Supplies (Net) – Shandong Dawn Himadri Chemical Industry Ltd	245.55	–				
Investment held						
– Himadri Global Investment Ltd	4,497.61	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					4,128.17	3,679.84

* Maximum amount outstanding at any time during the year 6,203.02 Lacs (P.Y. 4,529.09 Lacs)

Note 37 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.

Also, the Company has taken a Spraydrying Unit in Vapi, Gujarat on an operating lease vide agreement dated 20th May, 2011 from SkyLine Interchem for a period of 3 years with an option to exit or further renewal for a period of 3 years, effective from 7th June, 2011. The lease rent payable shall increase by 10% every year without cascading effect.

a) Future Lease Rental payments *(Rs. in Lacs)*

Particulars	As at 31 March, 2012	As at 31 March, 2011
Not later than one year	48.97	24.00
Later than one year and not later than five years	107.83	100.80

b) Lease payments recognized in Profit and Loss Account – Rs. 43.60 Lacs (P. Y. Rs.24 Lacs).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 38 EARNINGS PER SHARE

Particulars		As at 31 March, 2012	As at 31 March, 2011
Net Profit for the year attributable to equity shareholders: (Rs. Lacs)	(a)	6,331.65	11,438.91
Weighted average number of Equity Shares of Re.1 each outstanding during the period:	(b)	38,57,32,570	38,57,32,570
Add: Dilutive effect of issue of shares on conversion of FCCB	(c)	1,89,19,486	1,61,95,475
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	(d) = (b) + (c)	40,46,52,056	40,19,28,045
Earnings Per Share(Rs.) :			
Basic	(e) = (a) / (b)	1.64	2.97
Diluted	(f) = (a) / (d)	1.56	2.85

Note 39 RESEARCH AND DEVELOPMENT EXPENSES

Research and Development expenses aggregating to:

a. Rs. 156.64 Lacs (Previous year Rs. 178.15 Lacs) in the nature of revenue expenditure and Rs. 35.88 Lacs (Previous year Rs. 738.20 Lacs) in the nature of capital expenditure have been included under the appropriate account heads.

b. Rs. 724.72 Lacs debited in earlier year to Capital Work in Progress has been capitalised during the year.

Note 40 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.

Information about Secondary Geographical Segments

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Within India		
Segment Revenue	95,567.53	57,718.80
Segment Assets	2,06,006.94	1,72,712.26
Capital Expenditure during the year	26,431.86	29,013.12
Outside India		
Revenue	16,768.53	12,289.46

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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 41

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.

Note 42

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure. 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.

As per our report of even date attached

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

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Place : Kolkata
Dated : 15th May, 2012

For and on behalf of the Board

Sd/-
B. L. Choudhary
Managing Director

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. 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 LTD CHINA
The financial year of the subsidiary Co ended on	31st March, 2012	31st December, 2011
No. of shares held by Holding Co as on the above date	70,783,680 Ordinary Shares of HK$1each	N. A.
Extent of interest of the Holding Co at the end of financial year of the subsidiary	100%	94%
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. 31.99 Lacs	Loss Rs. 508.05 Lacs
- For the previous Financial year of the subsidiary since it became the holding Company's subsidiary	Loss Rs. 121.82 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
Change in the interest of holding Company between the end of subsidiary's financial year and 31st March 2012	The subsidiary's financial year is same as that of the Company.	Nil
Material changes between the end of subsidiary's financial year and 31st March 2012 in:	The subsidiary's financial year is same as that of the Company	
(i) Fixed asset		Capital Expenditure incurred Rs. 122.41 Lacs
(ii) Investments		Nil
(iii) Moneys lent by the subsidiary		Nil
(iv) Moneys borrowed by the subsidiary other than for meeting current liabilities		Rs. 81.78 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 2012 and also the Consolidated Statement of Profit & Loss 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 Investment Limited (incorporated in Hong Kong) and Shandong Dawn Himadri Chemical Industry Limited (incorporated in The People's Republic of China), with total assets of Rs. 19,854.98 Lacs as at 31st March, 2012, total revenue of Rs. 4,931.74 Lacs and total expenditure of Rs. 5,504.20 Lacs for the year ended on that date have not been audited by us. These financial statements have been audited by other auditors, whose report have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of other auditors.

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 auditors 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, 2012,

   ii) in case of the Consolidated Statement of Profit & Loss, 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
FRN: 309005E

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

Place : Kolkata
Dated : The 15th day of May, 2012

CONSOLIDATED BALANCE SHEET As at 31st March, 2012

(Rs. in Lacs)

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	3	3,857.33	3,857.33
b) Reserves and Surplus	4	85,546.95	80,724.72
		89,404.28	84,582.05
2) MINORITY INTEREST		202.61	204.28
3) NON-CURRENT LIABILITIES			
a) Long-term Borrowings	5	49,769.04	50,637.80
b) Other Long- term Liabilities	6	4,029.08	375.49
c) Deferred Tax Liability	7	9,014.73	7,199.19
		62,812.85	58,212.48
4) CURRENT LIABILITIES			
a) Short-term Borrowings	8	56,248.91	30,539.94
b) Trade Payables		4,381.69	1,746.25
c) Other Current Liabilities	9	9,381.16	8,958.95
d) Short- term Provisions	10	2,088.31	3,325.81
		72,100.07	44,570.95
TOTAL		2,24,519.81	1,87,569.76
II. ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	11(a)	84,110.18	56,216.72
ii) Intangible Assets	11(b)	230.06	197.89
iii) Capital Work-in-progress	12	28,295.12	31,738.87
		1,12,635.36	88,153.48
b) Non- Current Investments	13	199.39	199.39
c) Long-term Loans & Advances	14	9,357.90	4,252.73
d) Other Non-Current Assets	15	1,306.77	1,060.63
		1,23,499.42	93,666.23
2) CURRENT ASSETS			
a) Current Investments	16	22,427.00	25,903.02
b) Inventories	17	30,884.72	23,959.00
c) Trade Receivables	18	24,442.28	15,640.88
d) Cash and Bank Balances	19	7,283.15	10,521.25
e) Short- term Loans & Advances	20	14,809.18	16,645.33
f) Other Current Assets	21	1,174.06	1,234.05
		1,01,020.39	93,903.53
TOTAL		2,24,519.81	1,87,569.76
SIGNIFICANT ACCOUNTING POLICIES	1		
Accompanying notes form integral part of the financial statements			

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

Place : Kolkata
Dated : 15th May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Note No.	Year ended 31 March, 2012	Year ended 31 March, 2011
INCOME			
I Revenue From Operations (gross)	22	1,26,246.08	77,174.54
Less : Excise Duty		11,770.19	7,166.28
Revenue From Operations (net)		1,14,475.89	70,008.26
II Other Income	23	1,813.15	666.18
III Total Revenue (I + II)		1,16,289.04	70,674.44
IV EXPENSES:			
Raw Materials Consumed	24	81,892.35	44,622.31
(Increase)/ Decrease in Inventories	25	(2,638.61)	(2,778.97)
Employee Benefits Expense	26	1,898.75	1,248.45
Finance Costs	27	7,607.43	3,034.66
Depreciation and Amortization Expense		4,599.28	3,324.82
Foreign Exchange Fluctuation Loss/(Gain)		4,176.01	(665.70)
Other Expenses	28	11,238.70	7,662.33
Total Expenses (IV)		1,08,773.91	56,447.90
PROFIT BEFORE TAX (III-IV)		7,515.13	14,226.54
Tax Expenses			
Current Tax		1,620.00	2,860.00
Less : MAT Credit entitlement		(1,613.37)	(788.49)
Net Current Tax		6.63	2,071.51
Deferred Tax		1,815.53	829.83
PROFIT AFTER TAX		5,692.97	11,325.20
Minority Interest		(32.43)	-
PROFIT FOR THE YEAR		5,725.40	11,325.20
Earnings Per Equity Share [Nominal Value Of Share - Re 1/-]	35		
Basic		1.48	2.94
Diluted		1.41	2.82
SIGNIFICANT ACCOUNTING POLICIES	1		
Accompanying notes form integral part of the financial statements			

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

Place : Kolkata
Dated : 15th May, 2012

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-Ordinary Items		7,515.13		14,226.54
Adjustments for :				
Depreciation & Amortisation	4,599.28		3,324.82	
Deferred Revenue Expenses W/off	168.17		-	
Effect of changes on foreign currency translation	820.06		67.24	
Finance costs	7,607.43		3,034.66	
Interest Received	(384.97)		(155.74)	
Dividend Received	(64.53)		(461.83)	
Loss/(profit) on redemption of Mutual Funds	(1,292.61)		14.02	
Foreign Exchange Loss/(Gain)	7,039.49		(178.52)	
Profit on sale of Vehicles	-		(1.42)	
		18,492.32		5,643.23
Operating Profit before Working Capital Changes		26,007.45		19,869.77
Adjustments for :				
(Increase)/Decrease in Inventories	(6,925.72)		(8,099.50)	
(Increase)/Decrease in Trade Receivables	(8,801.40)		(2,168.58)	
(Increase)/Decrease in Loans and Advances	(1,845.44)		(6,636.94)	
(Increase)/Decrease in Other Assets	(339.01)		(1,308.54)	
Increase/(Decrease) in Trade Payables	2,635.44		(493.41)	
Increase/(Decrease) in Other Liabilities	611.53		533.84	
		(14,664.60)		(18,173.13)
Cash generated from operations		**11,342.85**		**1,696.64**
Direct Tax Paid		(1,865.31)		(3,019.45)
Net Cash from Operating Activities		**9,477.54**		**(1,322.81)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(30,183.53)		(26,849.09)	
(including Capital Work-in-Progress and Capital Advances)				
Sale of Fixed Assets	-		3.30	
Interest Income	323.24		44.99	
Dividend Income	64.53		461.83	
Sale of investments	24,582.86		81,151.38	
Purchase of Investments	(18,964.13)		(87,196.58)	
(Increase) / Decrease in Fixed Deposits with Banks	3,322.69		(5,958.18)	
Net Cash used in Investing Activities		(20,854.34)		(38,342.35)

CONSOLIDATED CASH FLOW STATEMENT *(Contd.)* For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Non Convertible Debentures	-		20,000.00	
Minority Interest Contribution	30.76		6.71	
Increase in Long Term Borrowings	117.99		13,809.59	
Repayment of Long Term Borrowings	(4,874.09)		(4,958.72)	
Increase/(Decrease) in Working Capital Borrowings	21,044.52		15,203.72	
Share Issue Expenses	-		(71.21)	
Interest Paid	(4,488.73)		(2,426.69)	
Dividend Paid	(385.73)		(385.73)	
Dividend Tax Paid	(62.58)		(64.07)	
Net Cash from Financing Activities		**11,382.14**		**41,113.60**
Net Increase/(Decrease) in Cash & Cash Equivalents		5.34		1,448.44
Cash and cash equivalent at the beginning of the year (Refer Note No.19 to the Accounts)		3,132.90		1,819.11
Effect of Exchange Gain/ (Loss) on Cash & Cash Equivalents		27.34		(134.65)
Cash & Cash Equivalents at the end of the year (Refer Note No.19 to the Accounts)		3,165.58		3,132.90

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 accounts [Refer Note No.19 to the Accounts].
3. Figures in brackets indicate cash outflows.

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

Place : Kolkata
Dated : 15th May, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of consolidation**

   The Consolidated financial statements relate to Himadri Chemicals & 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 recognized 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 recognized 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 recognized in the consolidated statement of Profit and Loss 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, 2012.

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

Note 2

The following subsidiaries have been consolidated in the Financial Statements:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest	
		As at 31 March, 2012	As at 31 March, 2011
Himadri Global Investment Limited ("HGIL")	Hong Kong	100.00%	100.00%
Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL")	The People's Republic of China	94.00%	94.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012		As at 31 March, 2011	
Note 3 SHARE CAPITAL				
Authorised				
70,00,00,000 Equity Shares of Re. 1/- 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		3,857.33		3,857.33

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

   Equity Shares

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number	Rs Lacs	Number	Rs Lacs
At the beginning of the period	385732570	3,857.33	38573257	3,857.33
Sub- division of equity shares of Rs 10/- each into equity shares of Re 1/- each	–	–	347159313	–
Outstanding at the end of the period	385732570	3,857.33	385732570	3,857.33

b. **Terms/Rights attached to equity shares**

   The Company has only one class of equity shares having a par value of Re 1/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Details of the shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number	% holding	Number	% holding
Equity shares of Re 1 each fully paid				
BC India Investments	103178860	26.75%	103178860	26.75%
CITI Group Venture Capital International	47391210	12.29%	47391210	12.29%
Himadri Dyes & Intermediates Ltd	98284310	25.48%	98284310	25.48%
Himadri Industries Ltd	46140000	11.96%	46140000	11.96%

d. **Shares reserved for issue under options**

   For details of shares reserved for issue on conversion of Foreign Currency Convertible Bonds which were issued on 13th April,2009, please refer note 4A(i)(d) regarding terms of conversion/redemption of Foreign Currency Convertible Bonds.

e. During the year 2009-10, the Company had issued and alloted 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 25,240 Lacs. The object of the issue was to part finance its ongoing projects, capacity expansion and to meet increased working capital requirements. The Company has utilised the entire proceeds on the objects of the issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 4 RESERVES AND SURPLUS		
Capital Reserve - As per last account	1,280.50	1,280.50
Securities Premium Account		
Balance as per last financial statements	39,576.97	39,648.18
Share Issue Expenses Written Off	-	(71.21)
Closing Balance	39,576.97	39,576.97
Debenture Redemption Reserve		
Balance as per last financial statements	500.00	-
Transferred from Surplus in the Statement of Profit and Loss	500.00	500.00
Closing Balance	1,000.00	500.00
General Reserve		
Balance as per last financial statements	10,017.44	8,517.44
Transferred from Surplus in the Statement of Profit and Loss	1,500.00	1,500.00
Closing Balance	11,517.44	10,017.44
Foreign Exchange Translation Reserve		
Balance as per last financial statements	19.68	(47.56)
Movement during the year	820.06	67.24
Closing Balance	839.74	19.68
Hedging Reserve (Refer Note 30(b))		
Balance as per last financial statements	(355.74)	(440.51)
Movement during the year	(1,274.92)	84.77
Closing Balance	(1,630.66)	(355.74)
Surplus (Balance in the statement of Profit & Loss)		
Balance as per last financial statements	29,685.87	20,808.98
Profit for the year	5,725.40	11,325.20
Less : Appropriations		
Transfer to Debenture Redemption Reserve	(500.00)	(500.00)
Transfer to General Reserve	(1,500.00)	(1,500.00)
Proposed equity dividend (Amount per share Re 0.10)	(385.73)	(385.73)
Tax on proposed equity dividend	(62.58)	(62.58)
Closing Balance	32,962.96	29,685.87
	85,546.95	80,724.72

Particulars	Non-current portion 31.03.2012	Non-current portion 31.03.2011	Current Maturities 31.03.2012	Current Maturities 31.03.2011
Note 5 LONG-TERM BORROWINGS				
Bonds / Debentures				
12,300 Deep Discount Debentures (unsecured)	12,300.00	12,300.00	–	–
Less : Discount on issue of Debenture to the extent not written off or adjusted.	8,171.83	8,620.16	–	–
	4,128.17	3,679.84		
2,500,000, 10% Non–Convertible Debentures (secured)	10,000.00	10,000.00	–	–
1,000, 9.60% Non–Convertible Debentures (secured)	10,000.00	10,000.00	–	–
70 Foreign Currency Convertible Bonds of USD 100,000 each issued to International Finance Corporation (IFC) (unsecured)	3,580.96	3,125.50	–	–
	27,709.13	26,805.34	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Particulars	Non-current portion 31.03.2012	Non-current portion 31.03.2011	Current Maturities 31.03.2012	Current Maturities 31.03.2011
Note 5 LONG-TERM BORROWINGS *(Contd.)*				
Term Loans				
Rupee Loans (secured)				
From Banks	225.00	2,196.43	1,435.71	3,042.86
From Non-Banking Financial Company	-	600.00	-	150.00
External Commercial Borrowings (secured)				
From Banks	15,787.24	15,140.26	1,559.30	233.99
From Other Parties	5,691.16	5,581.25	703.40	223.25
	21,703.40	23,517.94	3,698.41	3,650.10
Deferred Payment Liabilities				
Sales Tax Deferment (Unsecured)	270.00	270.00	-	-
Other loans and advances				
Loan Against Vehicles & Equipments (secured)	86.51	44.52	76.00	38.04
	49,769.04	50,637.80	3,774.41	3,688.14
The above amount includes				
Secured Borrowings	41,789.91	43,562.46	3,774.41	3,688.14
Unsecured Borrowings	7,979.13	7,075.34	-	-
Amount disclosed under the head - "Other Current Liabilities" (Refer Note 9)	-	-	(3,774.41)	(3,688.14)
	49,769.04	50,637.80	-	-

(A) **Terms of Repayment/Conversion**

(i) **Bonds / Debentures**

a) Deep Discount Debentures are redeemable at par at the end of 20 years from the date of allotment i.e. 24th September, 2001 , due date being 24th September, 2021.

b) 10% Non-convertible Debentures are redeemable at par at the end of 10 years from the date of allotment, i.e. 24th August, 2010, due date being 24th August, 2020.

c) 9.60% Non-convertible Debentures are redeemable at par on or after 28th June, 2017 and before 28th June, 2020.

d) 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 1 Lac each aggregating USD 70 Lacs. 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 bondholder 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, 2012 conversion option has not been exercised in respect of any bond. The Company expects that the bondholder will opt for conversion rather than redemption and consequently no interest is expected to be payable and therefore, the same is not provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 5 LONG-TERM BORROWINGS *(Contd.)*

ii) Other Borrowings

a) Name of the Lender	Loan Outstanding as on 31 March, 2012 (Rs. in Lacs)	Period of Maturity with respect to Balance Sheet date	No. of Instalments outstanding as on 31 March, 2012	Instalment Amount (Rs. in Lacs)
Term Loans				
Citi Bank	1,125.00	15 Months	5 (Quarterly)	225.00
HSBC	535.71	6 months	2 (Quarterly)	267.86
Term Loans carry an average interest rate of 9.49% p.a.				
External Commercial Borrowings				
ICICI Bank	4,557.41	8 years 5 months	17 (Half Yearly)	268.08
HSBC	7,673.48	4 years 11 months	16 (Quarterly)	479.59
DBS	5,115.65	4 years 9 months	10 (Half Yearly)	511.57
IFC	3,325.17	6 years 6 months	13 (Half Yearly)	255.78
DEG	3,069.39	8 years 6 months	32 (Quarterly)	95.92

External Commercial Borrowings carry an average interest rate of LIBOR + 3.07% p.a.

b) Deferred Sales Tax loan is interest free and sanctioned by the Government of Andhra Pradesh. The same has to be repaid monthly during the period from August 2014 to October 2017.

c) Loans against Vehicles & Equipments are repayable by way of Equated Monthly Instalments subsequent to taking of such loan.The period of loan is 3 years.

B) Details of Security

i) The Non- Convertible Debentures (NCD) issued to Life Insurance Corporation of India Limited and ICICI Bank Limited aggregating to Rs. 20,000 Lacs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahesana (Gujarat), First Pari Passu Charge on Immovable Properties (Lease Hold Land) situated at Mahistikry and also hypothecation of Movable fixed assets (including plant & machinery) in favour of Axis Trustee Services Limited, being the trustee of the Debenture holders.

ii) Rupee Term loan from Hong Kong and Shanghai Banking Corporation Ltd and External Commercial Borrowings (ECB) from ICICI Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by way of hypothecation of all the movable fixed assets (Including Plant & Machineries) and mortgage of immovable properties (Lease hold land) situated at Mahistikry on pari passu basis with other Lenders.

iii) Rupee Term Loan from Citibank N.A. is secured by way of hypothecation of movable and immovable fixed assets (including Plant & Machineries) of the Company at all locations.

iv) External Commercial Borrowing (ECB) from International Finance Corporation (IFC) is secured by way of hypothecation of movable fixed assets and mortgage of immovable properties (Lease Hold Land) situated at Mahistikry Unit, Liluah Unit-I & II and Vishakhapatnam Unit on pari passu basis with other Lenders.

v) External Commercial Borrowings from Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) and DBS Bank Ltd. are secured by way of mortgage of immovable properties (Leasehold Land) situated at Mahistikry on pari passu basis with other Lenders.

vi) Loans against Vehicles & Equipment are secured by way of hypothecation of the underlying asset financed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 6 OTHER LONG-TERM LIABILITIES		
Derivative Contracts Payable (Refer Note 32(c))	4,029.08	375.49
	4,029.08	375.49
Note 7 DEFERRED TAX LIABILITY (NET)		
Components of Deferred Tax Liability		
Related to Fixed Assets	10,836.29	7,199.19
Components of Deferred Tax Assets		
Unabsorbed Depreciation	850.70	–
Disallowances under Income Tax Act	970.86	–
	1,821.56	–
	9,014.73	7,199.19

Deferred Tax Asset on account of unabsorbed depreciation has been recognised as there exists virtual certainty of realisation on reversal of deferred tax liability in future years on account of depreciation.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 8 SHORT-TERM BORROWINGS		
Working Capital Loans		
From Banks (Secured)		
Cash Credit	12,084.83	7,985.34
FCNR(B) Loan	20,462.60	8,930.00
Buyer's Credit	19,339.68	13,624.60
Packing Credit	4,361.80	-
	56,248.91	30,539.94

a) Details of Security

The Working Capital facilities from Banks are secured by hypothecation of currents assets of the Company both present and future on Pari-Passu basis

Additionally,

i) Working Capital facilities from Citi Bank to the extent of Rs. 8,000 Lacs are secured by way of pledge of investments in Mutual Funds.

ii) Working Capital facilities from HSBC Bank to the extent of Rs. 8,427 Lacs are secured by way of pledge of investments in Mutual Funds .

iii) Working Capital Loans from Banks to the extent of Rs. 9,201.56 Lacs (P.Y. Rs. 3,457.26 Lacs) are personally guaranteed by the promoter directors of the Company.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 9 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note 5)	3,774.41	3,688.14
Interest Accrued but not due on borrowings	515.37	297.19
Unclaimed Dividend *	70.66	65.17
Due for Capital Goods	412.84	2,406.29
Derivative Contracts Payable (Refer Note 30(c))	2,400.29	903.60
Statutory dues	1,833.12	1,467.55
Advances received from customers	221.07	19.11
Other payables	153.40	111.90
	9,381.16	8,958.95

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 10 SHORT-TERM PROVISIONS		
Provision for Employee benefits (Refer Note No.32)	20.00	17.50
Others:		
Provision for Taxation	1,620.00	2,860.00
Proposed Dividend	385.73	385.73
Corporate Dividend Tax	62.58	62.58
	2,088.31	3,325.81

Note 11 (a) TANGIBLE ASSETS

Particulars	Land (Freehold)	Land (Leasehold)	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total
Cost or Valuation								
At 1 April 2010	2,024.43	241.11	4,588.64	57,678.11	279.62	505.45	887.26	66,204.62
Additions	68.44	-	66.86	1,374.05	323.07	73.23	148.64	2,054.29
Disposals	-	-	-	-	-	(10.49)	-	(10.49)
Other Adjustments								
- Exchange differences (Refer Note 33)	-	-	-	-	-	-	-	-
- Exchange Translation adjustments	-	-	-	-	0.01	-	0.08	0.09
At 31 March 2011	2,092.87	241.11	4,655.50	59,052.16	602.70	568.19	1,035.98	68,248.51
Additions	822.64	-	3,437.19	24,852.64	95.97	212.97	348.06	29,769.47
Disposals	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange differences (Refer Note 33)	-	-	-	1,751.94	-	-	-	1,751.94
- Exchange Translation adjustments	-	-	-	-	0.05	-	0.75	0.80
- Borrowing Costs	-	-	69.32	913.15	-	-	-	982.47
At 31 March 2012	2,915.51	241.11	8,162.01	86,569.89	698.72	781.16	1,384.79	100,753.19
Depreciation								
At 1 April 2010	-	-	634.86	7,359.04	91.07	305.61	271.54	8,662.12
Charge for the year	-	-	158.74	3,052.44	19.04	31.71	116.35	3,378.28
Disposals	-	-	-	-	-	(8.61)	-	(8.61)
At 31 March 2011	-	-	793.60	10,411.48	110.11	328.71	387.89	12,031.79
Charge for the year	-	-	213.88	4,139.47	40.54	42.46	161.76	4,598.11
Disposals	-	-	-	-	-	-	-	-
Other Adjustments								
Exchange Translation Adjustments	-	-	2.98	8.69	0.18	0.20	1.06	13.11
At 31 March 2012	-	-	1,010.46	14,559.64	150.83	371.37	550.71	16,643.01
Net Block								
At 31 March 2011	2,092.87	241.11	3,861.90	48,640.68	492.59	239.48	648.09	56,216.72
At 31 March 2012	2,915.51	241.11	7,151.55	72,010.25	547.89	409.79	834.08	84,110.18

Note:

1) Original Cost as at 31st March, 2012 of Vehicles includes Rs 259.58 Lacs (Previous Year-Rs 137.11 Lacs) acquired under Auto Finance Scheme from Banks, of which Rs. 139.86 Lacs (Previous Year Rs 69.49 Lacs) was outstanding as at 31st March, 2012.

2) Depreciation for the year includes Rs. Nil (Previous Year Rs. 53.46 Lacs) charged/allocated to Capital Work in Progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Note 11 (b) INTANGIBLE ASSETS

	Land usage rights	Software	Total
Cost or Valuation			
At 1 April 2010	197.57	0.46	198.03
Additions	-	-	-
Disposals	-	-	-
Other Adjustments			
- Exchange Translation Adjustments	6.71	0.02	6.73
- Borrowing Costs	-	-	-
At 31 March 2011	204.28	0.48	204.76
Additions	-	-	-
Disposals	-	-	-
Other Adjustments			
- Exchange Translation Adjustments	38.42	-	38.42
- Borrowing Costs	-	-	-
At 31 March 2012	242.70	0.48	243.18
Depreciation			
At 1 April 2010	2.06	0.23	2.29
Charge for the year	4.35	0.25	4.60
Disposals	-		-
Other Adjustments			
- Exchange Translation Adjustments	(0.02)	-	(0.02)
At 31 March 2011	6.39	0.48	6.87
Charge for the year	4.67	-	4.67
Disposals	-	-	-
Other Adjustments			
- Exchange Translation Adjustments	1.58	-	1.58
At 31 March 2012	12.64	0.48	13.12
Net Block			
At 31 March 2011	197.89	-	197.89
At 31 March 2012	230.06	-	230.06

Note:

Depreciation for the year includes Rs. 3.50 Lacs (Previous Year Rs. 4.60 Lacs) charged/allocated to Long Term Deferred Revenue Expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 12 CAPITAL WORK-IN-PROGRESS		
At the beginning of the year	31,738.87	2,453.14
Add : Incurred during the year	26,136.02	29,285.73
Less : Capitalised during the year	(29,579.77)	-
At the end of the year	28,295.12	31,738.87
Capital work-in-progress includes:		
a) Expenditure during construction period on substantial expansion / new industrial units of the Company as under:		
Opening Balance	3,633.32	472.06
Incurred during the year		
Consumables Stores and Spares	1.76	0.09
Employees' Emoluments	48.26	28.16
Power & Fuel	64.78	431.34
Research and Development Expenses	-	666.02
Rates & Taxes	5.30	1.11
Repairs & Maintenance	33.55	3.46
Insurance	22.20	24.40
Finance Cost		
Interest Expense	2,169.93	1,005.18
Other Borrowing Costs	31.99	221.87
Applicable Net Gain/Loss On Foreign Currency Transactions And Translations	510.76	200.09
Rent	7.04	17.56
Miscellaneous Expenses	302.92	661.02
	3,198.49	3,260.30
Less:		
Interest Received on Fixed Deposits	(137.07)	(99.04)
Profit on redemption of Mutual Funds (Current Investments)	(850.10)	-
Capitalized during the year	(2,829.98)	-
	(3,817.15)	(99.04)
Closing Balance	3,014.66	3,633.32

b) Rs. 1,077.09 Lacs on account of stock of stores and spares (Previous year Rs. 1,405.88 Lacs).

c) Rs. 483.46 Lacs, being exchange differences recognised under Para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates". (Refer Note No. 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Number of shares/units As at 31.03.2012	Number of shares/units As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Note 13 NON-CURRENT INVESTMENTS				
Non-Trade Investments (at cost)				
Equity Shares - Unquoted (Fully Paid Up)				
ACC Limited (F.V. Rs 10/-)	1275	1275	1.95	1.95
Himadri Credit & Finance Ltd (F.V. Rs 10/-)	334900	334900	33.49	33.49
NDTV Ltd. (F.V. Rs 4/-)	1400	1400	0.98	0.98
Transchem Ltd (F.V. Rs 10/-)	8000	8000	2.40	2.40
Equity Shares - Unquoted (Fully Paid Up)				
Himadri Dyes & Intermediaries Ltd.(F.V. Rs 10/-)	720000	720000	72.00	72.00
Himadri E-Carbon Ltd (F.V. Rs 10/-)	40000	40000	4.00	4.00
Himadri Industries Ltd (F.V. Rs 10/-)	493300	493300	84.50	84.50
			199.32	199.32
Government & Trust securities (unquoted)				
Kisan Vikas Patra			0.07	0.07
			0.07	0.07
Total of Non Current Investments			199.39	199.39
Aggregate amount of unquoted investments			160.57	160.57
Aggregate amount of quoted investments			38.82	38.82
Aggregate market value of quoted investments (includes Rs.33.49 Lacs (P.Y. 33.49 Lacs) where cost has been considered as market value)			52.63	49.35

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 14 LONG-TERM LOANS & ADVANCES		
Capital Advances	1,072.40	267.50
Security and other deposits	3,354.12	667.22
MAT Credit Entitlement	4,931.38	3,318.01
	9,357.90	4,252.73

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 recognized as an asset. The said asset is created by way of a credit to the profit & loss account and shown as MAT Credit Entitlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 15 OTHER NON CURRENT ASSETS		
Bank Balance in Fixed Deposits		
(residual maturity over 12 months)	0.22	46.64
Interest Accrued on Fixed Deposit	0.01	0.33
Long Term Deferred Expenses	1,306.54	1,013.66
	1,306.77	1,060.63

(Rs. in Lacs)

Particulars	Number of shares/units As at 31.03.2012	Number of shares/units As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Note 16 CURRENT INVESTMENTS				
Current portion of long-term investments (at cost)				
Mutual Funds				
Birla Sun Life Fixed Term Plan Series DT Growth	16000000	–	1,600.00	–
Birla Sun Life Fixed Term Plan Series CE Growth	–	20000000	–	2,000.00
Templeton India Short Term Income Retail Plan - Growth	120639	270427	2,500.00	5,000.00
Templeton India Ultra Short Bond Fund Retail Plan	–	742746	–	92.89
Templeton India Income Opportunities Fund - Growth	–	46965863	–	5,108.99
ICICI Prudential MF FMP Series 52-1 Y Plan C Cumulative	–	27003327	–	2,700.33
ICICI Prudential MF FMP Series 63-1 Y Plan B Cumulative	15000000	–	1,500.00	–
Kotak MF FMP 370 Days Series 8 - Growth	–	15000000	–	1,500.00
Kotak MF FMP 370 Days Series 7 - Growth	–	30003554	–	3,000.36
Kotak MF FMP Series 62 - Growth	16270000	–	1,627.00	–
Kotak MF FMP Series 66 - Growth	15000000	–	1,500.00	–
Kotak MF FMP Series 79 - Growth	15000000	–	1,500.00	–
Reliance MF Fixed Horizon Fund XV Series 8 - Growth	–	20004541	–	2,000.45
Reliance Fixed Horizon Fund XVI Series 7 - Growth	–	15000000	–	1,500.00
Reliance Regular Saving Fund -Debt Plan -Institutional Growth Plan	19293845	–	2,700.00	–
Reliance Fixed Horizon Fund XIX Series 5-Growth Plan	20000000	–	2,000.00	–
DSP Blackrock Money Manager Fund-Institutional Plan Growth	–	219718	–	3,000.00
DSP Blackrock FMP Series 39 - 12M - Growth	15000000	-	1,500.00	–
HDFC FMP 370D March 2012 (1) – Growth Series XXI	10000000	–	1,000.00	–
HSBC MF Fixed Term Series 82 - Growth	40000000	–	4,000.00	–
HSBC MF Fixed Term Series 83 - Growth	10000000	–	1,000.00	–
			22,427.00	25,903.02
Aggregate NAV of investments in mutual funds			23,035.95	26,655.11

Investments amounting to Rs. 21,427.00 Lacs (P.Y. Rs. 17,758.31 Lacs) are pledged with banks against various working capital limits enjoyed by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 17 INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials (includes in transit Rs. Nil (P.Y. Rs. 326.74 Lacs))	15,561.57	11,695.37
Work-in-Progress	114.67	388.98
Finished Goods	14,744.62	11,817.39
Packing & Stores Materials	463.86	57.26
	30,884.72	23,959.00
Note 18 TRADE RECEIVABLES		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months from the date they became due for payment	1,429.15	1,243.81
Other Debts	23,013.13	14,397.07
	24,442.28	15,640.88
Note 19 CASH AND BANK BALANCES		
i) **Cash & Cash equivalents**		
Cash In Hand (as Certified)	50.27	54.09
Cheques In Hand	1,117.95	363.30
Notes Receivable	127.42	-
Balances With Banks		
Current Accounts	989.05	1,950.20
EEFC Accounts	880.89	765.31
	3,165.58	3,132.90
ii) **Other Bank Balances**		
Balances With Banks in Fixed Deposit Accounts		
Original Maturity period more than 3 months but less than 12 Months	-	5,600.27
Original Maturity period more than 12 Months	4,046.64	1,722.64
Margin Money	0.27	0.27
Unclaimed Dividend Account	70.66	65.17
	4,117.57	7,388.35
	7,283.15	10,521.25

Fixed Deposits of Rs. 47.13 Lacs (Previous Year Rs 714.40 Lacs) have been pledged with the Banks as margin against Bank Guarantees issued on behalf of the Company.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 20 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered good)		
Advance for Supplies	8,192.95	8,351.81
Other Advances	163.33	329.26
Balance with Central Excise & Cenvat Receivable	3,726.85	4,261.78
Sales Tax Deposit & Vat Receivable	755.04	736.78
Income Tax Payments	1,847.86	2,840.92
Income Tax Refundable	123.15	124.78
	14,809.18	16,645.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Note 21 OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest Accrued on Fixed Deposit	212.34	150.29
Incentive Receivable	332.14	332.14
Insurance Claim Receivable	629.58	751.62
	1,174.06	1,234.05

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 22 REVENUE FROM OPERATIONS		
Sale Of Products:		
Sales	1,26,246.08	77,174.54
Revenue from operations (gross)	1,26,246.08	77,174.54
Less:-Excise Duty	11,770.19	7,166.28
Revenue from operations (Net)	1,14,475.89	70,008.26
Details of Sale of Products		
Carbon Materials & Chemicals	1,25,785.16	76,968.73
Power	460.92	205.81
	1,26,246.08	77,174.54
Note 23 OTHER INCOME		
Interest on Fixed Deposits with Bank	384.97	155.74
Dividend Income		
Long-Term Investments	0.40	0.29
Current Investments	64.13	461.54
Profit on redemption of Mutual Funds (Current Investments)	1,292.61	-
Warranty & Other Claims	15.74	27.63
Profit on sale of vehicles	-	1.42
Miscellaneous Income	55.30	19.56
	1,813.15	666.18
Note 24 RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	11,368.63	6,165.51
Add : Purchases	86,035.58	49,825.43
	97,404.21	55,990.94
Less : Inventory at the end of the year	15,511.86	11,368.63
Consumption Of Raw Materials	81,892.35	44,622.31
Details of Raw Materials Consumed		
Coal Tar, Pitch, Oils etc.	80,552.39	44,016.03
Other Chemicals	1,328.75	582.10
Others	11.21	24.18
	81,892.35	44,622.31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 25 (INCREASE) / DECREASE IN INVENTORIES		
Carbon Materials and Chemicals		
Opening Stock		
Finished Goods	11,817.39	9,147.67
Work-In-Progress	388.98	279.73
	12,206.37	9,427.40
Closing Stock		
Finished Goods	14,730.31	11,817.39
Work-In-Progress	114.67	388.98
	14,844.98	12,206.37
	(2,638.61)	(2,778.97)
Note 26 EMPLOYEE BENEFITS EXPENSE		
Salaries,Wages & Allowances	1,548.94	1,073.20
Contribution to Provident & Other Funds	53.04	44.77
Gratuity (Refer Note 32)	15.50	7.09
Welfare & Other Amenities	281.27	123.39
	1,898.75	1,248.45
Note 27 FINANCE COSTS		
Interest Expense	4,284.85	2,285.90
Discount on Debentures Written Off	448.33	399.64
Other Borrowing Costs	422.06	291.60
Applicable Net Gain/Loss On Foreign Currency Transactions And Translations	2,452.19	57.52
	7,607.43	3,034.66

Interest on Term Loan is net of Rs. Nil (P.Y. Rs. 32.14 Lacs), being interest subsidy receivable for earlier years.

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Note 28 OTHER EXPENSES		
Consumable Stores & Spares	170.69	71.13
Power & Fuel (Refer Note (a) below)	1,398.50	1,468.59
Excise duty on variation in Stocks (Refer Note (b) below)	379.57	270.29
Rent	170.77	93.63
Rates and Taxes	340.43	48.91
Repairs To:		
Factory Shed & Building	66.65	64.34
Plant & Machinery	655.67	528.78
Others	258.88	140.29
Auditors' Remuneration (Refer Note (c) below)	19.13	13.34
Rebates & Discounts	30.17	44.58
Insurance	375.75	200.71
Share Transfer Expenses	1.15	1.46
Miscellaneous Expenses	2,063.37	1,632.24
Packing Expenses	1,063.95	519.66
Freight & Forwarding Expenses	3,428.73	2,064.49
Commission on sales	647.12	485.87
Long Term Deferred Revenue Expenses W/off	168.17	-
Loss on redemption of Mutual Funds (Current Investments)	-	14.02
	11,238.70	7,662.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 28 OTHER EXPENSES *(Contd.)*

a) Power and Fuel includes expenses incurred on operation of the Power Plant

Particulars	Year ended 31 March, 2012 Rs Lacs	Year ended 31 March, 2011 Rs Lacs
Consumable Stores & Spares	65.20	35.52
Diesel/ Furnace Oil	153.51	97.84
Repairs & Maintainence	55.98	27.93
Operational Expenses	89.56	67.50
Total	**364.25**	**228.79**

b) Amount of excise duty on variation in stocks represents differential excise duty on opening and closing stock of finished goods.

c) Auditors' Remuneration

(a) As Auditor (includes tax audit fees of Rs.2.00 Lacs (P.Y. Rs. 1.50 Lacs))	12.92	8.36
(b) For Company Law Matters	0.25	0.35
(c) For other services	5.96	4.63
	19.13	13.34

Note 29 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities not provided for in respect of:		
i) Interest on FCCB	436.01	258.15
ii) Bills discounted with Banks	5,816.94	2,406.25
iii) 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	228.25	77.44

b) Estimated amount of commitments on capital account (net of advances) - Rs. 1,927.02 Lacs (Previous Year Rs. 2,745.33 Lacs).

c) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) - Rs. 9,192.58 Lacs. (Previous Year Rs. 3,829.03 Lacs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 30 AMOUNTS RECEIVABLE/PAYABLE IN FOREIGN CURRENCY

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

Nature (Nos.) of Contract	Currency Pair	Buy/ Sell	Foreign currency (in Lacs) 31.03.2012	31.03.2011
Forward contracts [4, P.Y. Nil]	EURO/USD	Sell	600.00	–
Forward contracts [12, P.Y. 2]	USD/INR	Sell	545.00	80.00
Forward contracts [Nil, P.Y. 7]	USD/INR	Buy	–	625.90
Cross currency swaps [9, P.Y. 10]	USD/INR	Sell	462.49	508.80
Interest rate swaps [2, P.Y. 2]	USD/INR	Notional Principal	108.05	108.05
Interest rate swaps [1, P.Y. 1]	JPY/INR	Notional Principal	4,733.69	4,733.69

(c) All derivative contracts outstanding as on 31st March, 2012 are marked to market. The Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement.

Accordingly, loss aggregating to Rs. 1,630.66 Lacs (P.Y. Rs. 355.74 Lacs), being the effective portion of the contracts designated as effective hedges for 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.

Gain/loss on contracts not designated as effective hedges and ineffective portion of the contracts designated as effective hedges is included in Foreign Exchange Fluctuation Account, after adjustment of periodic premium received on Cross Currency/Interest Rate Swaps.

Foreign Exchange Fluctuation in the Statement of Profit & Loss includes gain of Rs. 226.98 Lacs, being periodic premium on certain contracts (net of mark to market loss) adjusted in the accounts for earlier year from borrowing costs included in Capital Work in Progress.

(d) Particulars of unhedged foreign currency exposure as at 31.03.2012 from Indian Company are as follows:

Foreign currency (in Lacs)

Particulars	Currency	31 March, 2012	31 March, 2011
a) Amounts payable in foreign currency	USD	1,369.01	875.65
b) Amounts payable in foreign currency	EURO	36.51	-
c) Amounts receivable in foreign currency	USD	119.00	148.39

Note 31 CHANGE IN ACCOUNTING POLICY

The Company has exercised option available to it under Para 46A of AS 11 "The Effects of Changes in Foreign Exchange Rates" as per Notification No. GSR No. 914(E) issued by the Ministry of Corporate Affairs, Government of India on 29th December, 2011 in respect of accounting for fluctuations in Foreign Exchange relating to long term monetary items. Accordingly, the Company has adjusted exchange fluctuations amounting to Rs. 2,235.41 Lacs to the cost of its Fixed Assets (including Capital Work in Progress) during the year which was hitherto charged to Profit & Loss Account.

Consequent to the change in the accounting policy, additions to Fixed Assets (including Capital Work in Progress) as at 31st March 2012 are higher by Rs. 2,235.41 Lacs, depreciation for the year higher by Rs. 94.20 Lacs, and the profit for the year higher by Rs. 2,141.21 Lacs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 32 EMPLOYEE BENEFITS

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)

Particulars	31 March, 2012	31 March, 2011
Employer's Contribution to Provident and Other Funds	53.04	44.77

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, 2012 which recognizes 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)

	Particulars	Gratuity (Funded)	
		31 March, 2012	31 March, 2011
i.	**Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation:**		
	Defined Benefit obligation at beginning of the year	33.70	23.70
	Current Service Cost	7.29	5.51
	Interest Cost	2.70	1.90
	Actuarial (Gain)/Loss	10.42	2.98
	Benefits paid	0.18	0.39
	Settlement cost	–	–
	Defined Benefit obligation at the year end	**53.92**	**33.70**
ii.	**Reconciliation of Opening and Closing Balances of fair value of plan assets:**		
	Fair value of plan assets at beginning of the year	35.01	25.48
	Expected return on plan assets	3.59	2.83
	Actuarial Gain/(Loss)	–	–
	Employers' contribution	5.95	7.09
	Benefits paid	0.18	0.39
	Settlement cost	–	–
	Fair value of plan assets at the year end	**44.37**	**35.01**
	Actual return on plan assets	3.59	2.83
iii.	**Reconciliation of fair value of assets and obligation:**		
	Fair value of plan assets	44.37	35.01
	Present value of obligation	53.92	33.70
	Amount recognized as asset / (liability) in Balance Sheet**	(9.55)	**
**	The excess of assets over liabilities have not been recognised as they are lying in an irrevocable trust fund.		
iv.	**Expenses recognized during the year in the Profit & Loss Account:**		
	Current Service Cost	7.29	5.51
	Interest Cost	2.70	1.90
	Expected return on plan assets	(3.59)	(2.84)
	Actuarial (Gain)/Loss	10.42	2.98
	Net asset not recognised/adjusted	(1.31)	(0.46)
	Net Cost	15.50	7.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 32 EMPLOYEE BENEFITS *(Contd.)*

(Rs. in Lacs)

	Particulars	Gratuity (Funded)	
		31 March, 2012	31 March, 2011
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)	9.15%	9%
	Rate of escalation in salary (per annum)	4.50%	3.25%

vii. Other disclosures

(Rs. in Lacs)

Particulars	31 March, 2012	31 March, 2011	31 March, 2010	31 March, 2009	31 March, 2008
Defined Benefit Obligation	53.92	33.70	23.70	18.12	21.38
Plan Assets	44.37	35.01	25.48	23.37	17.82
Surplus/ (Deficit)	(9.55)	1.31	1.78	5.25	(3.56)
Experience Adjustment on Plan Liabilities	10.42	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. 10.36 Lacs to the Gratuity Fund managed by the Life Insurance Corporation of India during the financial year 2012-13.

Note 33 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
b)	Enterprises owned or significantly Influenced by the Key Managerial 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 33 RELATED PARTY DISCLOSURES *(Contd.)*

Transactions carried out with related parties referred to in above, in ordinary course of business, are as under: *(Rs. in Lacs)*

Nature of transactions	Referred in ii(a) above		Referred in ii(b) above	
	2012	2011	2012	2011
Salary / Managerial Remuneration				
- Mr. Bankey Lal Choudhary	30.00	30.00		
- Mr. Shyam Sundar Choudhary	30.00	30.00		
- Mr. Vijay Kumar Choudhary	30.00	30.00		
- Mr. Anurag Choudhary	12.00	10.50		
- Mr. Amit Choudhary	12.00	10.50		
- Mr. Tushar Choudhary	12.00	10.50		
Repayment of Loan - Himadri Credit & Finance Ltd			750.00	150.00
Interest paid on loan - Himadri Credit & Finance Ltd			18.49	101.25
Discount on Debentures written off – Himadri Coke & Petro Ltd			448.33	399.64
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
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			4,128.17	3,679.84

Note 34 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.

Also, the Company has taken a Spraydrying Unit in Vapi, Gujarat on an operating lease vide agreement dated 20th May, 2011 from SkyLine Interchem for a period of 3 years with an option to exit or further renewal for a period of 3 years, effective from 7th June, 2011. The lease rent payable shall increase by 10% every year without cascading effect.

a) Future Lease Rental payments *(Rs. in Lacs)*

Particulars	As at 31 March, 2012	As at 31 March, 2011
Not later than one year	48.97	24.00
Later than one year and not later than five years	107.83	100.80

b) Lease payments recognized in Profit and Loss Account – Rs. 43.60 Lacs (P. Y. Rs.24 Lacs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 35 EARNINGS PER SHARE

(Rs. in Lacs)

Particulars		As at 31 March, 2012	As at 31 March, 2011
Net Profit for the year attributable to equity shareholders: (Rs. Lacs)	(a)	5,725.40	11,325.20
Weighted average number of Equity Shares of Re.1 each outstanding during the period:	(b)	38,57,32,570	38,57,32,570
Add: Dilutive effect of issue of shares on conversion of FCCB	(c)	1,89,19,486	1,61,95,475
Number of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS	(d) = (b) + (c)	40,46,52,056	40,19,28,045
Earnings Per Share (Rs.) :			
Basic	(e) = (a) / (b)	1.48	2.94
Diluted	(f) = (a) / (d)	1.41	2.82

Note 36 RESEARCH AND DEVELOPMENT EXPENSES

Research and Development expenses aggregating to:

a. Rs. 156.64 Lacs (Previous year Rs. 178.15 Lacs) in the nature of revenue expenditure and Rs. 35.88 Lacs (Previous year Rs. 738.20 Lacs) in the nature of capital expenditure have been included under the appropriate account heads.

b. Rs. 724.72 Lacs debited in earier year to Capital Work in Progress has been capitalised during the year.

Note 37 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.

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

Particulars	As at 31 March, 2012	As at 31 March, 2011
Within India		
Segment Revenue	95,567.53	57,718.80
Segment Assets	2,06,006.94	1,72,712.26
Capital Expenditure during the year	26,431.86	29,013.12
Outside India		
Revenue	18,908.36	12,289.46
Capital Expenditure during the year	2,649.30	2,853.80

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31st March, 2012

Note 38

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

The details of Subsidiary in terms of General Circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, are as under:

(Rs. in Lacs)

Name of Subsidiary Company	Shandong Dawn Himadri Chemical Industry Limited	Himadri Global Investment Limited
1. Reporting Currency	RMB	HK$
2. Share Capital	4,045.00	4,643.41
3. Reserves and Surplus	(668.12)	(130.34)
4. Total Assets	10,860.55	8,994.43
5. Total Liabilities	7,483.67	4,481.36
6. Investments (excluding investment in subsidiary)	-	-
7. Turnover/Total Income	3,790.14	1,141.60
8. Profit before Taxation	(540.47)	(31.99)
9. Provision for Taxation	-	-
10. Profit after Taxation	(540.47)	(31.99)
11. Proposed Dividend	-	-
Country	The People's Republic of China	Hongkong

Note :

a) Items Nos. 2 - 6 are translated at exchange rate as on 31st March, 2012, 1 RMB = Rs. 8.09 and 1 HKD = Rs. 6.56

b) Items Nos. 7 - 11 are translated at annual average exchange rate, 1 RMB = Rs. 7.48 and 1 HKD = Rs. 6.15

Note 39

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure. 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.

As per our report of even date attached

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

For and on behalf of the Board
Sd/-
B. L. Choudhary
Managing Director

Sd/-
CA. B. K. Newatia
Partner
Membership No.: 050251

Sd/-
B. L. Sharma
Company Secretary

Sd/-
S. S. Choudhary
Director

Place : Kolkata
Dated : 15th May, 2012

NOTES

NOTES

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*

Mr. H.S. Mann
– *Non-Executive Independent Director*

Mr. Krishnava Dutt
– *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.
Union Bank of India
Standard Chartered Bank

Registrar & Share Transfer Agent

M/s. S.K. Infosolutions Pvt Limited
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

China unit
LongKou, Shandong, China

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info@trisyscom.com
print anderson 09831778971

Himadri Chemicals & Industries Limited

HIMADRI CHEMICALS & INDUSTRIES LIMITED

Regd. Office: 23-A, Netaji Subhas Road, 8th floor, Kolkata - 700 001

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of Himadri Chemicals & Industries Limited will be held at "Kala Mandir" 48, Shakespeare Sarani, Kolkata- 700 017 on on Saturday the 29th September 2012 at 10.00 am to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date, together with the report of the Board of Directors and Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Mr. Shyam Sundar Choudhary, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. Damodar Prasad Choudhary, who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint a Director in place of Mr. Bhagwati Prasad Dhanuka, who retires by rotation and being eligible offers himself for re-appointment.

6. To appoint Auditors and to fix their remuneration and consider and if thought fit to pass with or without modification (s), the following as an Ordinary Resolution:

"**RESOLVED that M/s. S. Jaykishan,** Chartered Accountants(FRN: 309005E) and **M/s B S R & Co,** Chartered Accountants (FRN:101248W) be and are hereby appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors."

Special Business

7. **To consider and if thought fit, to pass with or without modification(s), the following an Ordinary Resolution:**

"**RESOLVED that** Mr. Krishnava Dutt, whose period of office shall be determined by retirement of Directors by rotation, be and is hereby appointed as a Director of the Company."

8. **To consider and if thought fit, to pass with or without modification(s), the following an Ordinary Resolution:**

"**RESOLVED that** Mr. Hardip Singh Mann, whose period of office shall be determined by retirement of Directors by rotation, be and is hereby appointed as a Director of the Company."

9. **To consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution:**

"**RESOLVED that** in accordance with the provisions of Section 198, 269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof and subject to such approvals/ consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr. Vijay Kumar Choudhary, as Whole-time Director of the Company for a further period of 5 (five) years with effect from 1st April, 2012 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall deemed to be included any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof.

By Order of the Board of Directors

Sd/-

Date: May15, 2012 — B. L. Sharma

Place: Kolkata — Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 7 to 9 are annexed hereto and forms part of this notice.

3. M/s. S. Jaykishan, Chartered Accountants and M/s B S R & Co, Chartered Accountants have expressed their willingness to be appointed as Statutory Auditors of the Company for the financial year 2012-13. The Company has received special notice from a member under section 225 of the Companies Act, 1956 proposing the name of M/s B S R & Co, Chartered Accountants to be appointed as the Joint Auditors of the Company along with the retiring Auditors M/s S. Jaykishan, Chartered Accountants from the conclusion of this annual general meeting until the conclusion of the next annual general meeting. M/s B S R & Co, Chartered Accountants and the retiring Auditors have been duly informed with a copy of notice and the Company has so far not received any representation to the contrary to the proposed resolution.

4. The Register of Members and Share Transfer Books of the Company will remain closed from 12th September 2012 to 29th September 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

5. The Dividend on shares, if declared, will be paid 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 12th September 2012 and 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 11th September 2012.

6. Members are requested to intimate change in their registered address, if any, to the Company's Registrar & Share Transfer Agent M/S. S. K. Infosolutions Pvt. Limited, 34/1A, Sudhir Chatterjee Street, Kolkata- 70006 in case the shares are held in physical form and to the Depository Participant (D/P) in case of shares are held in electronic form.

7. Members who have not yet en-cashed their dividend for the financial year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11are requested to make their claims with the Company. All the monies towards unpaid / unclaimed dividend are lying in a separate bank account of the Company. Members are hereby informed that upon expiry of seven years from the date of declaration of dividend, the amount of unpaid dividend if any, will be transferred to the credit of the Investor Education and Protection Fund established by the Central Government in terms of Section 205C(2)(a) of the Companies Act, 1956.

The Unpaid/ Unclaimed dividend for the financial year ended March 31, 2005, is due to transfer by 20th September 2012, to the credit of the Investor Education and Protection Fund established by the Central Government in terms of Section 205C(2)(a) of the Companies Act, 1956.

8. Bank Mandate for Dividend or Electronic Clearance Services (ECS):

i) In order to protect the investors from fraudulent encashment of the dividend warrants, the members holding shares in physical form are requested to furnish their Bank Account No. (SB/ CA), the name of the Bank and the address of the branch where they like to deposit the Dividend Warrants for encashment. These particulars will be printed on the dividend warrants, besides the name of the payee so that the dividend warrants cannot be en-cashed by any person other than the shareholder. These details should be furnished by the First / Sole shareholders, directly to the Company's Share Transfer Agent quoting their Folio Number and number of shares held.

ii) The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank account details furnished by the Depositories for the remittance of Dividend through Electronic Clearing Services (ECS) to investors where ECS and Bank details are available. Therefore members are requested to give instructions regarding Bank Account in which they wish to receive dividend directly through their Depository Participant (D/P). The Company will not entertain any direct request from such members for deletion of / or change in such bank particulars.

9. Shareholders desiring any information as regards the Annual Accounts are requested to write to the Company in advance so as to enable the management to keep the information readily available at the meeting.

10. Members are requested to intimate to the Company's Registrar and Share Transfer Agent about consolidation of folios, if shareholdings are in multiple folios and bring copies of the Annual Report and the attendance slips with them at the Annual General Meeting.

11. Members are informed that it is advantageous to keep the shareholding in joint names, as upon death of a member, the survivor or survivors, where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

12. Members holding shares in physical form may avail the facility of nomination in terms of Section 109A of the Companies Act, 1956, by submitting the Form No. 2B. The nomination form can be obtained from the Company / Share Transfer Agent.

13. Members are informed that the Securities and Exchange Board of India (SEBI) vide its' Circular No. MRD / DoP/ Cir-05/2009 dated 20 May, 2009 has made it mandatory to furnish a copy of PAN Card of the transferee for effecting the transfer of shares in physical forms of a listed Company. Therefore, members are advised to submit a copy of PAN Card along with Share Transfer Form if any to the Company to expedite transfer process.

14. In furtherance of its' "Go-Green" initiative, the Ministry of Corporate Affairs, Government of India, has recently mandated the service of documents/ notices by companies to their shareholders through electronic mode. With a view to participate in the initiative, we request that you may provide your e-mail address, if you 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. Infosolutions Pvt. Limited, at their following e-mail address mentioning your folio No/ DP-ID/ CL-ID:- hcil@skcomputers.net

15. Disclosure pursuant to clause 49 of the Listing Agreement with respect to Directors seeking appointment / re-appointment at forthcoming Annual General Meeting is given in the annexure:

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment/ re-appointment in forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreements)

Name of Director	**Mr. Shyam Sundar Choudhary**	**Mr. Damodar Prasad Choudhary**	**Mr. B.P. Dhanuka**
Date of Birth	17.10.1944	19.06.1940	30.01.1943
Date of Appointment	28.07.1987	28.07.1987	28.01.2010
Qualifications	B. Com	B.A.	B.Com, LLB, AICMA, ACIS (London),FCS.
Experience	Industrialist with rich experience in Chemicals and allied products. He is a promoter director associated with the company since incorporation.	An Industrialist with rich business experience in Chemicals and allied products. He is promoter Director of the Company and associated with the company since incorporation.	He has very wide experience of forty eight years in the field of Corporate Affairs. He is an active member of numerous professional bodies and was the President of the Institute of Company Secretaries of India in the year 1998.
Directorship in other Companies	1. Himadri Industries Limited 2. Sri Agro Himghar Limited 3. Himadri Power Ltd	1. Himadri Industries Limited 2. Sri Agro Himghar Limited 3. Himadri Coke & Petro Limited 4. Himadri Dyes & Intermediates Limited	1. KPD Consultants & Advisors Pvt. Ltd 2. KPD Corporate Advisors & Consultants Pvt. Ltd 3. KPD Advisors Pvt. Ltd
Chairman/ Member of the committee of Board of other Companies	NIL	NIL	NIL
No. of shares held (Re 1/- each)	32,34,280 (0.84%)	1484280 (0.38%)	15000 (.003%)

Name of Director	**Mr. Hardip Singh Mann**	**Mr. Krishnava Dutt**
Date of Birth	01.04.1952	16.10.1973
Date of Appointment	14.11.2011	14.11.2011
Qualifications	Masters in Economics P.G Diploma in Material Management	BSL, LLB
Experience	36 years of diverse working experience including in the area of materials and marketing management in the domestic and international field. He has served as Chairman Cum Managing Director of MMTC Ltd (PSU)	Decades of rich experience of Corporate Practice including mergers & acquisitions, private equity, banking & finance, projects and project finance. He is Managing partner at Udwadia Udeshi & Argus Partners (Solicitors & Advocates).
Directorship in other Companies	NIL	1. Jai Balaji Industries Limited 2. Macmet Ind Limited
Chairman/ Member of the committee of Board of other Companies	NIL	NIL
No. of shares held (Re 1/- each)	NIL	NIL

By Order of the Board of Directors

Sd/-

Date: May15, 2012 B.L. Sharma

Place: Kolkata Company Secretary

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 7

Mr. Krishnava Dutt, aged about 39 years, is an Advocate and Partner in Udwadia Udeshi & Argus Partners (Solicitors & Advocates) a well known Law Firm having global recognition. His experience encompasses the entire aggregation of corporate practice including mergers, acquisitions, private equity, banking, and project financing. Mr. Dutt has identified by RSG Consulting (London) as leading second generation of Indian Corporate lawyers. He has closely worked with several venture capital and private equity funds, reputable banks and financial institutions. He has also worked closely with Government of West Bengal in several transactions including its recent disinvestment of PSUs. He has been appointed as an Advisor to the Public Enterprises Development of Odisha for its restructuring initiative of Government of Odisha undertakings.

The Board appointed Mr. Krishnava Dutt as an additional director on 14th November 2011. The Company received notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Dutt for the office of Director. The Board recommends the appointment of Mr. Dutt as Director of the Company.

None of the directors except Mr. Dutt is concerned or interested in this resolution. The notice received from the member proposing Mr. Dutt, is available for inspection during business hours in between 11.00 a.m. to 1.00 p.m. on all working days at the registered office of the Company up to the date of the meeting.

Item No. 8

Mr. Hardip Singh Mann aged about 60 years, having his Master in Economics and PG Diploma in Material Management. Mr. Mann is highly accomplished visionary executive with 36 years of diverse working experience including the area of material and marketing management. He has served as the Chairman & Managing Director of MMTC Limited, a Public Sector Enterprises. He was the also the past Chairman of Neelachal Ispat Nigam Limited, Past Chairman of MMTC Transnational Pte. Ltd, past Chairman of Free Trade Warehousing Pvt. Ltd and past Director of Fertilizer Association of India.

The Board appointed Mr. Mann as an additional director on 14th November 2011. The Company received notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Mann for the office of Director. The Board recommends the appointment of Mr. Mann as Director of the Company.

None of the directors except Mr. Mann is concerned or interested in this resolution. The notice received from the member proposing Mr. Mann is available for inspection during business hours in between 11.00 am to 1.00 pm on all working days at the registered office of the Company up to the date of the meeting.

Item No. 9

The Board of Directors at its' meeting held on 15th May, 2012 has re-appointed Mr. Vijay Kumar Choudhary as Whole –time Director of the Company for a further period of five years with effect from 1st April, 2012. The present tenure of Mr. Choudhary expired on 31st March, 2012. The Remuneration Committee at its' meeting held on 31st March, 2012 has also approved the re-appointment of Mr. V.K. Choudhary as Whole-time Director for a further period of five years with effect from 1st April, 2012, subject to the approval of the Company in general meeting.

Mr. Choudhary has been associated with the Company since incorporation and having vast experience of business of the Company. Association of Mr. Choudhary with the company would be beneficial to the Company and his continued support is required for further growth and development of the business of the Company. The terms, conditions and remuneration payable to Mr. Choudhary are subject to the approval of the shareholders at the forthcoming annual general meeting.

Since the conditions laid down in Part I and Section I of Part–II of Schedule XIII appended to the Companies Act, 1956 have been fulfilled no approval of the Central Government is required for his re-appointment. An agreement with Mr. Choudhary will be entered into to record his terms of appointment, after approval of the shareholders in general meeting. The main terms and conditions of re-appointment are enumerated as under:

1. Period of appointment

The appointment will be for a period of five years with effect from 1st April, 2012;

2. Remuneration

In terms of Schedule XIII to the Companies Act, 1956 read with Section 198 & 309 of the Companies Act, 1956 and subject to approval of the Company in general meeting the Whole-time Director will be paid the following remuneration.

i) Salary - Rs.2,50,000/- per month.

ii) Perquisites - In addition to the above the Whole-time Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites and any lawful combination as mutually agreed between him and the Board.

a) Housing

i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above ten per cent payable by the Whole-time Director; OR

ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; OR

iii) In case no accommodation is provided by the Company, Whole-time Director shall be entitled to house rent allowance subject to the ceiling as specified above.

b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall however, be subject to a ceiling of ten percent of the salary.

c) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of one months' salary in a year or three month's salary over a period of three years.

d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.

e) Fees of clubs subject to a maximum of two clubs. This will not include admission and life member ship fee.

f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.

g) Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.

i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Executive Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956.

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be amended from time to time.

After getting approval of members, the Company will enter into an agreement with the Executive Director. The draft Agreement to be entered into by the Company with Executive Director will remain open for inspection by members at the Registered Office of the Company during 10.00 a.m. to 1.00 p.m. on all working days until the date of the ensuing Annual General Meeting.

Mr. V.K. Choudhary, Mr. D.P. Choudhary, Mr. S.S. Choudhary and Mr. B.L Choudhary Directors of the Company may be considered as concerned and interested in this resolution as they are related to each other. None of the other Director are in any way concerned or interested in this resolution.

The explanatory statement together with accompanying notice be treated as an abstract under section 302 of the Companies Act, 1956 in respect of the appointment / re-appointment and remuneration payable to the Executive Director.

By Order of the Board of Directors

Sd/-

Date: May15, 2012 — B. L. Sharma

Place: Kolkata — Company Secretary

HIMADRI CHEMICALS & INDUSTRIES LIMITED

Regd. Office: 23-A, Netaji Subhas Road, 8th floor, Kolkata- 700 001

ATTENDANCE SLIP

Regd. Folio No:/ CL ID No. .... No. of Shares held ....

Name of Member: .... Sign ....
(IN BLOCK LETTERS)

Name of Proxy: .... Sign ....
(IN BLOCK LETTERS)

I hereby record my presence at the 24th Annual General Meeting of the Company to be held at "Kala Mandir" 48 Shakespeare Sarani, Kolkata-700 017 on Saturday the 29th September, 2012 at 10.00 am.

HIMADRI CHEMICALS & INDUSTRIES LIMITED

Regd. Office: 23-A, Netaji Subhas Road, 8th floor, Kolkata- 700 001

PROXY FORM

Regd. Folio No:/ CL ID No. .... No. of Shares held ....

I / We..of .... in the district of.. being a member/(s) of HIMADRI CHEMICALS & INDUSTRIES LIMITED hereby appoint .... in the district of...or failing him..of..in the district of...or failing him..of..in the district of..as my/ our proxy in my/our absence to attend and vote for me/our behalf at the 24th Annual General Meeting of the Company to be held at "Kala Mandir" 48 Shakespeare Sarani, Kolkata-700 017 on Saturday the 29th September, 2012 at 10.00 am and at any adjournment thereof.

Affix
Revenue
Stamp Re.1/-

Signed this .... day of 2012

(Proxy in order to be effective must be deposited, not less than 48 hours before the meeting at the Registered Office of the Company)