PREPARED FOR GROWTH

Himadri Chemicals & Industries Limited

Annual Report FY 2014

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Forward-looking statement

In this annual report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we release periodically may 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 achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

At Himadri Chemicals & Industries Limited, we have grown in scale and capacity during the last fiscal, despite several business challenges. We enhanced our capacities, studied the end-user industries, understood them better and strengthened our core capabilities.

While we are focused on consolidation, we emphasised on a few significant factors, including our core products, the sourcing strategy, competitive positioning, financial strength and, of course, our premier global clientele.

We have pursued our strategy with a key objective – Growth!

KNOW US BETTER

Himadri Chemicals & Industries Limited is an integrated specialty carbon Company and the largest producer of coal tar pitch in India with a domestic market share of around 65% to 70%.

KEY NUMBERS (FY 2014)

NET SALES
₹13,629 Million

NET DEBT- EQUITY RATIO
1.34X

EBIDTA
₹1,784 Million

RETURN ON CAPITAL EMPLOYED
8.65%

EBIDTA MARGIN
13.09%

DOMESTIC MARKET SHARE
~70%

We diversified our portfolio from a couple of products decades ago to an integrated product portfolio, including carbon black, advanced carbon material, SNF, naphthalene and value-added oil

We are one of the few companies globally engaged in the manufacture of Zero QI Impregnating Coal Tar Pitch and Advanced Carbon Material. We serve around two-thirds of the Indian graphite and aluminium industry.

We diversified our portfolio from a couple of products decades ago to an integrated product portfolio, including carbon black, advanced carbon material, SNF, naphthalene and value-added oil.

We also possess the largest dedicated fleet of specially-designed 104 tankers in India to transport liquid pitch and we are the only Company in India to export Liquid Pitch through a Liquid Pitch terminal.

24 YEARS

of experience in the chemical industry

7

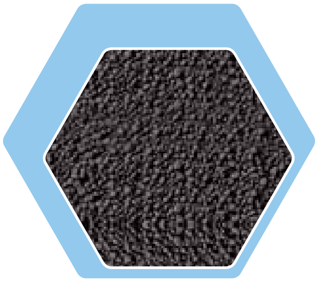
Manufacturing facilities spread across India

KNOW US BETTER

OUR CONSUMERS

Coal Tar Pitch (CTP)

- Aditya Birla Group, Albras, Alcoa, Aluar, Balco, Graftech, Graphite India, HEG, Inalum, NALCO, Pacific Aluminium, Sesa Sterlite, SGL Group



Carbon Black

- Apollo, Birla Tyres, CEAT, Good Year, JK Tyres, MRF, Midas Rubber & Plastic Products, Ralson Tyres

SNF

- BASF, Chryso, Fosroc, Grace, Hindcon Chemicals, Mapei, Normat India, Pidilite, Sika, Sodamco, Sulphur Mills Limited.

OUR PRODUCT LINE

Coal Tar Pitch

A complex compound with 22 chemical and physical properties obtained through coal tar distillation.

Carbon Black

One of the most important industrial chemicals in the world used in rubber, plastics, coating, inks and batteries.

SNF

Value-added product derived from Naphthalene.

Used in ready mix concrete.

Advanced Carbon

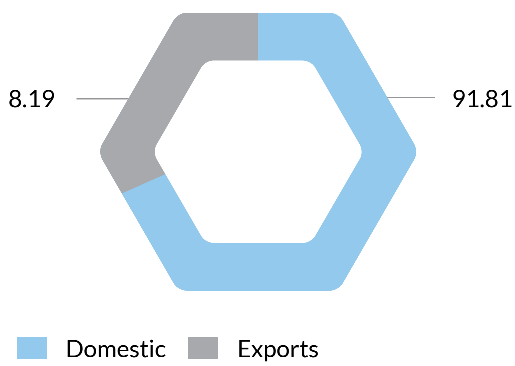
- One of the few companies globally to possess the technology to manufacture high quality advanced carbon material.
- Used in the manufacture of lithium ion batteries.

Power

- Commissioned its captive power plant running on carbon black off-gas and connected to the grid.

OUR REVENUE BY GEOGRAPHY

(%)



VISION

Himadri harbours a vision to become a global leader in carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovations 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, realising employee potential to create shareholders' value while being a responsible corporate citizen and adhering to our ethics**
- **Engage in employee development 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 we operate in**

FINANCIAL HIGHLIGHTS

REVENUES

(₹ in Lakhs)

FY 2014	1,36,290.44
FY 2013	1,29,940.15
FY 2012	1,12,336.06
FY 2011	70,008.26
FY 2010	47,141.94

NETWORTH

(₹ in Lakhs)

FY 2014	83,421.89
FY 2013	90,151.46
FY 2012	89,798.68
FY 2011	84,578.11
FY 2010	73,640.57

EBIDTA

(₹ in Lakhs)*

FY 2014	17,840.09
FY 2013	12,875.64
FY 2012	22,459.60
FY 2011	19,255.69
FY 2010	18,270.05

NET-DEBT EQUITY RATIO

(No. of times)

FY 2014	1.34
FY 2013	1.11
FY 2012	0.88
FY 2011	0.58
FY 2010	0.25

*EBIDTA is calculated by excluding the effect of foreign exchange fluctuation loss/gain, provision for doubtful debts/advances/ contingencies and other income.

PROFIT AFTER TAX

(₹ in Lakhs)

FY 2014	(3,910.89)
FY 2013	2,354.77
FY 2012	6,331.65
FY 2011	11,438.91
FY 2010	10,733.98

EARNINGS PER SHARE

(₹)

FY 2014	(1.01)
FY 2013	0.61
FY 2012	1.64
FY 2011	2.97
FY 2010	3.23

GROSS BLOCK

(including capital work in progress)

(₹ in Lakhs)

FY 2014	1,46,596.29
FY 2013	1,38,166.53
FY 2012	1,22,204.95
FY 2011	96,850.82
FY 2010	67,837.69

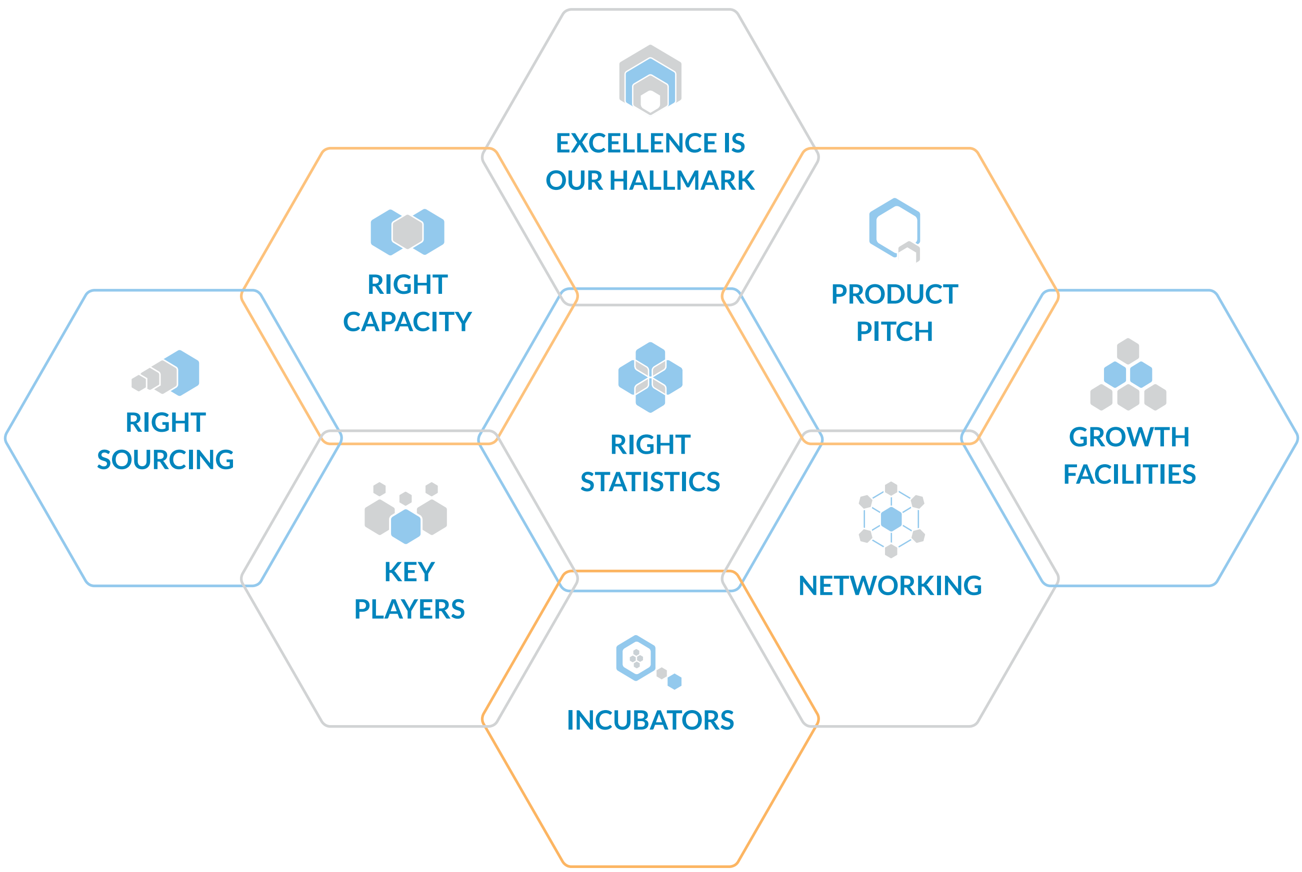
BOOK VALUE PER SHARE

(₹)

FY 2014	21.63
FY 2013	23.37
FY 2012	23.28
FY 2011	21.93
FY 2010	19.09

GETTING OUR ACT TOGETHER

The core strength of our Company provides us the confidence to pursue our long-term goals. We are supplementing our organic growth with strategic and value-creating manufacturing facilities in India and around the world. We are getting ready to grow.



EXCELLENCE IS OUR HALLMARK

Being the largest coal tar pitch manufacturer in India with a market share of around 65%-70%, we are engaged in producing a wide range of carbon products such as Chemical Oils, Carbon Black, Naphthalene, Advanced Carbon Material, Corrosion Protection, Sulphonated Naphthalene Formaldehyde (SNF) and clean and green power.

Besides this, we are one of the few integrated specialty carbon companies in the world and cater to approximately two-thirds of the requirement of the graphite and aluminium industries in India; and the only Indian Company using advanced technology for coal tar distillation.

RIGHT CAPACITY

Our Company operates seven manufacturing facilities spread across India in West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh. For coal tar distillation, carbon black and SNF we have capacities of 400,000 TPA, 120,000 TPA, and 68,000 TPA, respectively.

RIGHT SOURCING

We attribute our leading position as a coal tar by-products manufacturer in India to the long-term relationship we have maintained with all our raw material suppliers. We strategically import raw material, which is based on prevalent global, economical and demand-supply dynamics, thereby optimising our costs. We are, therefore, always on track with the global price movements

KEY PLAYERS

Our strong clientele includes BALCO, Hindalco, Nalco, PT Inalum, Vedanta, Graphite India, HEG and SGL Carbon SA and other aluminium and graphite players. We basically cater to the aluminium and graphite, lithium-ion battery, tyre, rubber, and infrastructure industries. Despite being an Indian Company we have a strong relationship with our customers globally.

RIGHT STATISTICS

We achieved a ~29 % CAGR in net revenues over 2009-14 period. We generated ₹ 1,784 Million EBIDTA in FY 2014 and recorded an EBIDTA margin of 13.09%. Pricing pressure has been industry-wide, but we minimised the impact with our focus on cost discipline and efficiency.

PRODUCT PITCH

We are one of the few companies globally to manufacture Zero QI Impregnating Coal Tar Pitch. We are the largest in this sector and are focused to maintain our leadership position. We are continuously innovating and experimenting to improve our product quality, and this has yielded results.

NETWORKING

Our plants are well-connected through various transportation modes (like railways and roads). Our raw material storage capacity is one of the best in the industry. Besides this, we have a large dedicated fleet of specially-designed 104 tankers in India to transport liquid pitch. We are the only Company in India with a Liquid Pitch terminal for exports.

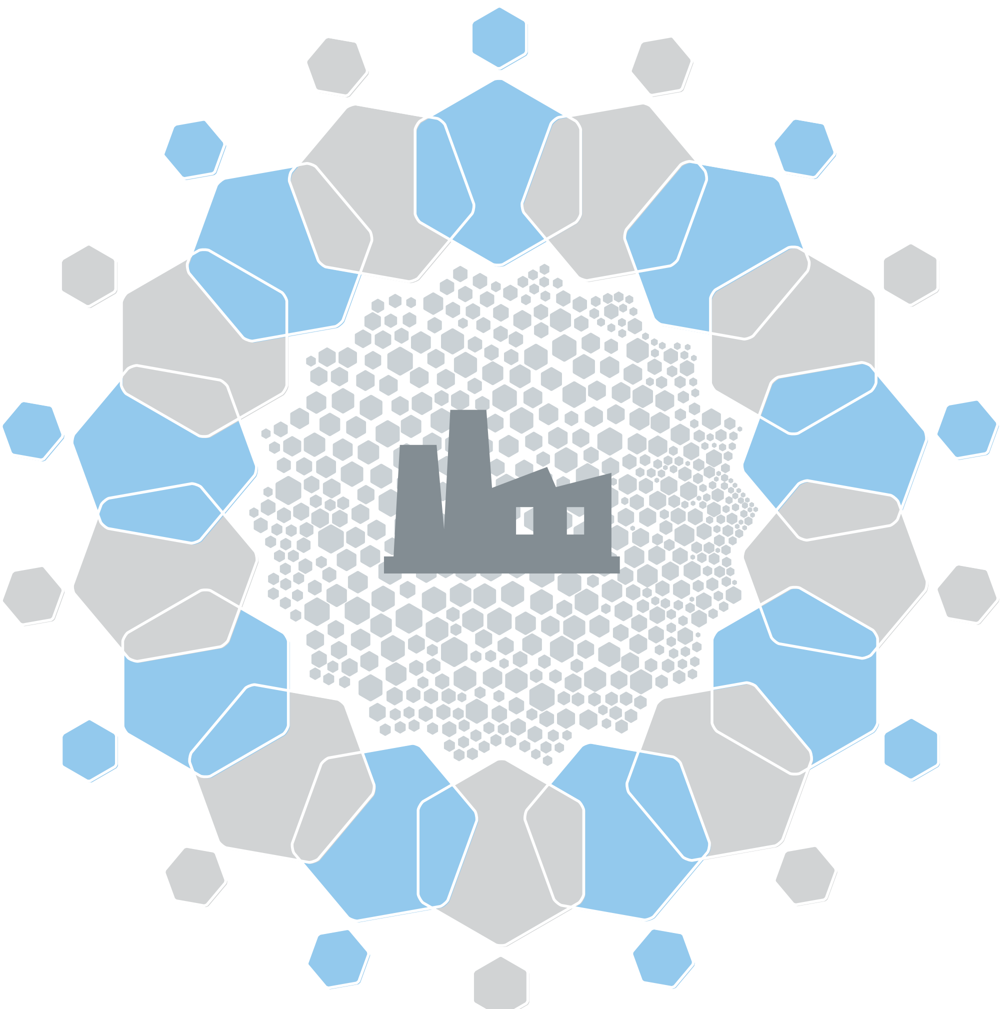
INCUBATORS

We have an experienced R&D team with a group of international experts. The R&D centre was recognised by the Government of India in 2011. The R&D team is dedicated in introducing new products, processes and technologies.

GROWTH FACILITIES

Our plants are ISO 9001:2008 and ISO 14001:2004 certified and well equipped with statistical process control equipment for quality consistency. Himadri possesses the manufacturing competence to produce customised products depending upon the type and quality of raw material.

Prepared for Growth
WITH INTEGRATION



We are among the few integrated specialty carbon manufacturing companies in the world.

At Himadri, we took a strategic decision to proactively invest in setting up multiple capacities across India.

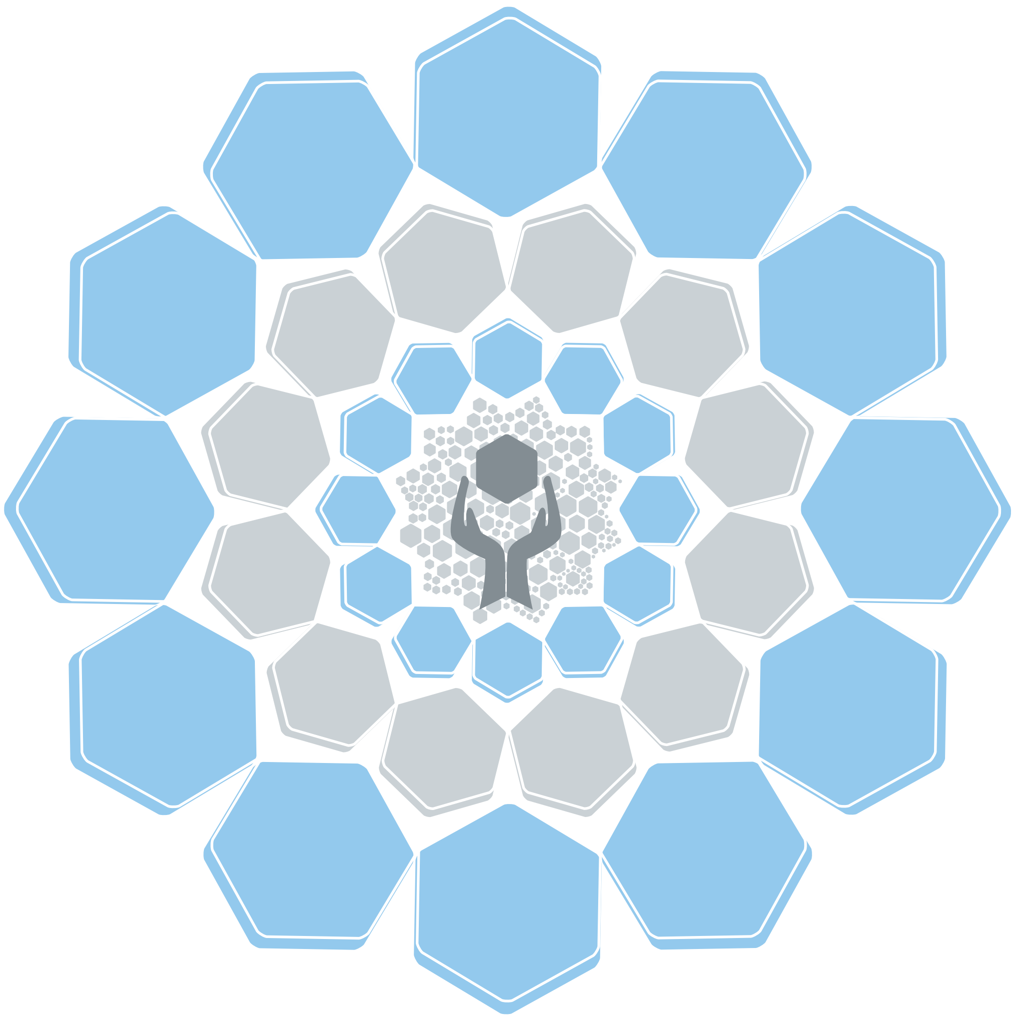
Today, we have seven manufacturing facilities in West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh, integrated with a wide array of products. Our product integration strategy has strengthened our ability to reduce our costs as well as serve a wide gamut of downstream industries.

We have prudently selected and realigned our products to capitalise on opportunities across the various sectors. Our ability to integrate our products with seamless processes, where one finished product is a raw material for the other has been the key to our growth. This ability has helped us create value for our stakeholders. With the recent commercialisation of our expanded capacities, we are optimistic of further strengthening our customer relationships that are likely to translate into higher financial gains, and prepare us for further growth.

Today, we have seven manufacturing facilities in West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh, integrated with a wide array of products

Prepared for Growth

WITH ENHANCED PRODUCT OFFERINGS



At Himadri, we are engaged in the creation of a wide range of products that provide our customers with more choices and help them increase their productivity

At Himadri, we are much more than just the largest coal tar pitch manufacturing company. Over the years, we have evolved from being a select product company to developing coal tar by-products and derivatives.

Today we offer products such as coal tar pitch, chemical oils, carbon black, naphthalene, advanced carbon material, corrosion protection and sulfonated naphthalene formaldehyde (SNF).

While on the one hand, we offer diverse products, we are also at the same time busy widening our revenue base. This gradual increase in our product basket has helped us reduce our dependency on a few products and strengthened our financial sustainability. This combination of multiple product-income translates into attractive cash flows.

While on the one hand, we offer diverse products, we are also at the same time busy widening our revenue base. This gradual increase in our product basket has helped us reduce our dependency on a few products and strengthened our financial sustainability

MANAGING DIRECTOR'S MESSAGE

Himadri Chemicals is expected to benefit from this improving demand scenario, following our successful completion of capacity expansion. We are leaders in our business segment due to our expertise, innovation and technical excellence

Dear Shareholders,

We are living through challenging times. The year 2013 raised expectations at the beginning, but did not offer too many reasons for cheer in the end. The global economy grew by approximately 2.9% in 2013, its slowest rate since 2009. The Eurozone continues to grapple with subdued growth, while the Chinese economy is focused on a more balanced growth strategy. However, the world is now moving towards a gradual recovery with the impetus coming from the large developed economies.

In FY 2014, India's GDP grew by 4.7%, as compared to about 5% in FY 2013. Though this was the second consecutive year of this level of growth, India is believed to have passed its trough in FY 2013. This is evident from the GDP growth projections for FY 2015, both by the RBI and the Economic Survey of India, 2013–14, that estimate GDP growth rate in the range of 5% to 6%.

A 2014 Goldman Sachs report sees India as well placed to benefit from the expected increase in global consumption, increasing China's exports, the strengthening rupee and an improving raw material scenario. Global steel consumption is expected to rise by 3.1% in CY 2014, as global steel demand continues to improve albeit a lower growth rate.

Himadri Chemicals is expected to benefit from this improving demand scenario, following our successful completion of capacity expansion. We are leaders in our business segment due to our expertise, innovation and technical excellence. The Company continues to invest in the core competencies to stay ahead of the curve and capitalise on the opportunities arising from the global economic recovery.

Our product portfolio translated into sustainable revenues as our industrial centres became the hubs for multi-product manufacturing. Two core products and the by-products gave us the competitive edge. An integrated approach added to our competitive positioning and enhanced Himadri's growth profile. This also helped us de-risk our business verticals.

This integration initiative resulted in the use of by-products for the manufacture of carbon black. This available raw material, as opposed to the use of purchased petroleum feedstock, facilitated a reduction in costs and enhanced input availability. We diversified our risk from an excessive dependence on a couple of products to a wide range of products.

Automobile and aircraft tyres, mobile batteries and the new-age metal aluminium drove the growth in Himadri, and carbon black was at the core of our strength. The uniqueness of our products was apparent from the day we started our business.

The use of coal tar pitch (CTP) in the aluminium sector is one of the primary reasons for our optimism. Aluminium is a new-age metal and its lightness, durability and diverse applications make it the right choice for most users. Aluminium production in India is expected to grow at a CAGR of ~34% from 2012 to 2015. Global aluminium production is expected to be driven by India, Middle East and China.

Steel is one of our other growth drivers for the future. Demand for CTP in India is expected to be around 431 KTPA by the year 2015. India has a current coal tar production of around 720 KTPA. CTP is a major raw material in the graphite electrodes industry, which is used to manufacture steel through the electric arc furnace route. Global steel demand, though slow for now, is likely to drive our growth.

Advanced carbon material is used in the manufacture of lithium ion batteries, which power laptops and mobile handsets. Carbon Black finds use in the end user industries such as automobiles, tyres, rubber hose, conveyor belts, printing industry, power, agro-chemicals, dyes and organic compounds.

Prudent selection of products and a focus on the end-user industry are the keys to our strategic growth.

It is this confidence that makes me optimistic about our future, despite the short term industry challenges. We know they are temporary and will disappear soon enough. It just helped us prepare for the future, which seems extremely bright, considering our strength.

We tried to keep our operating costs in check under the most difficult circumstances. We also maintained our competitiveness and managed our carbon competence efficiently.

In the current year, the depreciated Indian currency against the US dollar (USD) continues to support domestic aluminium prices to an extent, since base metal prices in India are influenced by import parity of these metals. This in turn supports the profitability of integrated domestic

DEMAND FOR CTP IN INDIA BY 2015

431 KTPA

producers, while the gain is partially offset by the higher cost of imported raw material for non-integrated producers.

On the operational front, we have made significant progress last year.

In India, we expanded our coal tar distillation capacity by 150,000 TPA. We strategically imported raw materials based on prevalent global, economical and demand-supply dynamics, thereby optimising costs.

On the financial front we achieved a ~29% CAGR in revenues over FY 2009-14 period. Our exports increased by ~ 38% in FY 2014.

In these uncertain times, I would like to place on record our sincere appreciation for all employees, lenders, shareholders and other stakeholders, for their continued support.

Himadri is committed to improving efficiencies in its operations and differentiating itself in the market-place through customer-focused innovation in its product and services so as to build a stronger sustainable future for our Company.

Best wishes,

B. L. Choudhary

Managing Director

MESSAGE FROM CEO

We remain positive about the long term industry dynamics. In the near term, growth is expected to be supported by the commissioning of greenfield and brownfield aluminium smelters by our customers.

Dear Shareholders,

The last two financial years have been challenging for the Indian economy. We have been focused on addressing the issues of macro-economic challenges that embrace the country and how Himadri has been withering these challenges.

While the country's economic growth has stagnated and the momentum for industrial activity has declined, we are optimistic about the long term prospects of the industry. Subdued performance of core industries such as steel and aluminium affected the demand for our products, resulting in a flat revenue performance.

Our integrated business model is slightly complex. It presents significant opportunities. As India's domestic steel consumption slowed significantly due to subdued demand in the key construction and infrastructure sectors, we faced a shortage of raw material resources.

Given that coal tar distillation is intrinsically linked to the by-product of steel manufacturing, the slowdown in steel created constraints in the growth of our business segment. But looking forward we feel optimistic with the huge expansion plan undertaken by SAIL and RINL to expand its core capacity of steel production from a combined 20.3 Million TPA to 30.8 Million TPA by 2015-16 and further to 47 Million TPA by 2020-21.

This will result in the increased production of coal tar. In addition to this many private players are setting up greenfield plants or have undertaken brownfield expansions of their integrated steel plants, which is likely to result in a significant increase in the availability of coal tar in India in the years to come.

Imports of carbon black from China and other countries also impacted the demand for our products, posing a challenge to our profitability. However, our relentless focus on operational efficiencies and capacity utilisation exercises supported our EBIDTA margin expansion.

Despite the short term challenges, we believe Himadri Chemicals is strongly positioned to capitalise on the expected upturn in the industry demand, due to the recently enhanced capacities. The planned capacity expansion of our coal tar distillation now stands at 400,000 TPA, an increase of 60%. This move allows us to address the growing appetite of the downstream industries that we serve, giving us a competitive edge over them.

Our products are critical to core industries like aluminium and steel - both being affected by weak economic sentiment over the past two years. Increase in their planned capacities will create a requirement for coal tar pitch, putting us in an advantageous position to meet industry demands.

Going ahead, the new government's policies for a higher thrust on removing the bottlenecks and pushing forward reforms will, hopefully, aid industrial growth. A focus on the core industries and increasing their manufacturing output will accelerate the growth rate.

We have adapted a strategic hedging practice that will help us mitigate rupee volatility in the coming months. We have considerably reduced our exposure to US$ loans and converted them to INR loans, which will help us avoid uncertainties due to the volatile foreign exchange market.

We remain positive about the long term industry dynamics. In the near term, growth is expected to be supported by the commissioning of greenfield and brownfield aluminium smelters by our customers.

The results of the last fiscal, our capacity expansion drive and expected improvement in GDP growth rate have strengthened my resolve to chart a clear path back to market leadership and in being the largest coal tar pitch manufacturer.

INCREASE IN CAPACITY OF OUR CTP

60%

The decisions and initiatives implemented during the year have strategically positioned the Company to effectively attract new customers, retain existing ones and generate vastly improved financial results. We expect this strategy to translate into higher revenues and profits for onward reinvestment and overall sustainability. Our objective to grow in future has been strategically planned.

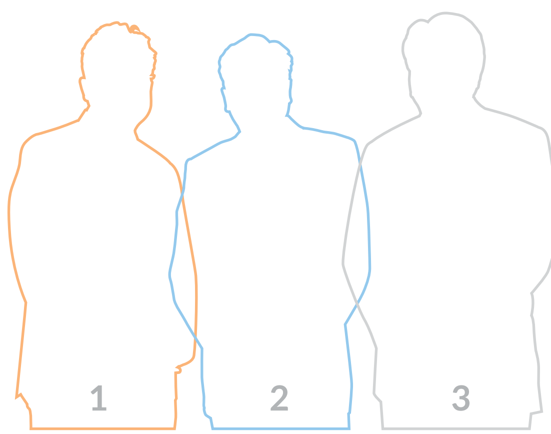
Himadri is more than just a coal tar pitch manufacturing Company. We plan to be among the top three producers of coal tar products globally - intending to attain a total capacity of 1 MTPA.

Thank you for all your support and confidence. We look forward to an exciting year ahead.

Regards

Anurag Choudhary

CEO

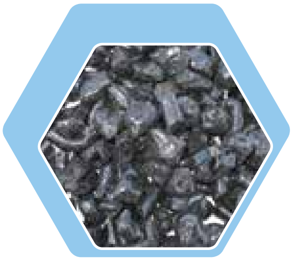


1 **TUSHAR CHOUDHARY**
President, Operations

2 **ANURAG CHOUDHARY**
CEO

3 **AMIT CHOUDHARY**
President, Projects

INDUSTRY OVERVIEW FOR OUR PRODUCTS



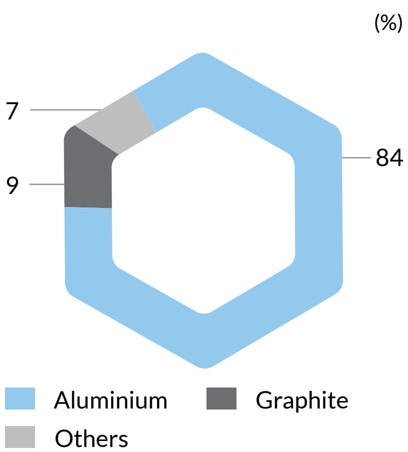
COAL TAR PITCH (CTP)

Coal tar is among the by-products when coal is carbonised to make coke or gasified to make coal gas. It is a complex chemical with 22 chemical and physical properties obtained through coal tar distillation.

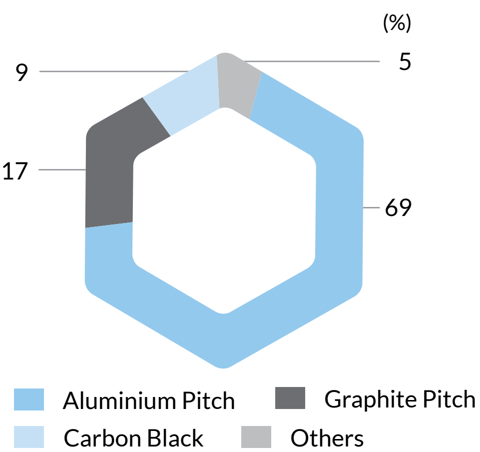
Due to its high binding quality, coal tar pitch (CTP) is used as a binder in anode manufacturing for aluminium production. Coal tar pitch has a direct impact on the cost of aluminium production. The demand for CTP is derived by the aluminium industry, which is its largest end market, and it will account for around 84% of the demand globally by 2015.

Demand for CTP in India is expected to touch 431 KTPA by the year 2015.

WORLD COAL TAR PITCH CONSUMPTION



COAL TAR DEMAND IN INDIA

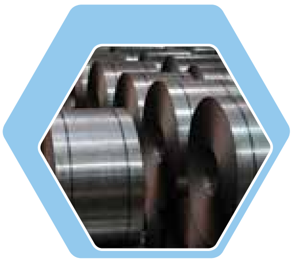


(Source: Company presentation)

ALUMINIUM

India has large deposits of high quality bauxite ore of 3 Billion Tonnes, amounting to almost 5% of the world's reserves. Aluminium production in India is expected to grow at a CAGR of ~34% from 2012 to 2015. Global aluminium production is expected to be driven by India, Middle East and China. With the Indian economy projected to be amongst the top five in the world by 2025, the overall consumption of aluminium is projected to be about 5 Million Tonnes by 2015, and 10 Million Tonnes by 2020.

(Source: Company presentation and Federation of Aluminium Consumers in Europe)



STEEL

India has become the second best in terms of growth amongst the top ten steel-producing countries in the world and a net exporter of steel during FY 2014.

Steel production in India recorded a growth rate of 4.8% in 2014. According to the Joint Plant Committee (JPC), Ministry of Steel, India's real consumption of total finished steel grew by 0.6% y-o-y in FY 2014 to 73.93 Million Tonnes (MT). Besides this the construction sector accounts for around 60% of the country's total steel demand while the automobile industry consumes 15%.

(Source: IBEF)

India has become the net steel exporter in FY 2014 and is likely to maintain the momentum in FY 2015 as producers are looking to dock more overseas shipment to tide over subdued domestic consumption. Total steel exports by India during FY 2014 stood at 5.59 MT, as against imports of 5.54 MT.

The industry is a major supplier of raw material for coal tar pitch, our Company's core product.

The government plans to increase infrastructure spending from the current 5% GDP to 10% by 2017, and the country is committed to investing US$ 1 Trillion in infrastructure during the 12th Five-Year Plan.

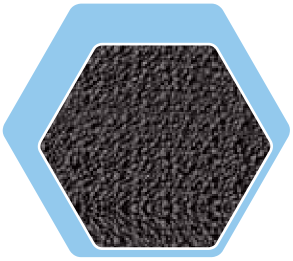
ADVANCED CARBON MATERIAL

We are the only Company outside Japan to possess the technology to manufacture high quality advanced carbon material. It is used in the manufacture of lithium-ion batteries.

With the advent of energy storage technologies rechargeable lithium-ion batteries (LIBs) play a critical role. Due to their diverse advantages, including high gravimetric and volumetric capacity, high rates of power and low weight, LIBs have been successfully used in portable electronic devices and mobile applications.

With the ever-increasing power requirements for real-life applications and environment concerns, it is imperative to improve the performance of electrode materials and reduce costs.

Himadri is one of the few companies in the world to develop the technology to manufacture high-quality advanced carbon material with downstream applications in the manufacture of lithium-ion batteries.



CARBON BLACK

Carbon black is better known as the world's best reinforcing material for rubber-related products. One of the most important industrial chemicals in the world, it also finds application as a key raw material in various industries including inks, paints, plastics, coatings and batteries.

Nearly 80% of the total carbon black demand is generated from the global tyre manufacturers. The recent trends in the industry indicate that most of carbon black's manufacturing hubs in North America and Europe are being forced to shut down their operations because of the competition they face from low cost Asian manufacturers. This has resulted in a shift of carbon black's manufacturing capacities towards Asia, fuelling the growth of new manufacturing capacities, especially in China and India.

Carbon black's market in India is expected to grow at 2012-17 growth rates of around 9% which is likely to drive the market to new heights.

Himadri began manufacturing carbon black in its Mahistikry plant from 2009. It has variants that find applications in non-rubber and rubber industries.

SULFONATED NAPHTHALENE FORMALDEHYDE (SNF)

At Himadri, sulfonated naphthalene formaldehyde condensate sodium salt is produced in liquid and powdered form. It is a value-added product derived from naphthalene and is primarily used in ready mix concrete. It helps disperse cement particles in concrete for extended workability and also improves the compressive flexural strength. It is also used as tanning agents or dye dispersants as they enter the aquatic environment primarily by the wastewater path.

Demand for SNF is driven by admixture manufacturers. Western India alone accounts for around 36% of the total demand for SNF in India

BYPRODUCTS

The derivatives from coal tar distillation is a separate segment of Himadri. The effort is to explore new technologies, leverage knowledge and create related value-added products from coal tar. Strong research and technology insights led to the manufacture of a host of derivatives from coal tar.

NAPHTHALENE

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

The Company added value to this product through the manufacture of SNF from naphthalene.

Most naphthalene is derived from coal tar. From the 1960s until the 1990s, significant amounts of naphthalene were also produced from heavy petroleum fractions during petroleum refining, but today petroleum-derived naphthalene represents only a minor component of naphthalene production.

Naphthalene is the most abundant single component of coal tar. Although the composition of coal tar varies with the coal from which it is produced, typical coal tar is about 7-9% naphthalene by weight.

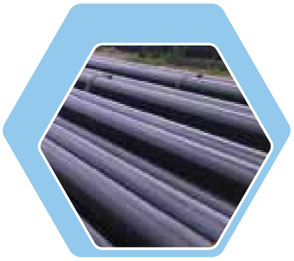
HIMCOAT ENAMEL

This is a particular type of coating developed by Himadri which helps in permanent corrosion protection. It helps materials to resist soil bacteria and marine organisms.

The coating is insoluble in any organic solution and its superior adhesion to metallic surfaces gives it an advantage over other products in its category. It is produced from coal tar pitch, coal and distillates. A unique product with electrical insulation, Himadri calls it Himcoat Enamel. It is also heat resistant.

HIMCOAT PRIMER-B

Himcoat Primer is another unique product from the Himadri basket. It finds best use in fire hydrants, tanks, in oil and gas pipelines. It provides coverage of 10-12 sq mt per litre on new pipe surfaces. It is chlorine-based and is odourless. An all-season primer, it is a niche product of the Company and conforms to BS4164 and AWWA C203 standards. It is compatible with the Himcoat Enamel.



HIMTAPE

Himtape is primarily an environment-friendly product and is used to protect underground gas, oil and water pipelines and buried metal surfaces from corrosion and electrolysis.

It is another unique product from the Himadri stable and is resistant to heat, electricity, petroleum and alkaline products. The product conforms to AWWA C203 and IS 15337 (2003) standards.

HIMWRAP

Himadri's Himwrap is again a niche product with protective qualities that make it stand out from other such products. It is rust proof, has a high tensile strength and protects underground pipeline from moisture, bacteria, soil-related stresses.

Himadri is a leader in the underground oil and gas pipeline protection category. These easy-to-use products are a hallmark of its product popularity. It conforms to AWWA C203 and IS 15337 (2003) standards.

CORPORATE SOCIAL RESPONSIBILITY

At Himadri, we use our expertise, technology and experience for a positive impact on society and the environment. We have continued to weave our responsibility initiatives into our business functions, processes and performance goals.

HEALTHCARE

- A free dispensary service was created for villagers and employees near our Mahistikry plant.
- Several health camps, eye check-up camps, blood donation events were also conducted
- Entered into partnership with select hospitals in Kolkata to provide free medical treatment to those in need

EDUCATION

- Organised free distribution of books and uniforms for students and the economically backward class
- Conducted cultural and sports programmes for some of the school
- Initiated the modernisation and renovation of schools at several villages near our plant facilities

COMMUNITY WELFARE

- Commissioned tubewells in several villages to provide water facilities
- Set up food distribution camps. Built pucca houses for the needy in several villages

MANAGEMENT DISCUSSION AND ANALYSIS

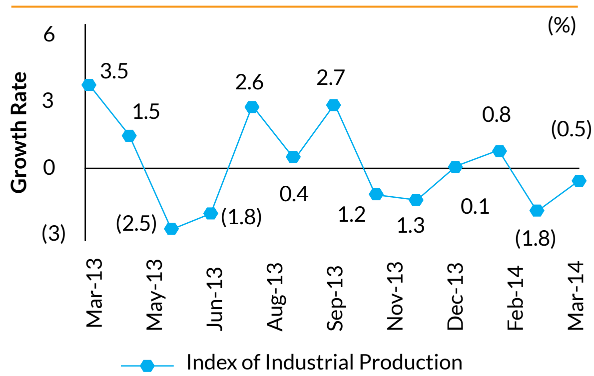
1. MACROECONOMIC OVERVIEW

The Indian economy continued to experience difficult market conditions due to subdued industrial activity, low investment levels in infrastructure projects and weak business sentiments. In FY 2014, India's GDP grew by 4.7%, as compared to 4.5% in FY 2013. Inflation has showed moderation in the recent months with WPI declining to 5.7% in March 2014 from a high of 7.5% in November 2013. CPI also experienced a similar trend and decreased to 8.3% in March 2014 from 11.2% in November 2013.

During the last quarter of the fiscal the rupee stabilised and strengthened against the US dollar, providing some relief to the Indian importers. With the improvement in the twin deficit problem of current account deficit (CAD) and fiscal deficit, some recovery was experienced towards the end of FY 2014.

The Indian economy is expected to recover in FY 2015, driven by expected reforms from the new central government. The newly elected stable government should lead to an overall improved business and consumer sentiment. India is projected to grow at over 6% in 2014 as global demand recovers and domestic investment increases. The World Steel Association has predicted steel demand in India to grow by 3.3% to 76.2 Million MT in 2014. The domestic aluminium industry is also expected to expand in the near term. The economy is expected to perform better this year as reflected in the improving business environment and with the expectations of a recovery in the industrial production. The global economy is stabilising, and better growth is expected in 2014. Indian export activity is also on the pickup mode.

INDEX OF INDUSTRIAL PRODUCTION



NET SALES

₹ 13,957.5 Million in FY 2014

FY 2014 was a challenging year for the Company in many ways. Despite the revenues increasing marginally during the year, our EBIDTA margins improved from 9.9% to 13.1%, resulting in EBIDTA growth of 38.6%.

The global economy grew by approximately around 2.9% in FY 2013, the slowest rate since 2009. The Eurozone continued to have a relatively subdued growth, while the Chinese economy is focusing on a more balanced growth strategy.

2. COMPANY'S BACKGROUND AND THE NATURE OF BUSINESS

The Company's main business is to manufacture coal tar pitch of various grades and several other value added by-products which are derived during the distillation process. It has seven manufacturing units in India. Coal tar is the primary raw material for the manufacturing of various grades of pitch which is then supplied to the aluminum and graphite industries.

India is one of the leading producers of aluminium in the world and also the 5th largest producer of bauxite. Himadri is the largest producer of coal tar pitch in the country, and, in the light of its products' association with the aluminium industry, is optimistic about the future. The domestic market has not shown any significant growth in terms of overall consumption of coal tar pitch during the last three years. However, looking forward in the years to come, substantial growth in aluminium production is expected in the country. Almost all the aluminium smelters in India are on the verge of completing greenfield or brownfield expansions.

The Company is also a significant carbon black manufacturer and has an integrated manufacturing plant at Mahistikry since 2009. It has variants that find application in rubber and non-rubber industries. Recent industry trends indicate a shift of carbon black manufacturing hubs from North America and Europe to low cost Asian manufacturers, particularly China and India.

3. FINANCIAL PERFORMANCE

FY 2014 was a challenging year for the Company in many ways. Despite the revenues increasing marginally during the year, our EBIDTA margins improved from 9.9% to 13.1%, resulting in EBIDTA growth of 38.6%.

Consolidated Highlights

Consolidated net sales stood at ₹ 13,957.5 Million during FY 2014, as compared to ₹ 13,533.2 Million in FY 2013. Earnings before depreciation, interest and taxation was ₹ 1,748.4 Million during FY 2014, as compared to ₹ 1,170.2 Million in FY 2013, registering a growth of 49.42%. Profit after Tax was ₹ (569.8) Million and was mainly due to higher finance cost and foreign currency fluctuation loss.

Shareholders' Funds

The authorised share capital of the Company is ₹ 700 Million with an equity share of ₹ 1 each, which remained unchanged during the year. The paid up share capital as of 31 March 2014 was ₹ 385.7 Million. As of 31 March 2014 Himadri's reserves and surplus stood at ₹ 7,956.5 Millions and a net worth of ₹ 8,342.2 Million.

Dividend

For the FY 2014, the Board of Directors has recommended a dividend of 10 % of face value per equity share of ₹ 1 each.

Finance

The Company continued to benefit from working capital facilities under multiple banking arrangements from various institutions, including the State Bank of India, Central Bank of India, Citi Bank, The Hong Kong and Shanghai Banking Corporation Limited, Yes Bank Limited, Axis Bank Limited, DBS Bank Limited, ICICI Bank Limited, Union Bank of India and Indusind Bank. During the year, IDBI Bank sanctioned additional working capital facilities to the Company.

4. INDUSTRY OVERVIEW

Overview of the Steel Industry

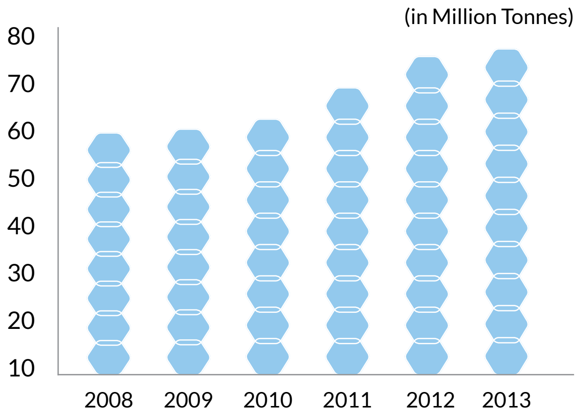
India, one of the major players in the global steel industry, has crossed important milestones in terms of growth in capacity, production and exports of steel. Steel production in the country has increased at a compounded annual growth rate (CAGR) of 6.9 % over 2008-2012.

The Steel Authority of India Limited (SAIL) has secured contracts for supplying over 117,000 Tonnes of rails after successful bids for two global tenders floated by the Rail Vikas Nigam Limited (RVNL), for major upcoming passenger rail line projects in India. SAIL is also likely to invest around ₹ 1.5 Lakhs Crores to raise its hot metal-making capacity to 50 Million Tonnes Per Annum (MTPA) from 23 MTPA, planned under the ongoing modernisation and expansion exercise by 2025.

JSW Steel plans to commission a ₹ 4,500 Crores (US$ 748.55 Million) worth cold rolling mill (CRM) at its integrated steel plant in Torangal, Karnataka. The unit, which will produce high-strength auto-grade steel, has an installed capacity of 2.3 Million Tonnes Per Annum (MTPA). Essar Steel is expected to partner two state-run Vietnamese companies to build a US$ 527 Million plant.

The JSPL Group has commissioned a greenfield 2 MT steel plant in Sohar, Oman at an investment of US$ 800 Million. Caparo, UK-based specialty steel and engineering Group, has added new facilities in Chennai, Pitampur, Bawal, Noida and Gurgaon. Posco Steel will invest USD12 Billion in setting up a 12 MT project in India. The National Mineral Development Corporation (NMDC) has signed an MoU with Russia's third-largest steelmaker, Severstal, for a greenfield steel plant in Karnataka.

TOTAL FINISHED STEEL PRODUCTION FOR INDIA

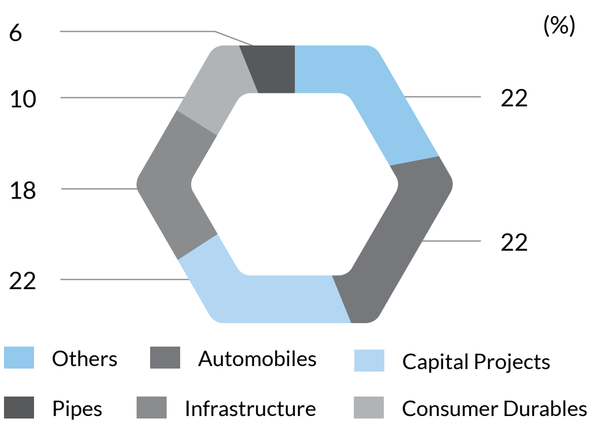


(Source: World Steel Association and Metal Bulletin)

Steel demand in India is expected to increase by 3.3% in CY 2014, following a 1.8% growth in CY 2013. This is primarily due to an improved outlook for the construction and the manufacturing sectors, even as inflation and structural issues persist. Demand in CY 2015 is likely to grow at 4.5%, as a result of further improved economic scenario.

The requirement for longs is expected to increase by 19 Million Tonnes (MT) at a CAGR of 9% and for flats by 16 MT at a CAGR of 8% between FY 2012 and FY 2017. This is due to relatively weaker growth prospects of flats end-user industries (such as automotive and consumer durables) than those for longs.

END USES FOR STEEL IN INDIA



(Source: World Steel Association and Metal Bulletin)

INCREASE IN STEEL DEMAND IN 2014

3.3%

Major public as well as private steel firms like Bhushan Steel, Tata Steel, JSW Steel, SAIL, Jindal Steel (JSPL), Essar Steel, etc. are expanding their production capacity.

JSPL is expecting its coking coal requirements in India to rise at about 2.5 MT/year by 2015. It also expects to have commissioned a 2.5 MT/year blast furnace at the steelworks it is building at Angul in the eastern state of Odisha. The Company has sold 288,000 MT of coking coal in the April-June quarter and plans to expand the production capacity of its Angul plant to 6 MT/year by 2016.

As far as Public Sector Undertakings under the Ministry of Steel are concerned, SAIL and RINL have undertaken modernisation and expansion projects at their integrated steel plants (Bhilai, Bokaro, Rourkela, Durgapur, Burnpur and at Salem of SAIL and Vizag Steel Plant of RINL) to enhance crude steel production capacity. The expansion of the Salem steel plant of SAIL has already been completed and the other projects are under various stages of completion.

Essar Steel, one of the major players, has plans for further expansion. Even NMDC Limited, another Central Public Sector Enterprise under the administrative control of the Ministry of Steel, is setting up a 3 MTPA greenfield integrated steel plant at Nagarnar, Bastar District in Chhattisgarh at an estimated cost of ₹ 15,525 Crores.

Opportunities

The steel industry is linked to sectors like infrastructure, aviation, engineering, construction, housing, automobile, pipes and tubes, etc. Its intense integration with the important segments makes it a strategic focus area for the government as well.

Most of the major new steel plants are likely to come up by the end of the next Five Year Plan period. Steel being a deregulated sector, the detailed strategy regarding physical and financial matters of the private sector projects is decided by the individual investors themselves. The ministry of steel facilitates the implementation of the major private sector projects through co-ordination with concerned ministries and the state governments.

Overview of the Aluminium Industry

India, with its sufficient supply of quality bauxite and cost-effective labour, has established itself as a low cost producer of primary aluminium. However, in India, the production of primary aluminium has not moved above 1.6 to 1.7 MT mark for the last three years.

The domestic primary aluminium production fell in 2013, mainly on account of a decline in requirement from industries such as automobiles, consumer durables, construction and power.

The long term outlook for aluminium continues to remain strong with global aluminium demand expected to increase at a CAGR of 6%, with expected growth of 9% till 2020, taking its consumption to almost 37 MT. However, this growth rate is relatively low compared to the rate at which Chinese aluminium consumption has grown over the last decade.

(Source: equitymaster, Dan and Bradstreet, 2014)

Bharat Aluminium Company Limited (BALCO) is proposing to install a 3,25,000 TPY aluminium smelter within the existing premises of Korba aluminium complex. Meanwhile, NALCO is in the process of investing ₹ 16,345 Crores in Sundargarh District, Odisha and the project is expected to be completed by 2018 with 0.5 MTPA capacity. Hindalco's Mahan smelter project comprises 360 KTPA aluminium smelter, located in Bargawan, Madhya Pradesh. It has started production and is being ramped up as per the schedule. Hindalco is also in the process of commissioning its smelter at Sambalpur with a capacity of 360 KTPA.

Ongoing Projects

Hindalco

Hindalco Industries, the flagship of the Aditya Birla Group, recently started trial production of its ₹ 10,500-Crores greenfield aluminium production plant at Singrauli, Madhya Pradesh. Post commercialisation, this is likely to double the capacity of the Company, which is expecting to reach a production of 300,000 Tonnes in FY 2015.

Himadri has seven manufacturing facilities of coal tar pitch in India with coal tar distillation capacity of 4.00 Lakhs TPA

Nalco

The Company recently stabilised the second phase of expansion of its alumina refinery unit, significantly adding to its smelter capacity. This added capacity puts the Company in an advantageous position, offering attractive opportunities.

Balco

Recently the Company has commenced operations of its new smelter, where the first metal was tapped. The first and second simulation synchronisation has been achieved while the third and fourth units are expected to be ready soon.

5. BUSINESS STRATEGY AND OPERATIONAL PERFORMANCE

Coal Tar Pitch

The Company has seven manufacturing facilities of coal tar pitch in India with coal tar distillation capacity of 4.00 Lakhs TPA. Coal tar is the primary raw material for the Company and is produced during the processing of coking coal in a coke oven plant. It is primarily sourced from steel producers with recovery-type coke oven batteries where they convert coking coal into low-ash metallurgical coke.

The coal tar is distilled to produce various grades of pitch and a variety of intermediate chemical products. Coal tar pitch has applications in the aluminium and graphite electrode industries. The aluminium industry is the largest coal tar pitch consumer as the binder grade coal tar pitch is a key ingredient for manufacturing anode blocks in aluminium smelters. India operations have met their budgeted financial targets during the FY 2014. With the aluminium capacity and demand in the country poised to grow in the next few years, the Company expects a strong uptake in the domestic market. The Company is also seeking opportunities to penetrate in the growing overseas market for coal tar pitch.

Carbon Black

Carbon black is produced from carbon black oil derived from the distillation process of coal tar. The Company has a carbon black manufacturing facility at Mahistikry (West Bengal) with capacity of 1.20 Lakhs TPA. This product has applications in coatings, conveyor belts, rubber, plastic, printing ink and tyre manufacturing. Performance of this unit during FY 2014 remained satisfactory and in line with the management expectations. Carbon black has significant demand in the international markets and the Company is well positioned to increase exports.

Sulfonated Naphthalene Formaldehyde (SNF)

The Company has facilities to manufacture Sulfonated Naphthalene Formaldehyde (SNF) at Mahistikry (West Bengal) and Vapi (Gujarat) with capacity of 68,000 TPA. The SNF is primarily used by the construction sector to increase the strength of concrete and fluidity of ready mix concrete. It also reduces the consumption of cement. SNF is produced in the liquid as well as the powdered form. It is also used as a dispersing agent in dyes, leather and agro industries. The performance of these units remained satisfactory during FY 2014 and the management is continuing to focus on the export market. Strengthening of SNF organisation and renewed focus will drive the growth of the SNF business.

Wind Energy

The Company has two windmills in Maharashtra, with the capacity to produce wind energy of 2.5 MW. Both these units were fully operational during FY 2014 and generated a revenue of ₹ 160.64 Lakhs with production of 3,568,437 Kwh units of wind energy.

Power Plant

The Company has two power plants with a capacity of 12 MW and 8 MW respectively. During the year, Himadri has received Terms of Reference (TOR) from the state-level Expert Appraisal Committee, West Bengal, for its 8 MW power plant. The 12 MW power plant is completely operational and the gas generated out of the current manufacturing capacity is sufficient to feed the 12 MW plant. Currently, there is no surplus gas available to feed the 8 MW power plant and as a

result, the plant is being used as a standby. The plant utilises the waste heat gas generated during the manufacturing of carbon black at Mahistikry (West Bengal). The Company is focused on making the process of power generation economically viable by operating the carbon black plant at optimal levels. The performance of this facility remained satisfactory during FY 2014.

SEZ Unit- Falta

The Company has developed a facility to manufacture advanced carbon material at Falta (SEZ Sector) in West Bengal. Advanced carbon material is manufactured from a special quality of coal tar pitch in-house technology. This product has applications in the manufacturing of anodes for lithium-ion batteries. The lithium-ion batteries have applications in electronic devices such as mobile phones, laptops, power tools, digital cameras, audio devices, games, medical implant devices and hybrid electric vehicles. The batteries are lighter in weight along with features such as higher capacity voltage, longer life and are pollution-free.

6. OPPORTUNITIES

Export Markets

The Company during the FY 2014 has continued to penetrate export markets for key products such as carbon black, coal tar pitch, SNF and LC oil. These markets include countries such as Argentina, Singapore, Japan, Indonesia, South Africa, Malaysia, Vietnam, Sri Lanka, Bangladesh, Nigeria, USA, U.A.E., Senegal, Poland and, more recently, Turkey, and Egypt.

Enterprise Resource Planning

The Company is now in the process of getting fully integrated with enterprise resource planning (ERP) systems for maintaining information and data. All the divisions, departments and units are now being linked with the ERP system and the data is easily shared with production, sales and marketing, accounts and finance. The management has successfully implemented most of the ERP systems across the Company inter-connecting all the units and divisions. Since this is a recently implemented system, potential benefits are at an early stage and success is largely dependent on training of key personnel. Training is provided to employees through external consultants to ensure that full benefits of the system are realised.

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. Furthermore, the manufacturing facility is certified for ISO 14001:2004.

By-Products

Himadri has invested in further development of by-products, which is derived from the coal tar distillation process with string research and technology insights. The Company has developed value-added products with specific applications, thereby helping the Company enhance its margins.

Expansion of Coal Tar Pitch melting facilities

Himadri is pursuing a strategy of expanding coal tar pitch melting facilities near customer locations, thereby eliminating the need for complex logistics. With an additional aluminium capacity coming up in the next few years, expanded coal tar pitch melting facilities shall enable the Company to aggressively target the growing demand.

7. THREATS

Logistic/Transportation

The Company largely depends upon road transport for the movement of the liquid form of the raw materials procured from major steel plants across the country.

This requires an adequate number of tankers to ensure continuous flow of material without any interruption to the production process. The sourcing of raw material, its availability and its transportation is one of the major threats to the industry. Special tankers with modern technology are required to carry such material. The availability of raw material and its transportation is one of the key challenges to distillation industry.

The basic contents of coal tar are in liquid form and need special care for handling throughout the process and require trained employees. Furthermore, the cost of transportation remains a serious concern.

The Company has planned to set up melting plants and raw material storage facilities on a pan India basis located near the steel plants and the railway network. One such raw material storage facility has already been set up at Rourkela, Odisha. This will enable the Company to address operating bottlenecks, accumulate raw material from suppliers and move raw materials through the more time and cost efficient railway logistics. The setting up of pitch melting plants near the customer locations help reduce the dependence on logistics.

Dumping of Carbon Black from international markets

The domestic carbon black industry faces a threat from dumping of material from China and other countries. The government has recently extended the anti-dumping duty against China, Russia and Thailand.

8. CREDIT RATING BY CARE

The rating of "CARE A+" assigned by the Credit Analysis and Research Limited (CARE) for the long term bank facilities, including non-convertible debentures. CARE A+ rating is considered to have an adequate degree of safety regarding timely servicing of financial obligations.

CARE has re-affirmed the rating of "CARE A1+" assigned for the short term facilities, which is considered to have a very strong degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

9. AWARDS AND RECOGNITIONS

The Company has been awarded "ET's Highest Job Creator" by The Economic Times – an award for corporates having a turnover exceeding ₹ 1,000 Crores in West Bengal during the year.

10. RESEARCH AND DEVELOPMENT

The Research and Development Centre at the Mahistikry unit of the Company has been recognised by the Government of India, Ministry of Science and Technology, Department of Science and Industrial Research. The Company actively undertakes research and development (R&D) activities at the plant to improve the processes and the quality of existing finished products, working on the introduction of new value added products, testing of coal tar pitch and carbon black to maintain best in-class quality.

11. HUMAN RESOURCES (HR)

The Company has been following best practises to Retain employees across the organisation. In a world with evolving technologies, processes and products, employees are a major differentiating factor in the Company's growth path. A successful management team recognises that recruiting the best talent is vital to the long term success of the enterprise. Himadri has been continuously growing into a multi-product business, which requires a trained workforce.

The Company's key employees are provided with the appropriate compensation plans and adequate opportunities for learning and development. These are not only key drivers for their professional growth but also for the overall success of the Company. The management expects to retain experienced individuals through attractive remuneration packages that are linked directly with performance. This

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performance management system reinforces the work ethics at the organisation. The Company has given performance-based appraisal rewards to employees with compensation at par with the highest industry standards. Himadri had adequate employee strength across all the units as on 31 March 2014.

Recruitment

The management, with a view to ensure transparency, has retained highly experienced HR consultants for the recruitment process. The Company has adopted a best-in-class methodology for all aspects of recruitment. The objective is to maintain the best pool of talent, recruit people at the start of their career and provide them ample opportunity to grow within the organisation. A professional HR team has been set up in-house also to ensure timely and adequate recruitment of trained personnel in the Company. Opportunities and job openings are usually posted on the Company's website.

Training and Development

Given the specialised nature of the business, the Company provides excellent on-the-job training opportunities for its employees. This is delivered by an experienced and qualified team of professionals focused on the employee's talent, developing their expertise and enhancing their entrepreneurial skills. The overall objective of this training programme is to increase employee efficiency.

Compensation

The Company provides incentives and compensation packages to employees at the highest standards in the industry. Himadri follows a policy of "the right person at the right job". With a view to keep the compensation package comprehensive and competitive with market standards, various surveys are conducted at regular intervals. Appreciation of quality work through rewards and recognition has always been an integral part of the human resource management policy. All these measures have helped create a dedicated, inspired, innovative and committed team with an improved work culture and ethics.

Health and Safety Measures

The management always places health and safety at the workplace as top priority. Himadri has always considered health and safety of its employees as an essential and integral part of each and every activity. Accidents and risks to health are prevented through continual improvement in the working environment and safety measures. All employees are well covered with adequate health insurance.

The Company is committed towards protecting the environment, ensuring a safe work environment for its employees and conservation of natural resources. The Company has established a safety, environment and health committees to ensure a secure safe environment within and outside the organisation. Functions and duties of SHE (Safety, Health and Environment) Committee shall include –

a. Driving the organisation with the help of the management team to achieve the aims and objectives outlined in the “Health, Safety and Environment Policy” of the occupier;

b. Dealing with all matters concerning Health, Safety and Environment and to aim for ecological co-existences;

c. Creating Safety, Health and Environmental Pollution Awareness amongst all Workers;

d. Undertaking educational, training and promotional activities towards Health, Safety and Environment, with total emphasis on sustainability

e. Action on reports on Safety, Environment and Occupational Health Surveys, Safety Audits and Risk Assessment for implementation of the recommendations made in the reports;

f. Discussing on-site emergency plans and disaster-control measures for effective implementation;

g. Carrying out health and safety surveys and identifying causes of accidents; (if any)

h. Looking into any complaint on the likelihood of an imminent danger to the safety and health of the workers, suggesting corrective measures and reviewing the implementations of the remedial measures taken to eliminate the imminent dangers;

i. Reviewing and analysing the work and operational procedures for identification of hazards and environmental issues along with their eliminating methodologies. (i.e. hazop studies of our process).

The management at Himadri ensures that risks are kept under control to develop a sustainable business model that is capable of maximising stakeholder’s returns and improving credit ratings

Employee Relations

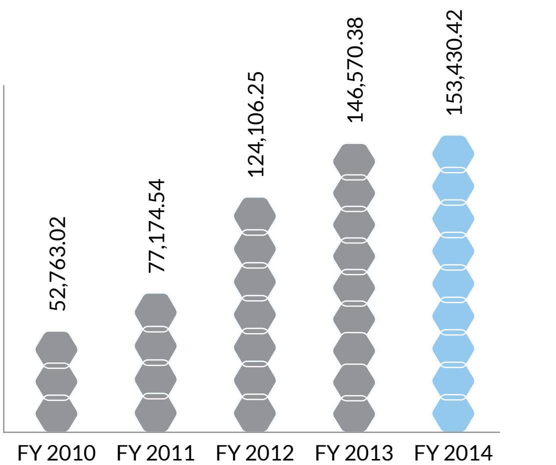
Employee relationships are very strong across the Company. During the year, these relationships at all levels remained cordial through the adoption of productive and performance-based policies. This has been evident by the fact that there has been zero work interruption in the last five years. Since the Company provides a number of benefits such as medical insurance to employees and their families, personal accident insurance, provident fund, gratuity and special allowances, the employees’ turnover during the year under review remained moderate.

12. ENHANCING SHAREHOLDERS VALUE

During the year under review, the creation of shareholder value remained challenging. However, the Company has a long-term strategic vision of wealth maximisation for its shareholders. The operations at Himadri are well guided and aligned towards achieving this goal. The management’s business plans are focused on shareholder value and successful implementation has been the highest priority. Shareholders are also rewarded with consistent dividend.

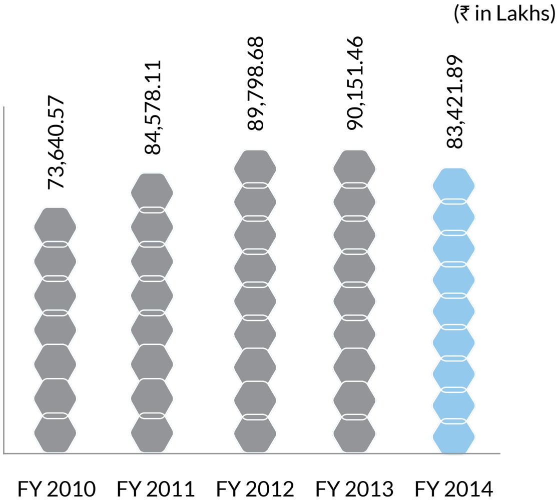
GROSS TURNOVER

(₹ in Lakhs)



SHAREHOLDERS' FUND

(₹ in Lakhs)



13. RISKS AND MANAGEMENT

The Company has been following best practices to mitigate the various aspects of business risk, including foreign exchange management. This is achieved by implementing adequate risk management policies and practises, which identify and evaluate business risks and underlying opportunities. Identified business risks are integrated into the business plan, with steps to be taken for mitigation of such risks. Himadri is prone to risks that are particular to its business and the environment within which it operates. These include market risks, competition, human resource risks and economic cycle risks. In addition, the government policies of import, export, taxation, interest rates and other related areas, may also have an impact on the performance of the Company. Apart from these, unforeseen natural disasters and geo-political problems may also have an adverse impact. As the Company continues to expand to cater to the rising demand, it may face scarcity of raw materials. To avoid such a situation, Himadri has been actively engaged in identifying new and alternate sources of raw materials.

The management at Himadri ensures that risks are kept under control to develop a sustainable business model that is capable of maximising stakeholder's returns and improving credit ratings.

14. STATUTORY COMPLIANCE

The Company has an efficient professional management team to implement various aspects of statutory

Himadri Chemicals remains positive about the long term industry dynamics. The Company continues to focus on improving operational efficiencies, strengthening its order book, and win businesses from existing and new clients.

compliance. The Company Secretary, as Compliance Officer, ensures compliance with the SEBI regulations and provisions of the Listing Agreements. The Chief Financial Officer and the Chief Executive Officer and Managing Director acts as a Compliance Officer for the prevention of insider trading. The Company, with a view to cover the risk of compliance with various rules and regulations of the Companies Act, SEBI and Listing Agreement, has appointed Internal Auditors to ensure reporting of any potential non-compliance. The management has a practise of obtaining declarations from the concerned managerial personnel to ensure compliance with the provisions of the various statutes.

15. INTERNAL CONTROL SYSTEMS

The Company has adopted proper and adequate systems of internal controls to provide reasonable assurance for compliance with policies, statutes and codes of conduct.

The internal control system of the Company is well designed and is adequate with the size, scale and complexity of the business. The Company has engaged a team of independent internal auditors to strengthen the internal control process. The Company has well established comprehensive internal control systems, processes, rules, policies and procedures for effective monitoring and control of the entire operations of the Company and its subsidiary.

The internal control system provides for documented policies, guidelines and authorisation and approval procedures. The effectiveness of the internal controls is continuously monitored by the team of professionals. The measures undertaken to implement the internal control system enables the management to review the operations and take corrective measures, if required.

The Company's audit committee 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 suggested corrective measures.

The internal control systems are constantly reviewed and updated. The department follows a risk-based audit approach and structures the annual audit plan based on the risk perceived on each business process. 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, and has also been trying to implement their suggestions for better internal control.

16. SOCIAL WELFARE ACTIVITIES

The management has continued to give adequate attention to the welfare activities of the village around the plant and its surroundings. It has been involved in providing education, medical support, donation for food and clothing, and has also organised blood donation camps, eye check up camps, for the villagers. The management is also actively engaged in sponsoring educational programmes at the school level.

17. OUTLOOK

Himadri Chemicals remains positive about the long term industry dynamics. The Company continues to focus on improving operational efficiencies, strengthening its order book, and win businesses from existing and new clients. The newly added capacities provide the flexibility and opportunity to capture expected demand and increase supply accordingly. With the Indian economy expecting to recover in the near term, Himadri Chemicals is well positioned to leverage the upcoming opportunities.

Cautionary Statement

The Investors are hereby informed that statements in the Directors' Report and Management Discussion and Analysis describing the objectives, projections, estimates and expectations may be of forward looking within the meaning of applicable securities laws and regulations and the actual performance in coming years could differ from what is expressed or implied. The factors that could affect the Company's performance are the economic and other factors that affect the demand – supply balance in the domestic market as well as in the international markets, changes in government regulations, tax laws and other statutes and host of other incidental implications.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are delighted to present the 26th Annual Report, together with the Audited Financial Statements and the Auditors' Report of the Company for the financial year ended 31 March 2014.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31 March 2014 is summarised below:

Amount in ₹ Lakhs

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Gross Turnover	**153,430.42**	146,570.38
Other Operating Income	**37.15**	-
Other Income	**1,408.42**	3,040.03
Total Revenue	**137,736.01**	132,980.18
Operating Profit	**10,812.55**	14,829.30
Less: Finance Costs	**11,651.47**	7,905.53
Depreciation	**5,452.43**	5,217.64
Profit / (Loss) before exceptional item and tax	**(6,291.35)**	1,706.13
Add: Exceptional Item – Profit on sale of Investment in subsidiary	**704.99**	-
Profit / (Loss) before tax	**(5,586.36)**	1,706.13
Provision for tax		
Net Current Tax	**0.46**	29.25
Deferred Tax Charge / (Credit)	**(1,675.93)**	(677.89)
Profit / (Loss) after tax	**(3,910.89)**	2,354.77
Add: Surplus brought forward	**33,249.52**	33,691.04
Surplus available for appropriation	**29,338.63**	36,045.81
Appropriations		
Transfer to Debenture Redemption Reserve	**832.32**	2,345.00
Proposed Equity Dividend	**385.73**	385.73
Corporate Equity Dividend Tax	**65.56**	65.56
Balance carried to Balance Sheet	**28,055.02**	33,249.52

DIVIDEND

The Company has a dividend policy that balances the objective of rewarding its shareholders appropriately and retaining capital for future growth plans. Despite a challenging year, to demonstrate its commitment to its shareholders, the Board of Directors has recommended payment of dividend of ₹ 0.10 per share on 385,732,570 equity shares of ₹ 1/- each for FY 2014 from Surplus (Profit and Loss Balance) of earlier years, subject to approval of members at the ensuing annual general meeting.

The total payout on account of dividend (including dividend tax) will be ₹ 451.29 Lakhs (previous year: ₹ 451.29 Lakhs).

FINANCIAL PERFORMANCE

Total Revenue of the Company for FY 2014 increased by 3.58 % to ₹ 137,736.01 Lakhs from ₹ 132,980.18 Lakhs during the previous year. EBIDTA for the year, excluding the effect of foreign exchange fluctuation loss/gain, provision for doubtful debts/advances/contingencies and other income was ₹ 17,840.09 Lakhs as compared to ₹ 12,875.64 Lakhs for the previous year. During FY 2014, the Company incurred a loss after tax of ₹ 3,910.89 Lakhs as compared to Profit after tax (PAT) of ₹ 2,354.77 Lakhs in the previous year.

On consolidated basis, the Total Revenue from operations of the Company for FY 2014 marginally increased by 1.80% to ₹ 140,896.82 Lakhs from ₹ 138,402.89 Lakhs during the previous year. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/gain, provision for doubtful debts/advances/contingencies and other income, was ₹ 17,484.25 Lakhs as compared to ₹ 11,701.75 Lakhs for the previous year. During FY 2014, the Company incurred a loss after tax of ₹ 5,698.21 Lakhs as compared to Profit after tax of ₹ 943.79 Lakhs in the previous year.

The Company incurred losses during the year due to higher finance cost, depreciation and foreign exchange fluctuation.

EXPANSION AT MAHISTIKRY – COAL TAR PITCH

During the year, the Company has completed its capacity expansion for its distillation plant at Mahistikry for the manufacture of Coal Tar Pitch by adding 1.50 Lakhs TPA .After this addition, the capacity of the Mahistikry Plant stands at 3.22 Lakhs TPA.

WINDMILLS

During FY 2014, the performance of the windmills at Dhule in Maharashtra remained satisfactory and it generated 3,568,437 Kwh units of wind energy during the year as compared to 3,793,845 Kwh units in the previous year. The revenue generated by the windmills for FY 2014 is ₹ 160.64 Lakhs as compared to ₹ 165.29 Lakhs in previous year.

CONSOLIDATED FINANCIAL STATEMENT

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

WORKING CAPITAL

The Company continued to enjoy working capital facilities from various banks including State Bank of India, Central Bank of India, ICICI Bank, The Hong Kong and Shanghai Banking Corporation (HSBC), DBS Bank, Citibank, Axis Bank, Yes Bank, Indusind Bank and Union Bank of India. During the year, the Company has been sanctioned additional working capital of ₹ 50 Crores from IDBI Bank. The Company has been regular in servicing these debts.

TERM LOAN

During FY 2014, the rupee term loan from Citi Bank aggregating to ₹ 36 Crores was fully re-paid and the charge / mortgage against these loans have been released and satisfied with the Registrar of the Company. During the year, the Company has been sanctioned term loan of ₹ 85 Crores from Axis Bank.

ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

The Company during the year has issued 500, 12.50% Redeemable Non-Convertible Debentures of face value of ₹ 10,00,000/- each aggregating to ₹ 50 Crores to LIC of India on a private placement basis and these NCD(s) are listed at Bombay Stock Exchange Limited and Secured by first pari passu charge on the fixed assets of the Company. The Company has been regular in servicing these debentures.

CREDIT RATING BY 'CARE'

The rating of "CARE A+" assigned by the Credit Analysis & Research Limited (CARE) for the long term bank facilities including non-convertible debentures. CARE A+ rating is considered to have adequate degree of safety regarding timely servicing of financial obligations.

The CARE has re-affirmed the rating of "CARE A1+" assigned for the short term facilities, which is considered to have very strong degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

CAPITAL EXPENDITURE

During FY 2014, there was an addition to capital expenditure aggregating to ₹ 8,429.76 Lakhs (including Capital work in-progress).

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Shyam Sundar Choudhary (DIN: 00173732) and Mr. Vijay Kumar Choudhary (DIN: 00173858), the directors of the Company will retire from the office by rotation, and being eligible, offer themselves for re-appointment.

Smt. Rita Bhattacharya (DIN: 03157199) has been appointed as nominee director of the Life Insurance Corporation (LIC) of India by the Board at its meeting held on 22 April 2014 pursuant to the right of nomination exercised by LIC of India in accordance with terms of Non-Convertible Debentures issued by the Company on private placement.

Mr. Santimoy Dey (DIN: 06875452) was appointed as Additional Director on the Board with effect from 27 May 2014 in terms of Section 161 of the Companies Act, 2013 in the category of Non-executive Director. Mr. Dey, being an Additional Director, will hold office upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as an Independent Director as he satisfies the conditions as laid down under Section 149(6) of the Companies Act, 2013.

During the year, Mr. Damodar Prasad Choudhary (DIN: 00173672), Chairman of the Company retired from the Board of the Company with effect from 13 August 2013. The Board placed on record, deep sense of appreciation for his contribution since the Incorporation of the Company. Board further appointed him as Chairman Emeritus.

During the year, Late Bhagwati Prasad Dhanuka, an Independent Director, left for heavenly abode on 1 March 2014 and the Board expressed its deep condolence. He served the Company as Director on the Board since 28 January 2010.

In terms of the provisions of Companies Act, 2013 Mr. Sakti Kumar Banerjee (DIN: 00631772), Mr. Sushil Kumar Saraf (DIN: 00535726), Mr. Krishnava Satyaki Dutt (DIN: 02792753) and Mr. Hardip Singh Mann (DIN: 00104948) who were appointed as rotational directors in the Category of Independent Non-executive Directors have become Non-Rotational Directors. In compliance with the same, the Board recommends their appointment as Non-Rotational Directors in the category of Independent Non-Executive Directors in the forthcoming Annual General meeting since these Directors fulfill the criteria of Independence as prescribed in Section 149(6) of the Companies Act, 2013 and rules provided thereto.

The brief resume and other details relating to the Directors, who are to be appointed / re-appointed as stipulated under Clause 49(IV)(G) of the Listing Agreement, are furnished in the Notice of Annual General Meeting forming part of the Annual Report.

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 for the year ended 31 March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii) The Directors have selected suitable 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 loss of the Company for the year under review;

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

iv) The Directors have prepared the annual accounts on a going-concern basis.

JOINT STATUTORY AUDITORS

The joint statutory auditors M/s S. Jaykishan, Chartered Accountants and M/s B. S. R. & Co. LLP, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received necessary consent and certificates under Section 139 of the Companies Act, 2013 from them to the effect that their appointment, if made, shall be in accordance with the conditions specified therein and they satisfies the Criteria as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report and notes on Accounts are self-explanatory and therefore do not call for any further explanation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company sends intimations to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made to co-ordinate with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of ₹ 799,308 to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2) of the Companies Act, 1956. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred.

PARTICULARS OF EMPLOYEES

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) is 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 FY 2014, the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

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 a Practicing Company Secretary confirming compliance, is set out in an 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 continue 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, upto date.

The Non-Convertible Debentures (NCDs) issued by the Company aggregating ₹ 250 Crores (including NCDs issued during the year aggregating to ₹ 50 Crores to LIC of India on private placement) continue to be listed at Bombay Stock Exchange Limited and the Company has been regular in the remittance of the listing fee to the exchange for such debentures.

DEMATERIALISATION OF SHARES

There were 377,097,529 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2014, representing 97.76% of the total paid-up capital of the Company. The Promoters' shareholding is in dematerialised form in terms of SEBI circular and there is no change in their shareholding.

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).

E-VOTING FACILITY AT AGM

In terms of Clause 35B of the Listing Agreement with Stock Exchanges and in pursuance of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the Rules), the Items of Business given in AGM Notice may be transacted through electronic voting system and the Company is providing e-Voting facility to the members who are the members of the Company as on 22 August 2014 (End of Day) being the "Cut-off Date" / "Record Date" fixed for the purpose, of exercising their right to vote at the 26th AGM by electronic means through the e-Voting platform provided by National Securities Depository Limited (NSDL). The details process and guidelines for e-voting has been provided in the notice convening the meeting.

INTERNAL COMPLIANT COMMITTEE

The Company has constituted an Internal Compliant Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder which were notified on 9 December 2013.

INDUSTRIAL RELATIONS

Constant focus on the Human Resources dimension is an integral part of the Company's values. Attracting, retaining and developing our workforce to meet the current and future needs of our business are the key focus areas. The Industrial Relation in all plant/units situated across the country remained cordial and the management has taken utmost care of Human Resources and maintained strong relationship with a view to build strong human capital in the Company. Occupational safety at workplace has been given utmost importance. The management has adopted various measures for enhancing efficiency, competency and skills of individual employees through training and motivation. The Company has in place a performance-based employee appraisal and reward system and streamlined the feedback module.

FORWARD LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company does not take any responsibility to publicly revise any such statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

ACKNOWLEDGEMENT

The Directors wish to place on record, their sincere appreciation for the continued support and cooperation extended to the Company by various departments of the Central and the State Government, banks and other financial institutions, investors, shareholders, debenture holders, various regulatory authorities, customers and employees of all levels.

For and on behalf of the Board

	Sd/-	Sd/-
Place: Kolkata	**Bankey Lal Choudhary**	**Shyam Sundar Choudhary**
Date: 27 May 2014	*Managing Director*	*Executive Director*

Annexure "A" to the Directors' Report

Information as per Section 217(1) (e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2014:

A. CONSERVATION OF ENERGY

Sl. No	Particulars	
a)	**Energy conservation measures taken**	The Company continues to give priority to the conservation of energy on an on-going basis. The measures for conserving the energy resources already exists in the Company and the management continuously observe those measures on a regular basis to ensure proper utilisation of energy resources.
b)	**Additional investment and proposals if any, being implemented for reduction of consumption of energy**	The Company has already made necessary expenditure on plant and equipment to conserve energy and to make optimum utilisation thereof.
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 measures undertaken by the Company has shown a positive result.
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

Sl. No		Unit	Current Year	Previous Year
i)	**Electricity**			
	a) **Purchased**			
	Unit	Kwh	**3,855,575**	4,675,126
	Total	₹	**46,855,419**	64,188,298
	Rate per unit	₹/Kwh	**12.15**	13.73
	b) **Own generation through power plant**	Kwh	**45,858,840**	42,800,323
	c) **Total Units Consumed (a+b)**	Kwh	**49,714,415**	47,475,449
ii)	**Feed stock/oil consumed as fuel**			
	Quantity	MT	**20,421.405**	19,627.450
	Total cost	₹	**721,143,060**	712,287,755
	Average rate	₹/MT	**35,313.10**	36,290.39
iii)	**Diesel**			
	Quantity	Ltrs	**10,109.00**	233,810.00
	Total cost	₹	**4,729,624**	10,874,515
	Average rate	₹/Ltr.	**46.79**	46.51

2. CONSUMPTION PER UNIT OF PRODUCTION

	Unit	Current Year	Previous Year
Total production of Carbon Material and Chemicals	MT	**474,241**	517,849
Electricity	Unit/ MT	**104.83**	91.68
Feed stock/oil consumed as fuel	MT/MT	**0.04**	0.04
Diesel	Ltrs/MT	**0.21**	0.45

B. TECHNOLOGY ABSORPTION

FORM – B

Disclosure of particulars with respect to Technology Absorption and Research & Development

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

1. **The R&D department of the Company continued to play a vital role in the following areas:**
   a) Better control in the processes for improving the quality of output
   b) Finding out ways and means for saving of energy and cost
   c) Development of new products / discovering new methods of analysis
   d) Re-cycling of waste and research on the utilisation of waste

2. **Benefits derived as a result of the above R&D:**
   a) Maintaining the leading position in the domestic market
   b) Achievement of better efficiency in fuel consumption
   c) Better control on inputs and thereby, improving the quality of the output to match 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) Development of a variety of value-added products like Advanced Carbon Material and Super Plasticizer
   g) Recognition as an in-house R&D centre by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India

3. **Future plan of action:**

   Exploring new technologies to extract more value-added products from coal tar such as 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: ₹ 29.20 Lakhs;

b) Recurring expenditure: ₹ 268.43 Lakhs;

c) Total Research & Development expenditure: ₹ 297.63 Lakhs;

d) Total R&D expenditure as a percentage of total turnover: 0.22%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Amount in ₹ Lakhs

	Current Year	Previous Year
Total foreign exchange used	**35,822.85**	49,817.76
Total foreign exchange earned	**10,899.69**	7,773.50
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: 27 May 2014

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

CORPORATE GOVERNANCE REPORT

Your Company has been following the principles of good Corporate Governance, which comprise activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management. The details of the Corporate Governance compliance by the Company as per Clause 49 of the Listing Agreement with Stock Exchanges are as under:

1. THE COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Corporate Governance philosophy of the Company is to achieve excellence in business for enhancing the long-term shareholders' wealth, keeping in view the needs and interest of all the stakeholders.

Himadri Chemicals follows the principles of good Corporate Governance, which is an essential ingredient of good business. This relates 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 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 benchmarks for its' growth plans, profitability, customer satisfaction, increasing the shareholders wealth and continues its commitments to highest 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. The Board during FY 2014, continued its endeavors for achieving these objectives by adopting and monitoring corporate strategies, prudent business plans, and 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.

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

2. BOARD OF DIRECTORS

Size and Composition of the Board

The Company has an appropriate composition of Executive and Non-Executive Directors. As on 31 March 2014, the Board consisted of Nine directors, out of which three Directors are Executive and Six are Non-Executive. The Chairman of the Board Mr. Damodar Prasad Choudhary, was related to promoters and has voluntarily retired with effect from 13 August 2013 and the Board appointed him as 'Chairman Emeritus'. The Company was having total ten directors with five Independent Directors, whereas one Independent director has expired on 1 March 2014, and the Company will fill up the vacancy in due course of time as per clause 49 of the Listing Agreement. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the stock exchange(s).

The Company had no pecuniary relationship or transactions with the Non-Executive Directors during FY 2014. 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 substantial shares 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. All Independent Directors have confirmed that their appointment as Independent Directors satisfy the conditions as stipulated in clause 49 of the Listing Agreement. For assessment of these criteria, the limit under Clause 49, the membership / chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

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 FY 2014, the Board met 7 (seven) times, i.e. on 25 May 2013, 13 August 2013, 10 October 2013, 13 November 2013, 13 December 2013, 24 January 2014 and 6 February 2014. The maximum time 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 decided well in advance and communicated to the Directors and stock exchange(s). 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 Directorships and committee membership positions as held by them in other public limited Companies as on 31 March 2014 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[1]	
						As Chairman	As Member
1	Mr. D.P. Choudhary[2]	Promoter, Chairman Non-Executive	-	No	4	-	-
2	Mr. S.S. Choudhary	Promoter Executive	5	Yes	3	-	-
3	Mr. B.L. Choudhary	Promoter Managing Director	7	Yes	5	-	-
4	Mr. V. K. Choudhary	Promoter Executive	2	No	4	-	-
5	Mr. S.K. Saraf	Non-Executive Independent	7	No	-	-	-
6	Mr. S.K. Banerjee	Non-Executive Independent	7	Yes	2	-	-
7	Mr. B.P. Dhanuka[3]	Non-Executive Independent	7	Yes	-	-	-
8	Dr. Basudeb Sen[4]	Non-Executive Independent	2	No	7	1	5
9	Mr. Rahul Kumar Yadav	Non-Executive Independent	5	No	6	-	-
10	Mr. Hardip Singh Mann	Non-Executive Independent	4	No	-	-	-
11	Mr. Krishnava Dutt[5]	Non-Executive Independent	4	No	4	-	-
12	Mr. Pavninder Singh[6]	Non-Executive Independent	3	No	-	-	-

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

[2]Mr. Damodar Prasad Choudhary had voluntarily retired from the Board with effect from 13 August 2013;

[3]Mr. B. P. Dhanuka had expired on 1 March 2014;

[4]Mr Basudeb Sen had retired from the Board with effect from last AGM held on 23 September 2013

[5]Mr. Krishnava Dutt had attended the Board meetings held on 13 November 2013 and 13 December 2013 through Video Conferencing

[6]Mr. Pavninder Singh had attended the Board meeting held on 13 November 2013 through Video Conferencing

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 31 March 2014 all the board members and the senior management personnel of the Company have adhered to the code of conduct for FY 2014 and the same has been included in this report.

The Code of Conduct of the Company has also been placed on the Company's website at www.himadri.com.

3. COMMITTEES OF BOARD

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

Audit Committee
Nomination and Remuneration Committee
Selection Committee
Share Transfer Committee
Stakeholders' Relationship Committee
Finance Committee
Share Issue & Allotment Committee

Audit Committee

a. Terms of reference

The Audit Committee reviews the internal audit system of the Company in consultation with the statutory auditors periodically and discusses their findings. The role of the Audit Committee is as follows:

- Review of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Recommending the appointment and re-appointment of the statutory auditors and fixation of their remuneration;

- Reviewing with the management the annual financial statements before submission to the Board, for approval, with particular reference to

  * Matters required to be included in the Directors' Responsibility Statement of the Board's Report in terms of Clause (2AA) of section 217 of the Companies Act, 1956;
  * Changes, if any, in the accounting policies and reasons for the same;
  * Major accounting entries based on exercise of judgment by management;
  * Significant adjustments made in the financial statements arising out of audit findings;
  * Compliance with listing and other requirements relating to financial statements;
  * Disclosures of related party transactions;
  * Qualifications in the draft audit report.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with the auditors on any significant findings and follow-up thereof.

- Reviewing the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting thereof.

- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of any non payment of declared dividends) and creditors.

- To review the functioning of the whistle blower mechanism, in case the same exists.

- Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

b. Composition

The Company constituted an Audit Committee in terms of Clause 49 of the Listing Agreement consisting of 4 (four) Directors as members and two-third of its members are Independent. The Chairman of the Audit Committee was an Independent and Non-Executive Director with over ten years experience in finance and accounts.

The Audit Committee met 4 (four) times during the year with a maximum time in between meetings of about four months, i.e., on 25 May 2013, 13 August 2013, 13 November 2013 and 6 February 2014. The Committee reviewed the results of operation and the statement of significant related party transactions submitted by management. The composition of the Audit Committee and the details of meetings attended by each of the 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 Non-Executive Director	4
4	Mr. Pavninder Singh *	Member Non-Executive Independent	3

Mr. Bhagwati Prasad Dhanuka had expired on 1 March 2014

* Mr. Pavninder Singh has attended one meeting through Video/Teleconferencing

Nomination and Remuneration Committee

a. Constitution

The Nomination and Remuneration Committee of the Company comprised of 3 members. With the voluntary retirement of Mr. D. P. Choudhary, Chairman of the Board and a member of the Committee, on 13 August 2013, the Board at its meeting held on 13 November 2013, re-constituted the Committee to comprise of Mr. Sushil Kumar Saraf, as Chairman and Mr. S.K. Banerjee and Mr. Bhagwati Prasad Dhanuka, 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 31 March 2014 and reviewed the remuneration paid/payable to its Whole-time Directors and Executives. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Sushil Kumar Saraf	Chairman Non-Executive Independent	1
2	Mr. S. K. Banerjee	Member Non-Executive Independent	1
3	Mr. Damodar Prasad Choudhary *	Member Non-Executive Director	-
4	Mr. Bhagwati Prasad Dhanuka#	Member Non-Executive Independent	-

* Mr. Damodar Prasad Choudhary had voluntarily retired from the Board w.e.f 13 August 2013 and the Committee was re-constituted by induction of Mr. Bhagwati Prasad Dhanuka at the meeting of the Board held on 13 November 2013

Mr. Bhagwati Prasad Dhanuka had expired on 1 March 2014

b. Remuneration policy

The remuneration of the Whole-time/Executive Directors and Senior Executive Officers is decided by the Board based upon the recommendations of the Nomination and Remuneration Committee, subject to the approval of the Company in general meeting, which inter-alia is based on the criteria such as industry benchmarks, the Company's performance, and the performance of the individual concerned. The Company pays remuneration by way of salary to Whole-time 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

The Non-Executives / Independent Directors are not being paid any remuneration by the Company, except sitting fee for attending the meetings. All managerial remuneration for Executive Director/ Whole time 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 of the remuneration paid to the Executive Directors during FY 2014 is given hereunder:

Sl. No.	Names of members	Designation	Gross Salary (₹)
1	Mr. S.S. Choudhary	Executive Director	3,000,000
2	Mr. B.L. Choudhary	Managing Director	3,000,000
3	Mr. V.K. Choudhary	Executive Director	3,000,000

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

Sl. No.	Names of members	Amount of sitting fees paid (₹)
1	Mr. S.K. Banerjee	70,000
2	Mr. S.K. Saraf	78,000
3	Dr. Basudeb Sen	20,000
4	Mr. B.P. Dhanuka	78,000
5	Mr. Rahul Kumar Yadav	50,000
6	Mr. Hardip Singh Mann	40,000
7	Mr. Krishnava Dutt	40,000
8	Mr. Pavninder Singh	36,000

Selection Committee

The Company has constituted Selection Committee as required by the Rule 4(7) of Directors' Relatives (Office or Place of Profits) Rules, 2011, read with Section 314(1B) of the Companies Act, 1956 with Mr. B. P. Dhanuka and Mr. S. K. Banerjee as its Members to act as Independent Directors and Mr. P. K. Chattaraj as an expert (an outsider) to review and approve the terms of appointment of Relatives of Directors for holding Office or Place of Profit in the Company. During FY 2014 there was no meeting of the Committee.

Share Transfer Committee

The Share Transfer Committee comprises of Mr. S.S. Choudhary, as the Chairman, Mr. S.K. Saraf 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 Clause 49 para IV(G)(iii) of the Listing Agreement of the Stock exchanges, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with a senior employee, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Private Limited and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agents. During FY 2014, the committee met 11 (Eleven) times.

The Company confirms that there were no share transfers lying pending as on 31 March 2014 and all request for de-materialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

Stakeholders' Relationship Committee

Terms of Reference

- To review the issue of Duplicate Shares.
- To review the Status of Unpaid Dividend.
- To review the pending Investors Complaint.
- To review the Secretarial Audit report
- To review the periodical Compliance with Stock Exchange(s).
- To monitor expeditious redressal Investor's Grievances.
- All other matters relating to Shares.

Composition

The Board formed a Stakeholders' Relationship Committee consisting of Mr. S.K. Saraf, as the Chairman, Mr. S.S. Choudhary and Mr. S.K. Banerjee as its members.

The 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 4 (four) times. The statuses of the Investors' Complaints are given hereunder:

There was 1 pending complaint at the beginning of the year and during FY 2014, total of 21 complaints were received from investors, out of which 21 complaints were replied/ resolved to the satisfaction of the investors, with 1 complaint remaining pending as on 31 March 2014.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There is no complaint pending on this portal.

Finance Committee

The Finance Committee comprises of Mr. S.S. Choudhary and Mr. B. L. Choudhary as its members.

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 FY 2014, the committee met 33 (thirty three) times.

Share Issue & Allotment Committee

Constitution

The Company has constituted, though not mandatory, a Share Issue and Allotment Committee comprising of Mr. Shyam Sundar Choudhary, as Chairman, Mr. Bankey Lal Choudhary and Mr. Sushil Kumar Saraf as its members.

Terms of reference

The terms of reference of Share Issue and Allotment Committee include the following:

- To make allotment of shares and securities
- To make allotment of securities from time to time
- To make necessary application for Listing of Shares and Securities to Stock Exchanges
- To issue necessary allotment advice to the Allottees
- To make necessary application to NSDL/CDSL for creation of Separate ISIN number for the debt instrument
- To make corporate action for the allotment of shares and securities and credit of the same in the DEMAT account of Allottee
- To do all other acts, deeds and things which are incidental to the allotment of Securities.

The Committee met once during FY 2014 on 29 October 2013 for making allotment of 500 12.50% Non Convertible Debentures to Life Insurance Corporation of India on Private Placement Basis.

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 exchange(s). The shareholders may send their complaints directly to the Company Secretary, Himadri Chemicals & Industries Limited, "Ruby House", 8, India Exchange Place, 2nd Floor, Kolkata- 700 001 or may email at: investors@himadri.com. Those members who 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
2010-11	23rd AGM	28 September 2011	" Kala Kunj" 48 Shakespeare Sarani, Kolkata - 700 017	10.00 am
2011-12	24th AGM	29 September 2012	"Kala Mandir" 48, Shakespeare Sarani, Kolkata – 700 017	10.00 am
2012-13	25th AGM	23 September 2013	" 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.

23rd AGM held on 28 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 1 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;
24th AGM held on 29 September 2012	1. Re-appointment of Mr. V. K. Choudhary as Whole-time Director in terms of Section 198, 269, 309, 310, 311, 314 read with all other applicable provisions, if any, of the Companies Act, 1956 for a period of 5 years with effect from 1 April 2012;
25th AGM held on 23 September 2013	1. Re-appointment of Mr. B. L. Choudhary as Managing Director in terms of Section 198, 269, 309, 310, 311, 314 read with all other applicable provisions, if any, of the Companies Act, 1956 for a period of 3 years with effect from 1 April 2013; 2. Holding office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company for a period of three years with effect from 1 July 2013 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government; 3. Holding office or place of profit by Mr. Tushar Choudhary as President – Operations of the Company for a period of three years with effect from 1 July 2013 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government; 4. Holding office or place of profit by Mr. Amit Choudhary as President – Projects of the Company for a period of three years with effect from 1 July 2013 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;

c) During FY 2014, the Company did not pass any special resolution by way of postal ballot.

5. SUBSIDIARY COMPANIES

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited. The Company also has further two layer subsidiary Company 1) AAT Global Limited in which the Company holds 100% equity through its wholly owned Indian Subsidiary, Equal Commodeal Private Limited 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

The Accounts and Auditors' Report of the wholly owned Indian Subsidiary Company, wholly owned subsidiary company in Hongkong and 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 FY 2014 that were prejudicial to the Company's interest.

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

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large. Related party transactions are included in the Notes to the annual accounts of the Company for the year ended 31 March 2014.

b. Reconciliation of Share Capital Audit Report

A qualified Practising 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 exchange(s)/ 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 exchange(s), SEBI or any statutory authority in any matter related to capital markets.

d. Mandatory and non-mandatory requirements

The Company has complied with the mandatory requirements and has adopted a few 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 2013 had raised money through issue of Secured Non-Convertible Debentures aggregating to ₹ 50 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 Company as on 31 March 2014 has utilised the entire proceeds of ₹ 50 Crores raised through issue of Non Convertible Debentures towards the objects for which such amount was raised.

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 (FCCBs) having a face value of USD 100,000 each aggregating to USD 7 Million. 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 ₹ 13.50/- per share (face value of ₹ 1/- each) at the exchange rate prevailing on the date of conversion request. Unless the conversion option is exercised, the outstanding FCCBs will be redeemed in full at their par value together with interest @ 6 month LIBOR + 3.35% p.a. accrued on a compounded six monthly basis.

As at 31 March 2014 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(s)

As on 31 March 2014, none of the Non-executive directors were holding any shares in 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 and audited financial results within a period of 60 days from the end of financial year 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 exchange(s) immediately after conclusion of the Board meeting and taken on record. The Company usually upload the financial results on the Company's website at www.himadri.com and the Investors may view and download the same from this website.

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

8. GENERAL SHAREHOLDER INFORMATION

8.01 Annual General Meeting is proposed to be held at "Kala Kunj Hall", 48 Shakespeare Sarani, Kolkata- 700 017 on, the 24th Day of September, 2014 at 10.00 am. The shareholders may exercise their voting by means of electronic voting as provided in the notice convening the meeting.

8.02 The Company furnished information as required by Clause 49(VI) of the Listing Agreements, of the stock exchange(s) 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 26th Annual General Meeting. The names of the companies in which the persons also hold directorship and membership of committees of the Board are given separately.

8.03 Date of Book Closures

The Share Transfer and Register of Members of the Company will remain closed from 16 September 2014 to 24 September 2014 (both days inclusive).

8.04 Financial Calendar for 2014-15 (tentative schedule)

Financial Year	2014-15
Board meetings for approval of quarterly results	
- Quarter ended 30 June 2014	Within 2nd Week of August, 2014
- Quarter ended 30 September 2014	Within 2nd week of November, 2014
- Quarter ended 31 December 2014	Within 2nd week of February, 2015
- Annual Result for the year ended 31.03.2015 (Audited)	Within 60 days from the end of the financial year
Annual General Meeting for 2014-15	In accordance with Section 96 of the Companies Act, 2013
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 exchange(s)

The Company's shares are presently listed on the following stock exchange(s):

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

The Company has remitted the listing fee to the stock exchanges as per the schedule.

8.06 Listing of Non-Convertible Debentures

The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 250 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 ₹ 1,000,000/- each aggregating to ₹ 100 Crores issued on Private placement basis to ICICI Bank Limited	Bombay Stock Exchange Limited	946770	INE019C07015
2	10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India	Bombay Stock Exchange Limited	946887	INE019C07023
3	12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 100,000/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India	Bombay Stock Exchange Limited	949610	INE019C07031

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Stock Exchange(s) 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.

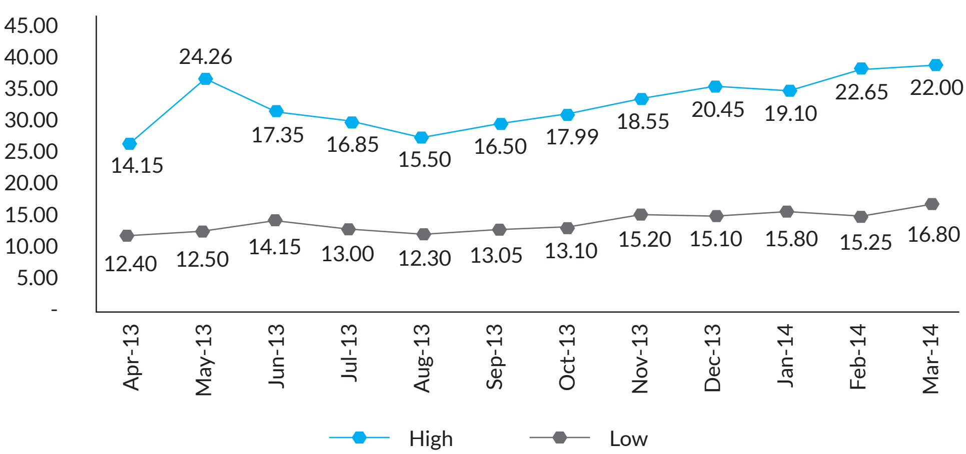
In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the D/P as per the formats prescribed by them.

8.08 Market price data

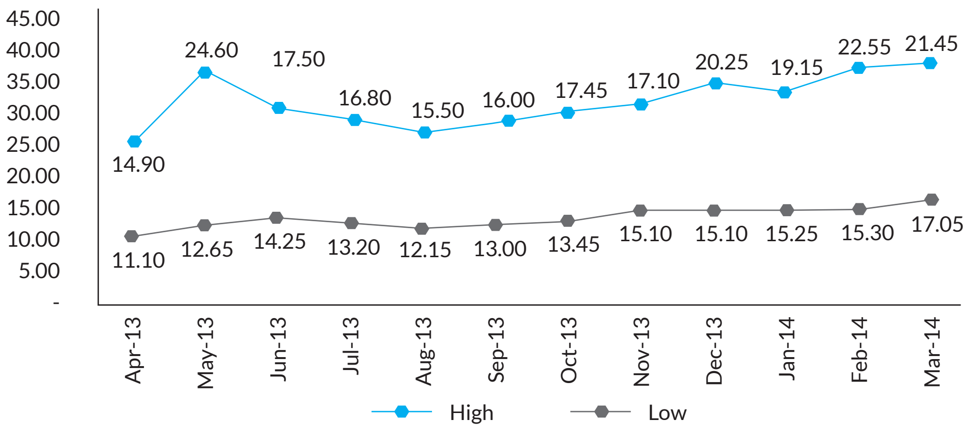
Monthly high / low market price of the shares during FY 2014 at the Bombay Stock Exchange Limited and at National Stock Exchange of India Limited were as under: -

Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Apr-13	14.15	12.40	14.90	11.10
May-13	24.26	12.50	24.60	12.65
Jun-13	17.35	14.15	17.50	14.25
Jul-13	16.85	13.00	16.80	13.20
Aug-13	15.50	12.30	15.50	12.15
Sep-13	16.50	13.05	16.00	13.00
Oct-13	17.99	13.10	17.45	13.45
Nov-13	18.55	15.20	17.10	15.10
Dec-13	20.45	15.10	20.25	15.10
Jan-14	19.10	15.80	19.15	15.25
Feb-14	22.65	15.25	22.55	15.30
Mar-14	22.00	16.80	21.45	17.05

MARKET PRICE BSE



MARKET PRICE NSE



8.09 Registrar and Share Transfer Agent

The Company engaged the services of S.K. Infosolutions Private 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 Private Limited was appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and issue of new certificates of face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

8.10 Share Transfer System

The Company ensures that all transfers are duly affected within a period of fifteen days 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 Private Limited - Kolkata.

Pursuant to Clause 47(c) of the Listing Agreement with the stock exchange(s), certificate on half-yearly basis is filed with the stock exchange(s) 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 exchange(s), which inter-alia gives details of share capital (both demat and physical).

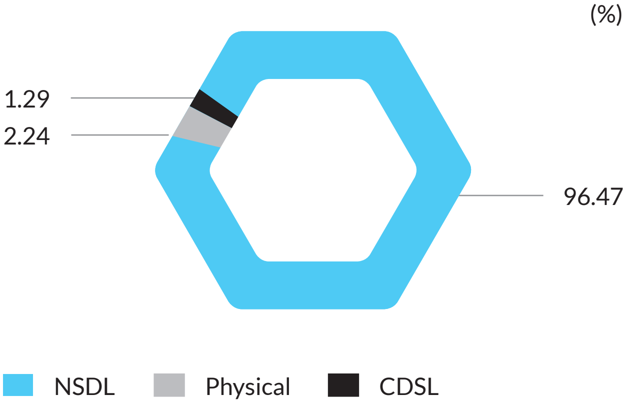
8.11 Distribution of Shareholding as on 31 March 2014

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Up to 500	5,754	36.10	1,164,047	0.30
501 - 1,000	5,445	34.16	5,269, 967	1.37
1,001 - 2,000	2,503	15.70	4,546,460	1.18
2,001 - 3,000	960	6.02	2,438,411	0.63
3,001 - 4,000	312	1.96	1,196,314	0.31
4,001 - 5,000	288	1.81	1,404,342	0.36
5,001 - 10,000	336	2.11	2,630,980	0.68
10,001 - 50,000	256	1.62	5,232,391	1.36
50,001 - 100,000	31	0.18	2,116,982	0.55
100,000 and above	54	0.34	359,732,676	93.26
Total	**15,939**	**100.00**	**385,732,570**	**100.00**

8.12 Shareholding pattern as on 31 March 2014

	Category of shareholders	Number of shareholders	Number of shares	% of holding
(A)	**Promoter Group**			
(a)	Directors & relatives	8	12,728,600	3.30
(b)	Bodies corporate	4	159,411,310	41.33
	Sub- total (A)	**12**	**172,139,910**	**44.63**
(B)	**Non-promoters**			
(a)	Mutual funds / UTI	1	3,000	0.00
(b)	Financial institutions / banks	4	16,000	0.00
(c)	Foreign institutional investors (FII)	3	51,548	0.01
(d)	Foreign Company	2	150,232,285	38.95
(e)	Bodies corporate	431	28,279,755	7.33
(f)	Individuals	15,404	34,697,914	9.00
(g)	NRI(s)	77	154,497	0.04
(h)	Trustee	5	157,667	0.04
	Sub Total (B)	**15,927**	**213,592,660**	**55.37**
	Total (A) + (B)	**15,939**	**385,732,570**	**100.00**

DISTRIBUTION OF SHAREHOLDING FY 2014



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 Securities 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 28 September 2010, each equity shares of face value of ₹ 10/- each has been sub-divided into ten equity shares of ₹ 1/- each and the depositories allotted the following new ISIN number to the Company:

NSDL - INE 019C01026

CDSL - INE 019C01026

As on 31 March 2014, out of the 385,732,570 equity shares of the Company 377,097,529 shares were held in Electronic form representing 97.76 % to the total paid up capital, whereas balance of 8,635,041 shares were held in physical form representing 2.24 % to the total paid up share capital of the Company.

8.14 Locations of Plants

Sl. No.	Location of Plant
1	Unit No. 1 at Liluah (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
2	Unit No. 2 at Liluah (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
3	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
4	Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)
5	Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 Chhattisgarh
6	Wind Mills Division: 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 -743 504

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,
'Ruby House',
8, India Exchange Place, 2nd 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 Agent, M/s S. K. Infosolutions Private Limited, 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 31 March 2014, when declared at the meeting will be paid:

i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement(s) furnished by the Depositories as on the close of the market day prior to start of book closure and

ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members after giving effect to all valid share transfers in physical form lodged with the Company before the start of date of book close;

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 deposits of dividend vide 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 S. K Infosolutions Private Limited, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006. Ph No: 91-033- 22196797/ 4815.

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 S. K Infosolutions Private Limited, 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 13 November 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 205C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31 March 2014 the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2014	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2006-07	26 September 2007	2,738,510.00	1 November 2014	HDFC Bank Limited
2007-08	26 September 2008	1,164,322.00	1 November 2015	HDFC Bank Limited
2008-09	17 September 2009	600,389.00	23 October 2016	State Bank of India
2009-10	28 September 2010	599,896.00	3 November 2017	State Bank of India
2010-11	28 September 2011	585,549.20	3 November 2018	State Bank of India
2011-12	29 September 2012	605,512.70	4 November 2019	State Bank of India
2012-13	23 September 2013	648,607.10	29 October 2020	State Bank of India

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

8.20 Green Initiative – Corporate Governance

The Ministry of Corporate Affairs (MCA) has introduced a "Green Initiative in Corporate Governance" by allowing paperless compliance by companies and has issued circulars No.17/ 2011 dated 21-04-2011 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 the Company through electronic mode. You may send your e-mail address to our Registrar & Share Transfer Agent, **M/s S K Infosolutions Private Limited** at their following e-mail address mentioning your folio No/ DP-ID/ CL-ID:- hcil@skcomputers.net

For and on behalf of the Board

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Place: Kolkata
Date: 27 May 2014

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Himadri Chemicals & Industries Limited

We have examined the compliance of Corporate Governance by Himadri Chemicals & Industries Limited for the period between 1 April 2013 and 31 March 2014, as stipulated under Clause 49 of the Equity 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, the management and the Company's officers, 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 **Vinod Kothari & Company**
Practising Company Secretaries,

Address:
224, A. J. C Bose Road,
Kolkata – 700 017
Dated: 27 May 2014

Sd/-
Vinod Kothari
Proprietor
CP No. 1391

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 affirmed compliance with the Code of Conduct as applicable to them for the financial year ended 31 March 2014.

Sd/-
B.L. Choudhary
Managing Director

Place: Kolkata
Date: 27 May 2014

CEO / CFO CERTIFICATION

To
The Members of
Himadri Chemicals & Industries Limited
8, India Exchange Place, 2nd Floor
Kolkata- 700 001

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

We,

1) Bankey Lal Choudhary, the Managing Director and

2) Kamlesh Kumar Agarwal- Sr. Vice President Finance & Accounts

Certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31 March 2014 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 control, 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.

For Himadri Chemicals & Industries Limited

Sd/-
B.L. Choudhary
Managing Director

Sd/-
Kamlesh Kumar Agarwal
Sr. Vice President Finance & Accounts

Place: Kolkata
Date: 27 May 2014

INDEPENDENT AUDITORS' REPORT

To
The Members of
Himadri Chemicals & Industries Limited

We have audited the accompanying financial statements of Himadri Chemicals & Industries Limited ('the Company') which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial results based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

(ii) in the case of the Statement of Profit and Loss, of the loss 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose 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 and 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 and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and

   e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 27 May 2014

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No. 309005E

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

Place: Kolkata
Date: 27 May 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, a portion of fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.

(c) Fixed asset disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stock lying with third parties as at the year end, written confirmations have been obtained by the management.

(b) The procedures for the 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(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.

(e) The Company had, in earlier year, issued Deep Discount Debentures of face value of ₹ 12,300 Lakhs to a Company 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 of loans taken from such party was ₹ 5,195.34 Lakhs.

(f) In our opinion, the rate of interest and other terms and conditions relating to the issue of the aforesaid Deep Discount Debentures by the Company are prima facie not prejudicial to the interest of the Company.

(g) In respect of the aforesaid Deep Discount Debentures, no repayment of principal amount and interest were due during the current year. Accordingly, clause (iii) (g) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 Lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public during the year.

(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 account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

have been made and maintained. However, we have not made a detailed examination of the records.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2014, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales tax	462.30	2005 to 2008	Appellate & Revision Board
		22.84	2005-2006	Sales Tax Appellate Tribunal
		147.22	2006-2007	Appellate Deputy Commissioner
		121.23	2010-11	Sr. Joint. Commissioner.-Corporate division.
		412.96	2009-2010	Additional Commissioner of Commercial Taxes
West Bengal Value Added Tax Act, 2003	Value added tax	2,102.63	2005 to 2009	Appellate & Revision Board
		433.46	2009-2010	Additional Commissioner of Commercial Taxes
		257.91	2005-2006	Sr. Joint Commissioner Special Cell
		60.98	2010-11	Sr. Joint. Commissioner.-Corporate division.
Central Excise Act, 1944	Excise duty	433.42	2006 to 2008	Custom Excise and Service Tax Appellate Tribunal
		8.20	2010 to 2012	Assistant Commissioner
		6.13	2005-2006	Supreme Court
		1.33	2005 to 2008	Commissioner (Appeals)
		17.96	2011-12	Additional Commissioner of Central excise
The Custom Act, 1962	Custom duty	25.83	2000–2001	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	50.33	2010-11	Commissioner of Service Tax
Total		**4,564.73**		

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or debenture holders or to any financial institution.

(xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loan taken by a subsidiary company from a bank are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company has been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us and the records examined by 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 public issues during the year.

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

For **B S R & Co. LLP**	For **S. JAYKISHAN**
Chartered Accountants	*Chartered Accountants*
Firm's Registration No. 101248W	Firm's Registration No. 309005E
Sd/-	Sd/-
Jayanta Mukhopadhyay	**B. K. Newatia**
Partner	*Partner*
Membership No. 055757	Membership No. 050251
Place: Kolkata	Place: Kolkata
Date: 27 May 2014	Date: 27 May 2014

BALANCE SHEET

as at 31 March 2014

Amount in ₹ Lakhs

Particulars	Note No.	31 March 2014	31 March 2013
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	**3,857.33**	3,857.33
(b) Reserves and surplus	4	**79,564.56**	86,294.13
		83,421.89	90,151.46
2) Non-current liabilities			
(a) Long-term borrowings	5	**57,058.29**	58,330.31
(b) Deferred tax liabilities (net)	6	**6,605.74**	8,336.84
(c) Other long-term liabilities	7	**10,970.63**	7,106.38
(d) Long-term provisions	8	**91.47**	4.28
		74,726.13	73,777.81
3) Current liabilities			
(a) Short-term borrowings	9	**57,785.99**	61,028.42
(b) Trade payables	10	**8,402.54**	3,768.19
(c) Other current liabilities	11	**20,809.97**	8,586.11
(d) Short-term provisions	8	**470.10**	476.81
		87,468.60	73,859.53
TOTAL		**245,616.62**	237,788.80
II. ASSETS			
1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	**113,947.66**	84,905.88
(ii) Capital work-in-progress	13	**5,592.85**	31,597.40
		119,540.51	116,503.28
(b) Non-current investments	14	**8,198.09**	4,694.70
(c) Long-term loans and advances	15	**9,684.05**	9,275.82
(d) Other non-current assets	16	**893.64**	1,219.23
		138,316.29	131,693.03
2) Current assets			
(a) Current investments	17	**16,613.17**	11,000.00
(b) Inventories	18	**37,204.47**	40,360.84
(c) Trade receivables	19	**35,322.27**	24,119.83
(d) Cash and bank balances	20	**4,108.36**	9,586.07
(e) Short-term loans and advances	21	**13,574.75**	16,757.22
(f) Other current assets	22	**477.31**	4,271.81
		107,300.33	106,095.77
TOTAL		**245,616.62**	237,788.80
Significant accounting policies	2		
Notes to financial statements	1 to 49		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2014

Amount in ₹ Lakhs

Particulars	Note No.	31 March 2014	31 March 2013
I. Revenue from operations			
Sale of products (gross)	23	**153,430.42**	146,570.38
Less: Excise duty		**17,139.98**	16,630.23
Sale of products (net)		**136,290.44**	129,940.15
Other operating revenue	23	**37.15**	-
Total revenue from operations		**136,327.59**	129,940.15
II. Other Income	24	**1,408.42**	3,040.03
III. Total revenue		**137,736.01**	132,980.18
IV. Expenses			
Cost of materials consumed	25	**109,228.41**	106,054.09
Changes in inventories of finished goods and work-in-progress	26	**(5,264.80)**	(1,682.96)
Employee benefits expense	27	**2,434.42**	2,096.15
Finance costs	28	**11,651.47**	7,905.53
Depreciation expense	12	**5,452.43**	5,217.64
Foreign exchange fluctuation - loss		**7,802.12**	1,086.37
Other expenses	29	**12,723.31**	10,597.23
Total expenses		**144,027.36**	131,274.05
V. Profit / (Loss) before exceptional item and tax		**(6,291.35)**	1,706.13
VI. Exceptional item			
Profit on sale of investment in subsidiary (refer note 42)		**704.99**	-
VII. Profit / (Loss) before tax		**(5,586.36)**	1,706.13
VIII. Tax expenses			
Current tax [including ₹ **0.46 Lakhs** (previous year ₹ 29.25 Lakhs) relating to earlier years]		**0.46**	370.54
Less: MAT credit entitlement		**-**	341.29
Net Current Tax		**0.46**	29.25
Deferred tax charge/(credit)		**(1,675.93)**	(677.89)
IX. Profit / (Loss) for the year		**(3,910.89)**	2,354.77
Earnings/(Loss) per equity share [nominal value of share ₹ **1** each (previous year ₹ 1 each)]	30		
Basic		**(1.01)**	0.61
Diluted		**(1.01)**	0.61
Significant accounting policies	2		
Notes to financial statements	1 to 49		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

CASH FLOW STATEMENT

for the year ended 31 March 2014

Amount in ₹ Lakhs

Particulars	31 March 2014		31 March 2013	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before tax		**(5,586.36)**		1,706.13
Adjustments for :				
Depreciation expense	**5,452.43**		5,217.64	
Finance costs	**11,651.47**		7,905.53	
Interest received	**(263.64)**		(657.06)	
Dividend received	**(0.24)**		(0.36)	
Loss/ (profit) on redemption of mutual funds (current investments)	**(55.66)**		(2,261.49)	
Loss/ (profit) on sale of long-term investment in subsidiary	**(704.99)**		-	
Liabilities no longer required written back	**(771.77)**		-	
Provision for doubtful debts and advances	**592.57**		-	
Provision for contingencies	**78.42**		-	
Foreign exchange loss	**6,463.68**		366.40	
Loss on sale of fixed assets	**2.52**		4.36	
		22,444.79		10,575.02
Operating cash flows before working capital changes		**16,858.43**		12,281.15
Adjustments for :				
(Increase)/ decrease in inventories	**3,156.37**		(9,709.23)	
(Increase)/ decrease in trade receivables	**(11,475.97)**		(1,439.72)	
(Increase)/ decrease in loans and advances	**1,322.12**		(2,970.68)	
(Increase)/ decrease in other assets	**6.65**		582.38	
Increase/ (decrease) in trade payables	**4,634.35**		1,239.04	
Increase/ (decrease) in other liabilities and provisions	**(48.56)**		(414.86)	
		(2,405.04)		(12,713.07)
Cash generated / (used) from / in operations		**14,453.39**		(431.92)
Direct tax (paid) / refunded		**23.35**		(657.98)
Net cash provided by / (used in) operating activities		**14,476.74**		(1,089.90)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets #	**(7,235.23)**		(13,136.35)	
(including capital work-in-progress and capital advances)				
Proceeds from sale of fixed assets	**215.28**		7.45	
Interest income received	**164.88**		863.33	
Dividend income received	**0.24**		0.36	
Advances/ loan to subsidiary (net)	**(5,619.78)**		1,121.96	
Proceeds from sale of investments (mutual funds)	**7,929.88**		23,032.38	
Proceeds from sale of investments in subsidiary company	**5,202.60**		-	
Purchase of investments in mutual funds	**(9,600.00)**		(13,000.00)	

CASH FLOW STATEMENT

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

Particulars	31 March 2014		31 March 2013	
Purchase of investment in subsidiary	(1.00)		-	
(Increase)/ decrease in fixed deposits with banks (having maturity of more than 3 months)	(441.57)		2,172.10	
Net cash provided by / (used in) investing activities		(9,384.70)		1,061.23
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of Non Convertible Debentures	5,000.00		-	
Debenture issue expenses	(162.30)		-	
Proceeds from long-term borrowings	8,500.00		11,881.14	
Repayment of long-term borrowings	(5,664.63)		(3,926.09)	
Increase/ (decrease) in working capital borrowings	(11,098.00)		3,796.22	
Interest paid	(7,233.04)		(6,156.14)	
Dividend paid	(385.73)		(385.73)	
Dividend tax paid	(65.56)		(62.58)	
Net cash provided by / (used in) financing activities		(11,109.26)		5,146.82
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(6,017.22)		5,118.15
Cash and cash equivalents at the beginning of the year		7,694.22		2,575.31
(refer note 20 to the financial statements)				
Effect of exchange gain/ (loss) on cash and cash equivalents held in foreign currency		47.36		0.76
Cash and cash equivalents at the end of the year		1,724.36		7,694.22
(refer note 20 to the financial statements)				

Includes interest capitalised ₹ 1,015.75 Lakhs (previous year ₹ 1,168.95 Lakhs).

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. During the year long term loan of ₹ 8,000 Lakhs extended to Equal Commodeal Private Limited, a wholly owned subsidiary, was converted into optionally convertible debentures.
3. Figures in brackets indicate cash outflows.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. COMPANY OVERVIEW

Himadri Chemicals & Industries Limited is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has a wholly-owned subsidiary in India in the name of Equal Commodeal Private Limited (w.e.f 8 March 2014) and step down subsidiary in the name of AAT Global Limited (previously known as Himadri Global Investment Limited) incorporated in Hong Kong, an another subsidiary having 94% shareholding in Shandong Dawn Himadri Chemical Industry Limited incorporated in China.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1. Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government, the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian ₹ (in Lakhs).

2.2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3. Current – Non-current classification

All assets and liabilities are classified into current and non-current.

2.3.1. Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

2.3.2. Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

2.4. Fixed assets and depreciation

2.4.1. Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation/amortisation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Exchange differences arising in respect of translation/settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4.2. Depreciation

Depreciation for the year is recognised in the Statement of Profit and Loss.

Depreciation on fixed assets situated at Liluah Unit - I (Howrah), Vapi and Vizag is provided on written down value method and on fixed assets situated at other locations are provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for its intended use. Plant and equipment, furniture and fixtures and office equipments costing individually ₹ 5,000 or less, are depreciated fully in the year of purchase.

The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

Freehold land is not depreciated. Leasehold land is amortised on a straight line basis over the period of respective lease, except land acquired on perpetual lease.

2.4.3. Impairment of Assets

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets ("Cash Generating Unit" or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

The recoverable amount of the assets or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit and Loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.5. Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

2.6. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of the revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, bonds etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.7. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock in trade, stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, First in first out (FIFO) method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of the finished goods.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

2.8. Employee benefits

2.8.1. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by the employees.

2.8.2. Post-employment benefits

2.8.2.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified contributions towards employee provident fund to Government administered provident fund scheme and to Life Insurance Corporation of India (LICI) under superannuation scheme which are defined contribution plans. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

2.8.2.2. Defined benefit plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. Contributions are deposited with the Life Insurance Corporation of India based on information received by the Company.

2.8.2.3. Compensated Absences

The employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company.

2.9. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax and value added taxes (VAT) and is net of returns, trade discounts and quantity discounts. Excise duty relating to sales is reduced from gross sales for disclosing net revenue from operations.

Earning from sale of electricity is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

Revenue from job work charges (excluding excise duty) is recognised on completion of job work in accordance with terms of the agreement.

Dividend income is recognised when the right to receive payment is established.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

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

2.10. Foreign exchange transactions

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.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. 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.

Exchange differences arising on the settlement or conversion of monetary assets and liabilities are recognised as income or as expense in the year in which they arise, except for:

a) Exchange differences relating to long term foreign currency monetary items accounted for in accordance with Para 46A of AS 11 "The Effects of changes in Foreign Exchange Rates". Such exchange differences arising on long term foreign currency monetary items (original maturity of one year or more) in so far as they relate to the acquisition of depreciable capital asset have been added or deducted from the cost of the asset and depreciated over the balance useful life of the asset and in other cases have been accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortised over the balance period of such long term monetary item.

b) Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognised as income or as expense.

c) The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognised over the period of the contract. The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

2.11. Derivative instruments and hedge accounting

The Company enters into derivative financial instruments with banks to hedge foreign currency risk of firm commitments and highly probable forecasted transactions and interest rate risks.

The method of recognising the resultant gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged. To designate a derivative contract as an effective hedge, management objectively evaluates and evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the AS 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting date at fair value. Changes in the fair value of these derivative contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same period during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in " Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss."

2.12. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

2.13. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.14. Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case maybe) to be realised.

2.15. Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

2.16. Research and Development Expenses

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

2.17. Earnings per Share

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.

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.

2.18. Government Grants

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non-depreciable assets are credited to Capital Reserve.

2.19 Cash flow statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 3 - SHARE CAPITAL		
Authorised		
700,000,000 (previous year 700,000,000) equity shares of ₹ 1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid up		
385,732,570 (previous year 385,732,570) equity shares of ₹ 1 each	**3,857.33**	3,857.33

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

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Equity Shares				
At the commencement of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33
Add: Issued during the year	-	-	-	-
At the end of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

c. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

	31 March 2014		31 March 2013	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
BC India Investments	**103,178,860**	**26.75%**	103,178,860	26.75%
VCIGPM Limited (formerly CITI Group Venture Capital International)	**47,053,425**	**12.20%**	47,053,425	12.20%
Himadri Dyes & Intermediates Limited	**98,284,310**	**25.48%**	98,284,310	25.48%
Himadri Industries Limited	**46,140,000**	**11.96%**	46,140,000	11.96%

d. Shares reserved for issue under options:

For details of equity shares reserved for issue on conversion of Foreign Currency Convertible Bonds (FCCB) which were issued by the Company on 13 April 2009, refer note 5 regarding terms of conversion/ redemption of Foreign Currency Convertible Bonds.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 4 - RESERVES AND SURPLUS		
Capital reserve		
At the commencement and at the end of the year	**1,280.50**	1,280.50
Securities premium account		
At the commencement of the year	**39,576.97**	39,576.97
Debenture issue expenses on redeemable non convertible debentures written off (Net of deferred tax of ₹ 55.17 Lakhs)	**(107.13)**	-
At the end of the year	**39,469.84**	39,576.97
Debenture redemption reserve		
At the commencement of the year	**3,345.00**	1,000.00
Amount transferred from surplus	**832.32**	2,345.00
At the end of the year	**4,177.32**	3,345.00
General reserve		
At the commencement and at the end of the year	**11,517.44**	11,517.44
Foreign exchange translation reserve		
At the commencement of the year	**-**	506.06
Movement during the year	**-**	(506.06)
At the end of the year	**-**	-
Hedging reserve [refer note 35(c)]		
At the commencement of the year	**(2,634.80)**	(1,630.66)
Movement during the year	**(2,254.64)**	(1,004.14)
At the end of the year	**(4,889.44)**	(2,634.80)

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 4 - RESERVES AND SURPLUS (CONTD.)		
Foreign currency monetary item translation difference account		
At the commencement of the year	**(40.50)**	-
Exchange gain/ (loss) during the year on foreign currency term loan	**(397.83)**	(40.50)
Amortisation of exchange fluctuation for the year	**392.21**	-
At the end of the year	**(46.12)**	(40.50)
Surplus (Profit and loss balance)		
At the commencement of the year	**33,249.52**	33,691.04
Profit/ (loss) for the year	**(3,910.89)**	2,354.77
Appropriations		
Proposed equity dividend [Amount ₹ **0.10** per share (previous year ₹ 0.10 per share)]	**(385.73)**	(385.73)
Tax on proposed equity dividend	**(65.56)**	(65.56)
Transfer to debenture redemption reserve	**(832.32)**	(2,345.00)
At the end of the year	**28,055.02**	33,249.52
Total reserves and surplus	**79,564.56**	86,294.13

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
NOTE 5 - LONG-TERM BORROWINGS				
Bonds / debentures				
12,300 (previous year 12,300) Deep Discount Debentures of ₹ 100,000 each (unsecured)	**12,300.00**	12,300.00	-	-
Less: Discount on issue of Deep Discount Debentures to the extent not written off or adjusted	**7,104.66**	7,668.88	-	-
	5,195.34	4,631.12	-	-
500 (previous year nil) 12.50% Redeemable Non-Convertible Debentures of ₹ 1,000,000 each (secured)	**5,000.00**	-	-	-
2,500,000 (previous year 2,500,000) 10% Redeemable Non-Convertible Debentures of ₹ 400 each (secured)	**10,000.00**	10,000.00	-	-
1,000 (previous year 1,000) 9.60% Redeemable Non-Convertible Debentures of ₹ 1,000,000 each (secured)	**10,000.00**	10,000.00	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
NOTE 5 - LONG-TERM BORROWINGS (CONTD.)				
70 (previous year 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured)	**4,206.99**	3,807.25	**-**	-
	34,402.33	28,438.37	**-**	-
Term loans				
Rupee loans (secured)				
From banks	**8,125.00**	8,650.00	**9,025.00**	225.00
Foreign currency loans (secured)				
From banks	**9,697.73**	15,810.48	**7,493.19**	3,624.76
From others	**4,582.61**	5,099.00	**1,051.75**	951.81
	22,405.34	29,559.48	**17,569.94**	4,801.57
Loan against vehicles and equipments (secured)	**45.65**	62.46	**71.89**	89.22
Deferred payment liabilities				
Sales tax deferment (unsecured)	**204.97**	270.00	**65.03**	-
	57,058.29	58,330.31	**17,706.86**	4,890.79
The above amount includes				
Secured borrowings	**47,450.99**	49,621.94	**17,641.83**	4,890.79
Unsecured borrowings	**9,607.30**	8,708.37	**65.03**	-
Amount disclosed under the head - "Other current liabilities" (refer note 11)	**-**	-	**(17,706.86)**	(4,890.79)
	57,058.29	58,330.31	**-**	-

(A) Terms of repayment/ conversion

(i) Bonds / debentures

a) The Company on 24 September 2001 had issued Deep Discount Debentures of face value of ₹ 100,000 each aggregating ₹ 12,300.00 Lakhs at a discount of 90% on face value and are redeemable at par at the end of 20 years from the date of allotment. The Deep Discount Debentures carry an implicit rate of interest of approximately 12.18% compounded annually.

b) The Company on 29 October 2013 had issued 12.50% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000.00 Lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

c) The Company on 24 August 2010 had issued 10% Redeemable Non-convertible Debentures of face value of ₹ 400 each aggregating ₹ 10,000.00 Lakhs to be

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

d) The Company on 28 June 2010 had issued 9.60% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 10,000.00 Lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.

e) The Company on 13 April 2009 had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 Lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder has an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹ 13.50 per equity share of face value of ₹ 1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCBs would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. As at 31 March 2014, conversion option has not been exercised in respect of the above FCCBs. Till 31 March 2014, the Company made provision of ₹ **935.58** Lakhs (previous year ₹ 619.86 Lakhs) as interest on outstanding FCCBs.

(ii) Term loans

a) Name of the lendor	Loan Outstanding as at 31 March 2014 (₹ in Lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2014	Installment Amount (₹ in Lakhs)
Rupee loans (secured)				
Citibank N.A.	-	-	-	**₹ 225.00 - repayable at quarterly rest**
	(₹ 225.00)	(1 month)	(1)	
The Hongkong and Shanghai Banking Corporation Limited	**₹ 4,150.00**	**1 month**	**1**	**₹ 4,150.00 - bullet repayment**
	(₹ 4,150.00)	(1 year 1 month)	(1)	
Deutsche Bank AG	**₹ 4,500.00**	**85 days**	**1**	**₹ 4,500.00 - bullet repayment**
	(₹ 4,500.00)	(450 days)	(1)	
Axis Bank Limited	**₹ 8,500.00**	**9 years 3 months**	**36**	**Repayable at quarterly rest : 8 of ₹ 125.00 each 8 of ₹ 150.00 each 4 of ₹ 250.00 each 8 of ₹ 300.00 each 8 of ₹ 362.50 each**
	(-)	(-)	(-)	

Rupee term loans carry an average interest rate of **10.69 %** per annum (previous year 10.11% per annum).

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

(ii) **Term loans (Contd.)**

a)

Name of the lender	Loan Outstanding as at 31 March 2014 (₹ in Lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2014	Installment Amount (₹ in Lakhs)
Foreign currency borrowings				
ICICI Bank Limited (ECB)	**₹ 3,292.85 JPY 5,597.22**	**6 years 5 months**	**13**	**JPY 430.56 - repayable at half yearly rest**
	(₹ 3,730.33) (JPY 6,458.33)	(7 years 5 months)	(15)	
The Hongkong and Shanghai Banking Corporation Limited (ECB)	**₹ 6,761.23 USD 112.50**	**2 years 11 months**	**12**	**USD 9.38 - repayable at quarterly rest**
	(₹ 8,158.40) (USD 150.00)	(3 years 11 months)	(16)	
DBS Bank Limited (ECB)	**₹ 3,605.99 USD 60.00**	**2 years 9 months**	**6**	**USD 10.00 - repayable at half yearly rest**
	(₹ 4,351.14) (USD 80.00)	(3 years 9 months)	(8)	
International Finance Corporation (ECB)	**₹ 2,704.49 USD 45.00**	**4 years 6 months**	**9**	**USD 5.00 - repayable at half yearly rest**
	(₹ 2,991.41) (USD 55.00)	(5 years 6 months)	(11)	
DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (ECB)	**₹ 2,929.86 USD 48.75**	**6 years 6 months**	**26**	**USD 1.88 - repayable at quarterly rest**
	(₹ 3,059.40) (USD 56.25)	(7 years 6 months)	(30)	
Citibank N.A. (FCNRB)	**₹ 3,530.86 USD 58.75**	**1 month**	**1**	**USD 58.75 - bullet repayment**
	(₹ 3,195.37) (USD 58.75)	(1 year 1 month)	(1)	

Foreign currency loans carry an average interest rate of **LIBOR + 3.02%** per annum (previous year - LIBOR + 3.03% per annum).

b) The Company had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000 - New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017.

c) Loans against vehicles and equipments are for a period of three years and repayable by way of equated monthly instalments.

(B) Details of security

i) 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹ 25,000.00 Lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable fixed assets (including plant and machinery) of the Company in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.

ii) Rupee term loan from Axis Bank Limited, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable fixed assets (including plant and machinery) on pari passu basis with other lenders.

iii) Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable fixed assets (including plant and machinery) situated at Mahistikry on pari passu basis with other lenders.

iv) Foreign currency loan from Citibank N.A. and rupee term loan from The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG are secured by way of pledge of investments in mutual funds.

v) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 6 - DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	**15,834.64**	13,121.38
Deferred tax assets		
Unabsorbed depreciation	**6,289.68**	2,986.87
Debenture issue expenses on Redeemable Non Convertible Debentures	**55.17**	-
Disallowances under Income Tax Act, 1961	**2,884.05**	1,797.67
	9,228.90	4,784.54
Deferred tax liability (net)	**6,605.74**	8,336.84

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 7 - OTHER LONG-TERM LIABILITIES		
Derivative contracts payable [refer note 35(b)]	**9,956.27**	6,486.52
Interest accrued but not due on borrowings	**935.58**	619.86
Trade payables	**47.97**	-
Other payables #	**30.81**	-
	10,970.63	7,106.38

Represent amount due towards security deposits

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
NOTE 8 - PROVISIONS				
Provision for employee benefits:				
Gratuity (refer note 38)	**13.05**	4.28	**5.57**	11.80
Compensated absences	**-**	-	**13.24**	13.72
Other provisions:				
Provision for contingencies (refer note 40)	**78.42**	-	**-**	-
Proposed equity dividend	**-**	-	**385.73**	385.73
Tax on proposed equity dividend	**-**	-	**65.56**	65.56
	91.47	4.28	**470.10**	476.81

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 9 - SHORT-TERM BORROWINGS		
Working capital loans		
From banks (secured)		
Rupee loans	**22,417.89**	202.22
Foreign currency loans	**32,432.30**	56,537.51
	54,850.19	56,739.73
From banks (unsecured)		
Rupee loans	**2,935.80**	2,824.44
Foreign currency loans	**-**	1,464.25
	2,935.80	4,288.69
	57,785.99	61,028.42

Details of security

Working capital loans from banks aggregating ₹ **54,850.19 Lakhs** (previous year ₹ 53,893.74 Lakhs) are secured by hypothecation of currents assets of the Company both present and future on pari passu basis and ₹ **Nil** (previous year ₹ 2,845.99 Lakhs) are secured by pledge of investments in mutual funds. These loans include ₹ **4,494.36 Lakhs** (previous year ₹ 6,677.47 Lakhs), being personally guaranteed by the promoter directors of the Company.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 10 - TRADE PAYABLES		
Trade payables	**8,402.54**	3,768.19
	8,402.54	3,768.19

For dues to Micro, Small and Medium Enterprises (refer note 36)

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 11 - OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (refer note 5)	**17,706.86**	4,890.79
Interest accrued but not due on borrowings	**643.06**	355.23
Unclaimed dividend *	**69.43**	71.38
Capital creditors	**293.91**	739.90
Derivative contracts payable [refer note 35(b)]	**1,465.96**	996.89
Statutory dues	**547.85**	1,448.66
Advances received from customers	**34.69**	47.57
Other payables#	**48.21**	35.69
	20,809.97	8,586.11

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2014.

Includes amount due towards employee benefits and security deposits.

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total
NOTE 12 - TANGIBLE ASSETS								
Gross Block								
Balance as 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**
Additions during the year	668.58	63.24	617.71	7,329.25	25.22	92.66	69.68	**8,866.34**
Disposals	-	-	-	-	-	(37.14)	-	**(37.14)**
Other adjustments :								
- Exchange differences	-	-	-	1,988.18	-	-	-	**1,988.18**
- Borrowing costs	-	-	52.28	681.67	-	-	-	**733.95**
Balance as at 31 March 2013	**3,584.09**	**304.35**	**6,236.65**	**93,629.46**	**678.68**	**771.68**	**1,364.22**	**106,569.13**
Additions during the year	7.30	-	698.33	27,988.66	47.61	62.57	117.00	**28,921.47**
Disposals	-	-	-	(275.08)	-	(2.62)	-	**(277.70)**
Other adjustments :								
- Exchange differences	-	-	-	2,921.88	-	-	-	**2,921.88**
- Borrowing costs	-	-	26.66	2,833.77	1.20	-	7.03	**2,868.66**
Balance as at 31 March 2014	**3,591.39**	**304.35**	**6,961.64**	**127,098.69**	**727.49**	**831.63**	**1,488.25**	**141,003.44**
Depreciation								
Balance as at 31 March 2012	**-**	**-**	**970.86**	**14,444.41**	**148.53**	**368.70**	**538.43**	**16,470.93**
Depreciation for the year	-	-	202.10	4,740.18	43.40	58.72	173.24	**5,217.64**
Accumulated depreciation on disposals	-	-	-	-	-	(25.32)	-	**(25.32)**
Balance as at 31 March 2013	**-**	**-**	**1,172.96**	**19,184.59**	**191.93**	**402.10**	**711.67**	**21,663.25**
Depreciation for the year	-	-	212.21	4,964.65	43.05	55.16	177.36	**5,452.43**
Accumulated depreciation on disposals	-	-	-	(57.49)	-	(2.41)	-	**(59.90)**
Balance as at 31 March 2014	**-**	**-**	**1,385.17**	**24,091.75**	**234.98**	**454.85**	**889.03**	**27,055.78**
Net Block								
As at 31 March 2013	3,584.09	304.35	5,063.69	74,444.87	486.75	369.58	652.55	**84,905.88**
As at 31 March 2014	**3,591.39**	**304.35**	**5,576.47**	**103,006.94**	**492.51**	**376.78**	**599.22**	**113,947.66**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 13 - CAPITAL WORK-IN-PROGRESS		
At the beginning of the year	**31,597.40**	27,187.15
Add: Incurred during the year	**5,416.08**	13,013.17
Less: Capitalised during the year	**(31,420.63)**	(8,602.92)
At the end of the year	**5,592.85**	31,597.40
Capital work-in-progress includes:		
a) Expenditure during construction period on substantial expansion / new industrial units of the Company as under:		
Opening Balance	**3,640.96**	3,014.66
Incurred during the year		
Consumables stores and spares	**49.62**	2.43
Employee benefits expense	**0.03**	3.80
Power and fuel	**21.52**	24.09
Rates and taxes	**1.13**	2.98
Repairs and maintenance	**-**	0.12
Insurance	**-**	0.26
Finance cost		
Interest expense	**1,015.75**	1,168.95
Other borrowing costs	**0.01**	0.04
Miscellaneous expenses *	**1,655.54**	477.06
	2,743.60	1,679.73
Less:		
Profit on redemption of mutual funds (Current investments)	**-**	228.98
Capitalised during the year	**5,881.31**	824.45
	5,881.31	1,053.43
Closing balance	**503.25**	3,640.96

b) ₹ **Nil** (previous year ₹ 383.50 Lakhs), being exchange differences recognised under Para 46A of Accounting Standard - 11 "The Effects of Changes in Foreign Exchange Rates".

* Includes consultancy charges, inspection charges, testing charges, etc.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Number of units as at 31 March 2014	Number of units as at 31 March 2013	31 March 2014	31 March 2013
NOTE 14 - NON-CURRENT INVESTMENTS				
(Valued at cost)				
Trade investments - unquoted:				
Investment in equity instruments				
Equal Commodeal Private Limited, a wholly owned subsidiary (face value - ₹ 10 each, fully paid up)	10,000	-	1.00	-
AAT Global Limited (formerly Himadri Global Investment Limited) (face value - HKD 1 each, fully paid up)	-	70,783,680	-	4,497.61
			1.00	4,497.61
Investment in Debentures or Bonds				
1.50% Optionally Convertible Debentures of ₹ 1,000,000 each in Equal Commodeal Private Limited, a wholly owned subsidiary (unsecured)	800	-	8,000.00	-
			8,000.00	-
Other non-current investments:				
Quoted investments				
Investment in equity instruments (fully paid up)				
ACC Limited (face value - ₹ 10 each)	1,275	1,275	1.95	1.95
Himadri Credit & Finance Limited (face value - ₹ 10 each)	334,900	334,900	33.49	33.49
New Delhi Television Limited (face value - ₹ 4 each)	1,400	1,400	0.98	0.98
Transchem Limited (face value - ₹ 10 each)	8,000	8,000	2.40	2.40
			38.82	38.82
Unquoted investments				
Investment in equity instruments (fully paid up)				
Himadri Dyes & Intermediates Limited (face value - ₹ 10 each)	720,000	720,000	72.00	72.00
Himadri E-Carbon Limited (face value - ₹ 10 each)	17,000	17,000	1.70	1.70
Himadri Industries Limited (face value - ₹ 10 each)	493,300	493,300	84.50	84.50
			158.20	158.20
Government securities (unquoted)				
Kisan Vikas Patra (Lodged with sales tax authorities)			0.07	0.07
			0.07	0.07
			8,198.09	4,694.70

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

The aggregate book value of unquoted non-current investments and book value and market value of quoted non-current investments are as follows:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Aggregate book value of unquoted non-current investments	**8,159.27**	4,655.88
Quoted non-current investments		
Aggregate book value	**38.82**	38.82
Aggregate market value	**54.09**	51.13

[includes ₹ **33.49 Lakhs** (previous year ₹ 33.49 Lakhs) where cost has been considered as market value in absence of availability of market quote]

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 15 - LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
To parties other than related parties		
Capital advances	**795.60**	175.45
Security and other deposits	**3,037.82**	3,287.29
MAT credit entitlement	**5,272.67**	5,272.67
Advance income tax	**556.56**	540.41
[net of provision for income tax ₹ **4,731.29 Lakhs** (previous year ₹ 4,731.29 Lakhs)]		
To related party - wholly owned subsidiary		
Loan given to Equal Commodeal Private Limited	**21.40**	-
	9,684.05	9,275.82

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 16 - OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Trade receivables (refer note 19)	**891.39**	1,163.67
Bank deposits due to mature after 12 months of the reporting date (refer note 20)	**2.03**	54.56
Interest accrued on fixed deposits	**0.22**	1.00
	893.64	1,219.23

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Number of units as at 31 March 2014	Number of units as at 31 March 2013	31 March 2014	31 March 2013
NOTE 17 - CURRENT INVESTMENTS				
(i) Current portion of long-term investments (at cost)				
Mutual funds- quoted				
Birla Sun Life Income Plus - Growth Regular Plan	**4,687,811**	-	**2,500.00**	-
IDFC Super Saver Income Fund - Investment Plan	**8,754,145**	-	**2,500.00**	-
(ii) Other investments (valued at the lower of cost and fair value)				
Mutual funds - quoted				
UTI Bond Fund - Growth Plan - Regular	**14,405,153**	18,693,870	**5,013.17**	6,500.00
UTI Short term Income Fund - Institutional option - Growth Plan	**14,935,564**	-	**2,100.00**	-
Kotak Bond Scheme Plan A - Growth	-	7,424,963	-	2,500.00
Reliance Dynamic Bond Fund - Growth Plan	**12,956,641**	12,956,641	**2,000.00**	2,000.00
Reliance Short term Fund - Growth Plan	**11,379,309**	-	**2,500.00**	-
			16,613.17	11,000.00
Quoted current investments				
Aggregate book value			**16,613.17**	11,000.00
Aggregate market value			**17,380.94**	11,099.59

Investments amounting to ₹ **16,613.17 Lakhs** (previous year ₹ 11,000.00 Lakhs) are pledged with banks against various credit facilities availed by the Company.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 18 - INVENTORIES		
(Valued at the lower of cost and net realisable value)		
Raw materials [including goods-in-transit ₹ **5,129.33 Lakhs** (previous year ₹ 2,197.09 Lakhs)]	**13,907.17**	22,486.39
Work-in-progress	**15,128.90**	9,615.15
Finished goods	**6,488.36**	6,737.31
Packing materials	**149.95**	200.49
Stores and spares	**1,530.09**	1,321.50
	37,204.47	40,360.84

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 19 - TRADE RECEIVABLES		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, Considered good	**1,304.67**	1,493.62
Less: Non current portion disclosed under note 16	**891.39**	1,163.67
	413.28	329.95
Considered doubtful	**545.81**	-
Less : Provision for doubtful debts	**545.81**	-
	-	-
Other receivables		
Unsecured, Considered good	**34,908.99**	23,789.88
	35,322.27	24,119.83

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 20 - CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	**16.73**	14.40
Cheques on hand	**-**	1,955.36
Balances with banks		
On current accounts	**827.55**	3,399.94
On EEFC accounts	**237.29**	1,489.52
On deposit accounts (with original maturity of 3 months or less)	**642.79**	835.00
	1,724.36	7,694.22
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	**2,314.30**	1,820.20
Fixed deposits held as margin money	**0.27**	0.27
Unpaid dividend accounts	**69.43**	71.38
	2,384.00	1,891.85
	4,108.36	9,586.07
Details of balance with banks on deposit account ^		
Deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**642.79**	835.00
Deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**2,314.30**	1,820.20
Deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	**2.03**	54.56
	2,959.12	2,709.76

^ Bank deposits aggregating ₹ **2,832.12 Lakhs** (previous year : ₹ 1,874.76 Lakhs) have been pledged with the banks against various credit facilities availed by the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 21 - SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
To parties other than related parties		
Advances for supplies	**9,089.54**	7,915.48
Advance to employees	**60.89**	55.26
Other advances $	**227.13**	102.40
Balance with central excise and cenvat receivable	**2,161.09**	5,072.88
Sales tax deposit and VAT receivable	**1,111.08**	1,228.99
Income tax refundable	**58.08**	98.04
Security and other deposits	**48.35**	-
Advances for supplies (considered doubtful)	**46.76**	-
Less : Provision for doubtful advances	**46.76**	-
	-	-
To related parties		
Short term loan to:		
AAT Global Limited (formerly Himadri Global Investment Limited)	**-**	2,023.10
Advance for supplies to:		
Shandong Dawn Himadri Chemical Industry Limited	**288.48**	261.07
AAT Global Limited (formerly Himadri Global Investment Limited)	**530.11**	-
	13,574.75	16,757.22

$ Includes prepaid expenses and advance for expenses.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 22 - OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on fixed deposits	**104.62**	5.08
Incentive receivable	**332.14**	332.14
Insurance claim receivable	**-**	15.41
Receivable against redemption of mutual funds	**-**	3,887.39
Other receivables	**40.55**	31.79
	477.31	4,271.81

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 23 - REVENUE FROM OPERATIONS		
Sale of products		
Carbon materials and chemicals	152,645.85	145,593.04
Power	784.57	977.34
Sale of products (gross)	153,430.42	146,570.38
Less: Excise duty	17,139.98	16,630.23
Sale of products (net)	136,290.44	129,940.15
Other operating revenue		
Job work charges	37.15	-
	136,327.59	129,940.15

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 24 - OTHER INCOME		
Interest on fixed deposits with banks	151.81	521.44
Interest on loan to a subsidiary company	111.83	135.62
Dividend income		
Long-term investments	0.24	0.36
Profit on sale/redemption of investments		
Current investments - mutual funds	55.66	2,261.49
Insurance and other claims	69.48	25.82
Liabilities no longer required written back * [refer note 31 (c)]	771.77	-
Miscellaneous income	247.63	95.30
	1,408.42	3,040.03

* Represents entry tax provision written back

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 25 - COST OF MATERIALS CONSUMED		
Inventory of raw materials at the beginning of the year	22,486.39	14,902.31
Purchases	100,649.19	113,638.17
	123,135.58	128,540.48
Less : Inventory of raw materials at the end of the year	13,907.17	22,486.39
	109,228.41	106,054.09
Details of raw materials consumed		
Coal tar / Coal tar based chemicals, Pitch	103,000.46	89,454.81
Other chemicals	6,227.95	16,599.28
	109,228.41	106,054.09

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Break-up into imported and indigenous

	31 March 2014		31 March 2013	
	% of total consumption	**Amount**	**% of total consumption**	**Amount**
Imported	**38.48%**	**42,025.84**	38.02%	40,320.13
Indigenous	**61.52%**	**67,202.57**	61.98%	65,733.96
	100.00%	**109,228.41**	100.00%	106,054.09

Amount in ₹ Lakhs

	31 March 2014	**31 March 2013**
NOTE 26 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished goods	**6,737.31**	12,125.06
Work-in-progress	**9,615.15**	2,544.44
	16,352.46	14,669.50
Closing stock		
Finished goods	**6,488.36**	6,737.31
Work-in-progress	**15,128.90**	9,615.15
	21,617.26	16,352.46
	(5,264.80)	(1,682.96)

Amount in ₹ Lakhs

	31 March 2014	**31 March 2013**
NOTE 27 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus @	**2,060.56**	1,762.50
Contribution to provident and other funds	**104.68**	86.54
Gratuity (refer note 38)	**11.73**	26.43
Staff welfare expenses	**257.45**	220.68
	2,434.42	2,096.15

@ includes ₹ **216.04 Lakhs** (previous year ₹ 166.77 Lakhs) relating to outsource manpower cost

Amount in ₹ Lakhs

	31 March 2014	**31 March 2013**
NOTE 28 - FINANCE COSTS		
Interest expense ^	**7,219.17**	6,113.21
Amortisation of discount on debenture	**564.22**	502.95
Other borrowing costs	**555.08**	508.83
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	**3,313.00**	780.54
	11,651.47	7,905.53

^ Interest expense for the year ended 31 March 2013 includes interest on Foreign currency convertible bonds (FCCBs) amounting to ₹ 436.01 Lakhs related to prior periods till 31 March 2012.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 29 - OTHER EXPENSES		
Consumption of stores and spare parts [refer note (a) below]	289.04	237.39
Power and fuel * [refer note (b) below]	780.83	1,128.94
Excise duty related to increase/ (decrease) in inventory of finished goods	(19.35)	(998.91)
Rent	175.03	166.74
Rates and taxes	32.49	93.96
Repairs to:		
Building *	79.70	98.85
Plant and machinery *	788.08	847.07
Others *	265.24	335.92
Payment to auditors [refer note (c) below]	47.37	37.17
Rebates and discounts	109.76	0.77
Insurance	312.54	286.06
Provision for doubtful debts and advances	592.57	-
Provision for contingencies	78.42	-
Packing expenses	1,168.13	1,075.29
Freight and forwarding expenses	4,741.93	4,329.16
Commission on sales	933.73	766.59
Miscellaneous expenses	2,347.80	2,192.23
	12,723.31	10,597.23
* includes stores and spares consumed	615.15	679.57

a. Imported and indigenous consumable stores and spares:

	31 March 2014		31 March 2013	
	% of total consumption	Amount	% of total consumption	Amount
Imported	1.51%	13.65	2.64%	24.17
Indigenous	98.49%	890.54	97.36%	892.79
	100.00%	904.19	100.00%	916.96

b. Power and fuel includes expenses incurred on operation of the power plant:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Consumption of stores and spare parts	61.26	62.34
Fuel consumption	2.24	96.40
Repairs and maintainence	71.11	113.72
Other operational expenses	121.43	114.45
	256.04	386.91

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

c. **Payments to auditors:**

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
As auditors :		
Statutory audit	**21.00**	21.00
Tax audit	**2.00**	2.00
Limited review of quarterly results	**9.00**	6.75
In other capacity :		
Company law matters	**0.25**	0.30
Other services	**10.53**	5.41
Reimbursement of expenses	**4.59**	1.71
	47.37	37.17

Amount in ₹ Lakhs

NOTE 30 - EARNINGS / (LOSS) PER SHARE (EPS)		31 March 2014	31 March 2013
Profit/(Loss) attributable to Equity Shareholders (₹ in Lakhs) (used as numerator for calculating Basic EPS)	(a)	**(3,910.89)**	2,354.77
Add: Interest on Foreign Currency Convertible Bonds (net of tax)	(b)	**167.26**	418.75
Profit / (Loss) adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS (₹ in Lakhs)	(c)=(a) + (b)	**(3,743.63)**	2,773.52
Weighted average number of equity shares (used as denominator for calculating Basic EPS)	(d)	**385,732,570**	385,732,570
Add: Effect of potential equity shares to be issued under Foreign Currency Convertible Bonds (FCCBs)	(e)	**6,401,317**	12,157,818
Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	(f) = (d) + (e)	**392,133,887**	397,890,388
Basic EPS of ₹ 1 each	(g) = (a) / (d)	**(1.01)**	0.61
Diluted EPS of ₹ 1 each *	(h) = (c) / (f)	**(1.01)**	0.61

* For the purpose of computation of dilutive EPS for the year ended 31 March 2014 and 31 March 2013, potential equity shares that could arise on conversion of Foreign Currency Convertible Bonds are not resulting in dilution of EPS. Hence, they have been considered as anti-dilutive.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 31 - CONTINGENT LIABILITIES AND COMMITMENTS		
(to the extent not provided for)		
a) Contingent Liabilities:		
(i) Standby letter of credit issued on behalf of the Company to secure the financial assistance to its subsidiary	**3,654.07**	3,306.87
(ii) Sales tax matters in dispute/ under appeal	**3,972.14**	4,038.69
(iii) Excise/ Service Tax matters in dispute/under appeal	**517.37**	483.67
(iv) Customs matters in dispute/ under appeal	**28.83**	28.83

	31 March 2014	31 March 2013
b) Commitments:		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,119.90**	343.74
ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	**7,246.49**	10,068.13

c) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court, Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court, Calcutta during the current year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is remote possibility of any such liability on the Company. Hence the Company has not made any provision for entry tax liability in the books for the current year and the liability relating to the previous year has been written back.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 32 - CIF VALUE OF IMPORTS		
Raw materials	**32,842.11**	44,605.60
Stores and spares	**15.83**	134.13
Packing materials	**25.19**	32.62
Capital goods	**422.22**	807.78
	33,305.35	45,580.13

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 33 - EXPENDITURE IN FOREIGN CURRENCY		
Travelling expenses	**126.90**	126.15
Professional and consultancy expenses	**240.46**	204.19
Commitment charges	**13.61**	14.18
Interest cost	**1,994.91**	3,786.78
Others	**141.62**	106.33

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 34 - EARNINGS IN FOREIGN CURRENCY		
F.O.B. value of exports	**10,737.29**	7,612.76
Interest on loan to subsidiary company	**96.69**	135.62
Guarantee Fees	**65.71**	25.12

NOTE 35 - 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:

			Amount (Foreign currency in Lakhs)	
Nature and number of Contract	**Currency Pair**	**Position**	**31 March 2014**	**31 March 2013**
Forward contracts [**Nil**, (previous year 5)]	USD/INR	Sell	-	150.00
Forward contracts [**6**, (previous year Nil)]	USD/INR	Buy	**350.00**	-
Cross currency swaps [**10**, (previous year 9)]	USD/INR	Sell	**591.65**	440.10
Cross currency swaps [**1**, (previous year 1)]	USD/JPY	Sell	**5,597.22**	6,458.33
Interest rate swaps [**3**, (previous year 3)]	USD/INR	Notional Principal	**246.12**	246.12
Interest rate swaps [**4**, (previous year 4)]	USD-Floating to Fixed	Notional Principal	**266.25**	341.25
Interest rate swaps [**1**, (previous year 1)]	JPY/INR	Notional Principal	**4,733.69**	4,733.69
Currency swaps [**Nil**, (previous year 7)]	JPY/USD	Buy	-	11,895.11

(c) All derivative contracts outstanding as at the year end 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 as issued by The Institute of Chartered Accountants of India.

Accordingly, loss aggregating to ₹ **4,889.44 Lakhs** (previous year ₹ 2,634.80 Lakhs), 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 Statement of Profit and Loss, 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 are included in foreign exchange fluctuation account, after adjustment of periodic premium received on cross currency/ interest rate swaps.

(d) Particulars of unhedged foreign currency exposure:

			31 March 2014		31 March 2013	
Particulars		**Currency**	**Amount (in original currency, Lakhs)**	**Amount (₹ in Lakhs)**	**Amount (in original currency, Lakhs)**	**Amount (₹ in Lakhs)**
a)	Amounts payable in foreign currency	USD	**754.07**	**45,266.10**	1,408.59	76,617.17
b)	Amounts payable in foreign currency	JPY	**5,609.55**	**3,300.10**	18,335.98	10,590.86
c)	Amounts payable in foreign currency	EURO	-	-	32.26	2,243.74
d)	Amounts receivable in foreign currency	USD	**109.30**	**6,515.49**	129.44	7,040.40
e)	Amounts receivable in foreign currency	EURO	**2.29**	**189.05**	2.29	159.21

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 36 - DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES		
a) The amounts remaining unpaid to Micro, Small and Medium Enterprises as at the end of the year:		
- Principal	**87.15**	36.85
- Interest *	-	-
b) The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
c) The amounts of the payments made to Micro, Small and Medium Enterprises beyond the appointed day during each accounting year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

* Interest paid / payable by the Company on the aforesaid principle amount has been waived by the concerned suppliers

NOTE 37

Trade receivables include an amount of ₹ **798.10 Lakhs** (Previous Year ₹ 798.10 Lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.

NOTE 38 - EMPLOYEE BENEFITS: POST EMPLOYMENT BENEFIT PLANS

1. Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Fund, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund for the year aggregated to ₹ **75.11 Lakhs** (previous year ₹ 60.30 Lakhs) and ₹ **24.23 Lakhs** (previous year ₹ 21.81 Lakhs) respectively.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

2. Defined benefit plans

The following table summarises the position of assets and obligations relating to the gratuity plan.:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Net Asset / (liability) recognised in Balance sheet as at the year end		
Fair value of plan assets	84.38	69.55
Present value of obligations	103.00	85.63
Asset/ (liability) recognised in balance sheet	(18.62)	(16.08)
Classification into current/ non-current		
Current portion	5.57	11.80
Non-current portion	13.05	4.28
Movement in present value of defined benefit obligations		
Defined benefit obligation at 1 April	85.63	53.92
Current service cost	16.13	20.56
Interest cost	7.66	4.90
Actuarial (gains) / losses	(5.28)	6.60
Benefits paid by the plan	(1.14)	(0.35)
Defined benefit obligation at 31 March	103.00	85.63
Movement in fair value of plan assets		
Fair value of plan assets at 1 April	69.55	44.37
Contributions paid into the plan	9.19	19.89
Benefits paid by the plan	(1.14)	(0.35)
Expected return on plan assets	6.09	4.06
Actuarial (losses) / gains	0.69	1.58
Fair value of plan assets at 31 March	84.38	69.55
Composition of plan assets		
Qualifying insurance policies	100%	100%
Expense recognised in statement of profit and loss		
Current service cost	16.13	20.56
Interest on obligation	7.66	4.90
Expected return on plan assets	(6.09)	(4.06)
Net actuarial (gain)/ loss recognised in the year	(5.97)	5.03
Total included in 'employee benefits'	11.73	26.43
Actual return on plan assets		
Expected return on plan assets	6.09	4.06
Actuarial gain/(loss) on plan assets	0.69	1.58
Actual return on plan assets	6.78	5.64
Principal actuarial assumptions		
Discount rate as at 31 March	9%	8%
Expected return on plan assets as at 1 April	8.75%	9.15%
Salary growth rate	6%	5%

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five-year information

Amounts for the current and previous four periods are as follows:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Gratuity					
Present Value of defined benefit obligation	**103.00**	85.63	53.92	33.70	23.70
Fair value of plan assets	**84.38**	69.55	44.37	35.01	25.48
Surplus / (deficit) in the plan	**(18.62)**	(16.08)	(9.55)	1.31	1.78
Experience adjustments arising on plan liabilities [(gain)/ loss]	**(3.55)**	19.42	10.42	2.98	1.86
Experience adjustments arising on plan assets [gain/ (loss)]	**(0.98)**	0.61	-	-	-

Proposed contribution for next year

The Company expects to pay ₹ **5.57 Lakhs** as contribution to its defined benefit plan in the next year (previous year : ₹ 11.80 Lakhs).

NOTE 39

Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006

(i) **List of related party and relationship where control exists**

(a) **Enterprises over which the Company has control**

Equal Commodeal Private Limited, India (ECPL)	Wholly owned subsidiary from 8 March 2014
AAT Global Limited, Hongkong (formerly Himadri Global Investment Limited) (AAT)	Wholly owned subidiary of ECPL (Wholly owned subsidiary till 7 March 2014, thereafter step down subsidiary of HCIL)
Shandong Dawn Himadri Chemical Industry Limited, China (SDHCIL)	Subsidiary of AAT

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

(a) **Key Managerial Personnel**

Mr. Damodar Prasad Choudhary, Chairman (resigned w.e.f.13.08.2013)

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

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 Limited

Himadri Dyes & Intermediates Limited

Himadri Coke & Petro Limited

Himadri Industries Limited

Sri Agro Himghar Limited

Himadri e-Carbon Limited

(c) Associate

BC India Investments

(iii) Details of transactions with related parties

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
Loan given		
AAT Global Limited	**484.92**	625.17
Equal Commodeal Private Limited	**5,000.00**	-
Repayment of loan		
AAT Global Limited	**41.17**	1,907.87
Assignment to Equal Commedeal Private Limited of loan receivable from AAT Global Limited	**3,007.77**	-
Conversion of Loan to 1.5% optionally Convertible Debentures		
Equal Commodeal Private Limited	**8,000.00**	-
Investment in wholly owned subsidiary		
Equal Commodeal Private Limited	**1.00**	-
Sale of investments in AAT Global Limited		
Equal Commodeal Private Limited	**5,202.60**	-
Interest income		
AAT Global Limited	**96.69**	135.62
Equal Commodeal Private Limited	**15.14**	-
Guarantee fee received		
AAT Global Limited	**65.71**	25.12
Issue of Stand by letter of credit by a bank on behalf of Company		

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

(iii) Details of transactions with related parties (Contd.)

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
AAT Global Limited	-	3,306.87
Payment for Supplies		
AAT Global Limited	**5,342.26**	1,775.63
Shandong Dawn Himadri Chemical Industry Limited	**1,705.19**	-
Salaries/ 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	**30.00**	30.00
Mr. Amit Choudhary	**30.00**	30.00
Mr. Tushar Choudhary	**30.00**	30.00
Discount on Debentures written off		
Himadri Coke & Petro Limited	**564.22**	502.95
Rent paid		
Himadri Dyes & Intermediates Limited	**0.07**	0.07
Himadri Industries Limited	**0.07**	0.07
Sri Agro Himghar Limited	**0.04**	0.04
Purchases		
AAT Global Limited	**4,787.56**	1,759.82
Shandong Dawn Himadri Chemical Industry Limited	**1,661.16**	-
Dividend paid		
BC India Investments	**103.18**	103.18
Himadri Dyes & Intermediates Limited	**98.28**	98.28
Himadri Industries Limited	**46.14**	46.14
Himadri Credit & Finance Limited	**9.49**	9.49
Himadri Coke & Petro Limited	**5.50**	5.50
Vijay Kumar Choudhary	**3.27**	3.27
Shyam Sundary Choudhary	**3.23**	3.23
Bankey Lal Choudhary	**1.48**	1.48
Damodar Prasad Choudhary	**1.48**	1.48

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

(iv) Balances at the year end

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
Loan given		
AAT Global Limited	-	2,023.10
Equal Commodeal Private Limited	**21.40**	-
Stand by letter of credit		
AAT Global Limited	**3,654.07**	3,306.87
Advance for Supplies (Net)		
AAT Global Limited	**530.11**	-
Shandong Dawn Himadri Chemical Industry Limited	**288.48**	261.07
Investments held		
AAT Global Limited	-	4,497.61
Equal Commodeal Private Limited - Equity shares	**1.00**	-
Equal Commodeal Private Limited - Debentures	**8,000.00**	-
Himadri Credit & Finance Limited	**33.49**	33.49
Himadri Dyes & Intermediates Limited	**72.00**	72.00
Himadri Industries Limited	**84.50**	84.50
Himadri e-Carbon Limited	**1.70**	1.70
Deep Discount Debentures		
Himadri Coke & Petro Limited	**5,195.34**	4,631.12

NOTE 40

In accordance with Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', the Company as a prudent measure has made provisions amounting to ₹ 78.42 Lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹ Nil and provision of ₹ **78.42 Lakhs** made during the year is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under review.

NOTE 41 - OPERATING LEASE

a) The Company has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

b) The Company has also taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

	Minimum Lease Payments	
Particulars	**31 March 2014**	**31 March 2013**
Not later than one year	**26.40**	24.00
Later than one year and not later than five years	**26.40**	52.80

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

c) Lease payments recognized in Statement of Profit and Loss with respect to operating leases – ₹ **151.43 Lakhs** (previous year ₹ 144.11 Lakhs) included under head Rent in "note 29".

NOTE 42 - EXCEPTIONAL ITEM

During the current year, the Company has sold it's investments in equity shares of its wholly owned susbsidiary, AAT Global Limited on 8 June 2013 for a consideration of ₹ **5,202.60 Lakhs**. Profit on sale of above investment is ₹ **704.99 Lakhs**.

NOTE 43 - RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses aggregating to ₹ **268.43 Lakhs** (previous year ₹ 215.60 Lakhs) in the nature of revenue expenditure and ₹ **29.20 Lakhs** (previous year ₹ 90.84 Lakhs) in the nature of capital expenditure have been included under the appropriate account heads.

NOTE 44 - SEGMENT INFORMATION

In accordance with Accounting Standard 17 "Segment Reporting", segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these financial statements.

NOTE 45 - INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGES

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013	Maximum balance during the current year	Maximum balance during the previous year
Loans and Advances in the nature of loans to subsidiary companies				
a) AAT Global Limited (formerly Himadri Global Investment Limited)	-	2,023.10	**3,007.77**	3,812.47
b) Equal Commodeal Private Limited	**21.40**	-	**8,021.40**	-

NOTE 46

The Company does not make any direct remittances of dividends in foreign currencies to non-resident shareholders. Dividend to non-resident shareholders has been deposited into their Rupee account in banks in India.

NOTE 47

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

NOTE 48

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively read with General Circular No. 08/2014 dated 4th April has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment 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.

NOTE 49

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

Place: Kolkata
Date: 27 May 2014

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

STATEMENT PURSUANT TO SECTION 212

of the Companies Act, 1956

Name of the subsidiary	EQUAL COMMODEAL PRIVATE LIMITED INDIA	AAT GLOBAL LIMITED HONG KONG	SHANDONG DAWN HIMADRI CHEMICAL INDUSTRY LIMITED CHINA
The financial year of the subsidiary Co ended on	31 March 2014	31 March 2014	31 March 2014
No. of shares held by Holding Co as on the above date	10,000 Equity Shares of ₹ 10 each	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%	100%	94%
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 ₹ 0.47 Lakhs	Loss ₹ 86.76 Lakhs	Loss ₹ 1,543.32 Lakhs
- For the previous financial year of the subsidiary since it became the holding company's subsidiary	Nil	Loss ₹ 208.13 Lakhs	Loss ₹ 1,864.70 Lakhs
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	Nil
- For the previous financial year of the subsidiary since it became the holding company's subsidiary	Nil	Nil	Nil
Change in the interest of holding Company between the end of subsidiary's financial year and 31 March 2014	The subsidiary's financial year is same as that of the Company.	The subsidiary's financial year is same as that of the Company.	The subsidiary's financial year is same as that of the Company.
Material changes between the end of subsidiary's financial year and 31 March 2014 in: (i) Fixed assets (ii) Investments (iii) Moneys lent by the subsidiary (iv) Moneys borrowed by the subsidiary other than for meeting current liabilities	The subsidiary's financial year is same as that of the Company.	The subsidiary's financial year is same as that of the Company.	The subsidiary's financial year is same as that of the Company.

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Amount in ₹ Lakhs

S.No.	Particulars	Name of the subsidiary company		
		AAT Global Ltd.	**Shandong Dawn Himadri Chemical Industry Limited**	**Equal Commodeal Private Limited**
1	Reporting currency	INR	INR	INR
2	Capital	5,478.66	4,540.20	1.00
3	Reserves	(364.31)	(3,927.81)	(107.84)
4	Total Assets	12,207.96	12,329.06	8,214.74
5	Total Liabilities	7,093.61	11,716.67	8,321.58
6	Investments (Except in case of investment in subsidiaries)	-	-	-
7	Turnover / Total Income	5,938.00	6,587.95	15.10
8	Profit / (Loss) before Taxation	(86.76)	(1,543.32)	(0.47)
9	Provision for Taxation	-	-	-
10	Profit / (Loss) after Taxation	(86.76)	(1,543.32)	(0.47)
11	Proposed Dividend	-	-	-
12	Country	Hong Kong	China	India

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of
Himadri Chemicals & Industries Limited

We have audited the accompanying consolidated financial statements of Himadri Chemicals & Industries Limited ("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;

(ii) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

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

OTHER MATTERS

We did not audit the financial statements and other financial information of its subsidiaries. These subsidiaries account for 5.16 % of total assets and 2.37 % of total revenues and other income as shown in these consolidated financial statements. The financial statements and other financial information of some of the subsidiaries incorporated outside India are drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. For the purposes of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management so that they conform to the generally accepted accounting principles in India. Our opinion on the consolidated financial statements, in so far as it relates to these subsidiaries, is solely based on aforesaid audit reports of these other auditors.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 27 May 2014

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No. 309005E

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

Place: Kolkata
Date: 27 May 2014

CONSOLIDATED BALANCE SHEET

as at 31 March 2014

Amount in ₹ Lakhs

Particulars	Note No.	31 March 2014	31 March 2013
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	3,857.33	3,857.33
(b) Reserves and surplus	4	75,720.28	84,811.12
		79,577.61	88,668.45
2) Minority interest		39.09	128.90
3) Non-current liabilities			
(a) Long-term borrowings	5	58,907.42	60,001.70
(b) Deferred tax liabilities (net)	6	6,605.74	8,336.84
(c) Other long-term liabilities	7	10,970.63	7,106.38
(d) Long-term provisions	8	91.47	4.28
		76,575.26	75,449.20
4) Current liabilities			
(a) Short-term borrowings	9	59,587.09	62,656.39
(b) Trade payables	10	10,370.86	4,717.64
(c) Other current liabilities	11	23,045.02	9,723.46
(d) Short-term provisions	8	470.10	476.81
		93,473.07	77,574.30
TOTAL		249,665.03	241,820.85
II. ASSETS			
1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(a)	122,095.95	92,618.01
(ii) Intangible assets	12(b)	-	-
(iii) Capital work-in-progress	13	5,926.87	31,888.33
		128,022.82	124,506.34
(b) Non-current investments	14	197.09	197.09
(c) Long-term loans and advances	15	9,662.65	9,275.82
(d) Other non-current assets	16	893.64	1,219.23
		138,776.20	135,198.48
2) Current assets			
(a) Current investments	17	16,613.17	11,000.00
(b) Inventories	18	38,825.07	41,117.42
(c) Trade receivables	19	35,354.15	24,498.45
(d) Cash and bank balances	20	4,864.62	10,196.92
(e) Short-term loans and advances	21	14,754.51	15,537.77
(f) Other current assets	22	477.31	4,271.81
		110,888.83	106,622.37
TOTAL		249,665.03	241,820.85
Significant accounting policies	2		
Notes to consolidated financial statements	1 to 40		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2014

Amount in ₹ Lakhs

Particulars	Note No.	31 March 2014	31 March 2013
I. Revenue from operations			
Sale of products (gross)	23	**156,715.46**	151,961.77
Less: Excise duty		**17,139.98**	16,630.23
Sale of products (net)		**139,575.48**	135,331.54
Other operating revenue	23	**37.15**	-
Total revenue from operations		**139,612.63**	135,331.54
II. Other Income	24	**1,284.19**	3,071.35
III. Total revenue		**140,896.82**	138,402.89
IV. Expenses			
Cost of materials consumed	25	**110,991.19**	110,643.45
Changes in inventories of finished goods and work-in-progress	26	**(5,446.17)**	(1,969.79)
Employee benefits expense	27	**2,775.15**	2,650.12
Finance costs	28	**11,762.47**	7,959.13
Depreciation and amortisation expense	12a and 12b	**5,843.82**	5,527.73
Foreign exchange fluctuation - loss		**8,000.50**	1,077.68
Other expenses	29	**14,442.05**	12,306.01
Total expenses		**148,369.01**	138,194.33
V. Profit / (Loss) before tax		**(7,472.19)**	208.56
VI. Tax expenses			
Current tax [including ₹ **0.46 Lakhs** (previous year ₹ 29.25 Lakhs) relating to earlier years]		**0.46**	370.54
Less: MAT credit entitlement		**-**	341.29
Net Current Tax		**0.46**	29.25
Deferred tax charge/(credit)		**(1,675.93)**	(677.89)
VII. Profit / (Loss) after tax (before adjustment of minority interest)		**(5,796.72)**	857.20
VIII. Minority interest		**(98.51)**	(86.59)
IX. Profit / (Loss) for the year		**(5,698.21)**	943.79
Earnings / (Loss) per equity share [nominal value of share ₹ **1** each (previous year ₹ 1 each)]	30		
Basic		**(1.48)**	0.24
Diluted		**(1.48)**	0.24
Significant accounting policies	2		
Notes to consolidated financial statements	1 to 40		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

Place: Kolkata
Date: 27 May 2014

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2014

Amount in ₹ Lakhs

Particulars	31 March 2014		31 March 2013	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before tax		(7,472.19)		208.56
Adjustments for :				
Depreciation and amortisation expense	5,843.82		5,527.73	
Deferred revenue expenses written off/ (back)	-		(189.08)	
Effect of changes on foreign currency translation	(573.95)		(704.02)	
Finance costs	11,762.47		7,959.13	
Interest received	(151.81)		(524.42)	
Dividend received	(0.24)		(0.36)	
(Profit)/ loss on redemption of mutual funds (current investments)	(55.66)		(2,261.49)	
Liabilities no longer required written back	(771.77)		-	
Provision for doubtful debts and advances	592.57		-	
Provision for contingencies	78.42		-	
Foreign exchange loss	6,842.20		1,070.91	
Loss on sale of fixed assets	2.52		4.36	
		23,568.57		10,882.76
Operating cash flows before working capital changes		16,096.38		11,091.32
Adjustments for :				
(Increase)/ decrease in inventories	2,292.35		(9,154.98)	
(Increase)/ decrease in trade receivables	(11,129.23)		(1,219.84)	
(Increase)/ decrease in loans and advances	946.01		(2,534.73)	
(Increase)/ decrease in other assets	6.65		582.38	
Increase/ (decrease) in trade payables	5,653.22		335.95	
Increase/ (decrease) in other liabilities and provisions	1,049.46		470.50	
		(1,181.54)		(11,520.72)
Cash generated / (used) from / in operations		14,914.84		(429.40)
Direct tax (paid) / refunded		23.35		(657.98)
Net cash provided by / (used in) operating activities		14,938.19		(1,087.38)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets #	(8,134.24)		(13,589.04)	
(including capital work-in-progress and capital advances)				
Proceeds from sale of fixed assets	243.65		7.45	
Interest income received	53.05		730.69	
Dividend income received	0.24		0.36	
Proceeds from sale of investments	7,929.88		23,032.38	
Purchase of investments in mutual funds	(9,600.00)		(13,000.00)	

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

Particulars	31 March 2014		31 March 2013	
(Increase)/ decrease in fixed deposits with banks (having maturity of more than 3 months)	**(441.57)**		2,172.10	
Net cash provided by / (used in) investing activities		**(9,948.99)**		(646.06)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Minority Contribution	**8.70**		12.88	
Proceeds from issue of Non Convertible Debentures / Bonds	**5,000.00**		-	
Debenture issue expenses	**(162.30)**		-	
Proceeds from long-term borrowings	**8,500.00**		13,552.53	
Repayment of long-term borrowings	**(5,486.89)**		(3,926.09)	
Increase/ (decrease) in working capital borrowings	**(10,924.87)**		3,896.10	
Interest paid	**(7,344.36)**		(6,214.94)	
Dividend paid	**(385.73)**		(385.73)	
Dividend tax paid	**(65.56)**		(62.58)	
Net cash provided by / (used in) financing activities		**(10,861.01)**		6,872.17
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		**(5,871.81)**		5,138.73
Cash and cash equivalents at the beginning of the year		**8,305.07**		3,165.58
(refer note 20 to the financial statements)				
Effect of exchange gain/ (loss) on cash and cash equivalents held in foreign currency		**47.36**		0.76
Cash and cash equivalents at the end of the year (refer note 20 to the financial statements)		**2,480.62**		8,305.07

Includes interest capitalised ₹ **1,015.75 Lakhs** (previous year ₹ 1,168.95 Lakhs).

Notes:

1. The above Consolidated 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. Figures in brackets indicate cash outflows.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E

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

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. COMPANY OVERVIEW

Himadri Chemicals & Industries Limited is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has a wholly-owned subsidiary in India in the name of Equal Commodeal Private Limited (w.e.f. 8 March 2014) and step down subsidiary in the name of AAT Global Limited (previously known as Himadri Global Investment Limited) incorporated in Hong Kong, an another subsidiary having 94% shareholding in Shandong Dawn Himadri Chemical Industry Limited incorporated in China.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements relate to Himadri Chemicals & Industries Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'). The consolidated financial statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed in the Companies (Accounting Standard), Rules 2006 notified by the Central Government. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Appropriate disclosure, as applicable, is made of significant deviations from the Company's accounting policies, which have not been adjusted.

The consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting to comply with the applicable accounting principles in India, the mandatory Accounting Standards prescribed by the Companies (Accounting Standard), Rules 2006, the relevant provisions of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI) and accounting principles generally accepted in India, to the extent applicable.

The consolidated financial statements are presented in Indian Rupees (in Lakhs), in the same format as that adopted by the parent company for its standalone financial statements.

Subsidiaries considered in the consolidated financial statements:

Name of the Company	Country of incorporation	Current Year Percentage Holding - Share	Previous Year Percentage Holding - Share
Equal Commodeal Private Limited	India	100%	Nil
AAT Global Limited	Hong Kong	100%	100%
Shandong Dawn Himadri Chemical Industry Limited	China	94%	94%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

2.2. Principles of consolidation

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 after fully eliminating the intra-group transactions, intra-group balances and unrealised profits in full in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed by the Companies (Accounting Standard), Rules 2006.

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

c) Minority Interest's share of net profit/(loss) of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income/(loss) attributable to shareholders of the Company.

d) The financial statements of the subsidiaries have been incorporated in the consolidated financial statements of the Company based on audited financial statements as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') and have been audited by other auditors duly qualified to act as auditors in those countries.

2.3. Use of estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.4. Current – Non-current classification

All assets and liabilities are classified into current and non-current.

2.4.1. Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

2.4.2. Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

2.5. Fixed assets and depreciation

2.5.1. Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation/ amortisation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Exchange differences arising in respect of translation/settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Consolidated Statement of Profit and Loss.

2.5.2. Intangible fixed assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

2.5.3. Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation on fixed assets situated at Liluah Unit - I (Howrah), Vapi and Vizag is provided on written down value method and on fixed assets situated at other location is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for its intended use. Plant & equipment, furniture and fixtures and office equipments costing individually ₹ 5,000 or less, are depreciated fully in the year of purchase.

The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

Freehold land is not depreciated. Leasehold land is amortised on a straight line basis over the period of respective lease except land acquired on perpetual lease.

Intangible assets such as computer software are being amortised over a period of five years or useful life estimated by the management, whichever is lower. Land usage rights are amortised over the period of lease.

2.5.4. Impairment of Assets

Fixed assets are reviewed at each reporting

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for the year ended 31 March 2014 (Contd.)

date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of the assets or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset or CGU.

Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Such a reversal is recognised in the Consolidated Statement of Profit and Loss.

2.6. Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Consolidated Statement of Profit and Loss over the lease term.

2.7. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of the revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, bonds etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated Statement of Profit and Loss.

2.8. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods and stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, First in First out (FIFO) method is used. In the case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of the finished goods.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

value. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

2.9. Employee benefits

2.9.1. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by the employees.

2.9.2. Post-employment benefits

2.9.2.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified contributions towards employee provident fund to Government administered provident fund scheme and to Life Insurance Corporation of India (LICI) under superannuation scheme, which are defined contribution plans. The Company's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

2.9.2.2. Defined benefit plan

The Company's gratuity benefit scheme is a defined benefit plans. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Consolidated Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in employee benefits expense in the Consolidated Statement of Profit and Loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. Contributions are deposited with the Life Insurance Corporation of India based on information received by the Company.

2.9.2.3. Compensated Absences

The employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company.

2.10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

value added taxes (VAT) and is net of returns, trade discounts and quantity discounts. Excise duty relating to sales is reduced from gross sales for disclosing net revenue from operations.

Earning from sale of electricity is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

Revenue from job work charges (excluding excise duty) is recognised on completion of job work in accordance with terms of the agreement.

Dividend income is recognised when the right to receive payment is established.

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

2.11. Foreign exchange transactions

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.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. 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.

Exchange differences arising on the settlement or conversion of monetary assets and liabilities are recognised as income or as expense in the year in which they arise, except for:

a) Exchange differences relating to long term foreign currency monetary items accounted for in accordance with Para 46A of AS 11 ''The Effects of changes in Foreign Exchange Rates''. Such exchange differences arising on long term foreign currency monetary items (original maturity of one year or more) in so far as they relate to the acquisition of depreciable capital asset have been added or deducted from the cost of the asset and depreciated over the balance useful life of the asset and in other cases have been accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortised over the balance period of such long term monetary item.

b) The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognised over the period of the contract. The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

c) In case of foreign subsidiaries, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at exchange rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the Subsidiaries.

2.12. Derivative instruments and hedge accounting

The Company enters into derivative financial instruments with banks to hedge foreign currency risk of firm commitments and highly probable forecasted transactions and interest rate risks.

The method of recognising the resultant gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged. To designate a derivative contract as an effective hedge, management objectively evaluates and evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the AS 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting date at fair value. Gain/loss arising from changes in the fair values of these derivatives contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Consolidated Statement of Profit and Loss in the same period during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Consolidated Statement of Profit and Loss.

2.13. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

2.14. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.15. Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961,the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case maybe) to be realised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

2.16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

2.17. Research and Development Expenses

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

2.18. Earnings per Share

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.

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.

2.19. Government Grants

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non-depreciable assets are credited to Capital Reserve.

2.20. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 3 - SHARE CAPITAL		
Authorised		
700,000,000 (previous year 700,000,000) equity shares of ₹ 1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid up		
385,732,570 (previous year 385,732,570) equity shares of ₹ 1 each	**3,857.33**	3,857.33

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

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Equity Shares				
At the commencement of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33
Add: Issued during the year	-	-	-	-
At the end of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

	31 March 2014		31 March 2013	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
BC India Investments	**103,178,860**	**26.75%**	103,178,860	26.75%
VCIGPM Limited (formerly CITI Group Venture Capital International)	**47,053,425**	**12.20%**	47,053,425	12.20%
Himadri Dyes & Intermediates Limited	**98,284,310**	**25.48%**	98,284,310	25.48%
Himadri Industries Limited	**46,140,000**	**11.96%**	46,140,000	11.96%

d. Shares reserved for issue under options:

For details of equity shares reserved for issue on conversion of Foreign Currency Convertible Bonds (FCCB) which were issued by the Company on 13 April 2009, refer note 5 regarding terms of conversion/ redemption of Foreign Currency Convertible Bonds.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 4 - RESERVES AND SURPLUS		
Capital reserve		
At the commencement and at the end of the year	**1,280.50**	1,280.50
Securities premium account		
At the commencement of the year	**39,576.97**	39,576.97
Debenture issue expenses on redeemable non convertible debentures written off (Net of deferred tax of ₹ **55.17 Lakhs**)	**(107.13)**	-
At the end of the year	**39,469.84**	39,576.97
Debenture redemption reserve		
At the commencement of the year	**3,345.00**	1,000.00
Amount transferred from surplus	**832.32**	2,345.00
At the end of the year	**4,177.32**	3,345.00
General reserve		
At the commencement and at the end of the year	**11,517.44**	11,517.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 4 - RESERVES AND SURPLUS (CONTD.)		
Foreign exchange translation reserve		
At the commencement of the year	**656.05**	839.74
Movement during the year	**(573.95)**	(183.69)
At the end of the year	**82.10**	656.05
Hedging reserve [refer note 32(c)]		
At the commencement of the year	**(2,634.80)**	(1,630.66)
Movement during the year	**(2,254.64)**	(1,004.14)
At the end of the year	**(4,889.44)**	(2,634.80)
Foreign currency monetary item translation difference account		
At the commencement of the year	**(40.50)**	-
Exchange gain/ (loss) during the year on foreign currency term loan	**(397.83)**	(40.50)
Amortisation of exchange fluctuation for the year	**392.21**	-
At the end of the year	**(46.12)**	(40.50)
Surplus (Profit and loss balance)		
At the commencement of the year	**31,110.46**	32,962.96
Profit/ (loss) for the year	**(5,698.21)**	943.79
Appropriations		
Proposed equity dividend [Amount ₹ **0.10** per share (previous year ₹ 0.10 per share)]	**(385.73)**	(385.73)
Tax on proposed equity dividend	**(65.56)**	(65.56)
Transfer to debenture redemption reserve	**(832.32)**	(2,345.00)
At the end of the year	**24,128.64**	31,110.46
Total reserves and surplus	**75,720.28**	84,811.12

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
NOTE 5 - LONG-TERM BORROWINGS				
Bonds / debentures				
12,300 (previous year 12,300) Deep Discount Debentures of ₹ 100,000 each (unsecured)	**12,300.00**	12,300.00	-	-
Less: Discount on issue of Deep Discount Debentures to the extent not written off or adjusted	**7,104.66**	7,668.88	-	-
	5,195.34	4,631.12	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2014	**31 March 2013**	**31 March 2014**	**31 March 2013**
NOTE 5 - LONG-TERM BORROWINGS (CONTD.)				
500 (previous year Nil) 12.50% Redeemable Non-Convertible Debentures of ₹ 1,000,000 each (secured)	**5,000.00**	-	-	-
2,500,000 (previous year 2,500,000) 10% Redeemable Non-Convertible Debentures of ₹ 400 each (secured)	**10,000.00**	10,000.00	-	-
1,000 (previous year 1,000) 9.60% Redeemable Non-Convertible Debentures of ₹ 1,000,000 each (secured)	**10,000.00**	10,000.00	-	-
70 (previous year 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured)	**4,206.99**	3,807.25	-	-
	34,402.33	28,438.37	-	-
Term loans				
Rupee loans (secured)				
From banks	**8,125.00**	8,650.00	**9,025.00**	225.00
Foreign currency loans (secured)				
From banks	**11,546.86**	17,481.87	**7,493.19**	3,624.76
From others	**4,582.61**	5,099.00	**1,051.75**	951.81
	24,254.47	31,230.87	**17,569.94**	4,801.57
Loan against vehicles and equipments (secured)	**45.65**	62.46	**71.89**	89.22
Deferred payment liabilities				
Sales tax deferment (unsecured)	**204.97**	270.00	**65.03**	-
	58,907.42	60,001.70	**17,706.86**	4,890.79
The above amount includes				
Secured borrowings	**49,300.12**	51,293.33	**17,641.83**	4,890.79
Unsecured borrowings	**9,607.30**	8,708.37	**65.03**	-
Amount disclosed under the head - “”Other current liabilities”” (refer note 11)	**-**	-	**(17,706.86)**	(4,890.79)
	58,907.42	60,001.70	**-**	-

(A) Terms of repayment/ conversion

(i) Bonds / debentures

a) The Company on 24 September 2001 had issued Deep Discount Debentures of face value of ₹ 100,000 each aggregating ₹ 12,300.00 Lakhs at a discount of 90% on face value and are redeemable at par at the end of 20 years from the date of allotment. The Deep Discount Debentures carry an implicit rate of interest of approximately 12.18% compounded annually.

b) The Company on 29 October 2013 had issued 12.50% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000.00 Lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

c) The Company on 24 August 2010 had issued 10% Redeemable Non-convertible Debentures of face value of ₹ 400 each aggregating ₹ 10,000.00 Lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

d) The Company on 28 June 2010 had issued 9.60% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 10,000.00 Lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.

e) The Company on 13 April 2009 had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 Lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder has an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹ 13.50 per equity share of face value of ₹ 1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCBs would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. As at 31 March 2014, conversion option has not been exercised in respect of the above FCCBs. Till 31 March 2014, the Company made provision of ₹ **935.58 Lakhs** (previous year ₹ 619.86 Lakhs) as interest on outstanding FCCBs.

(ii) Term loans

a) Name of the lendor	**Loan Outstanding as at 31 March 2014 (₹ in Lakhs)**	**Period of maturity with respect to Balance Sheet date**	**Number of installments outstanding as at 31 March 2014**	**Installment Amount (₹ in Lakhs)**
Rupee loans (secured)				
Citibank N.A.	-	-	-	₹ 225.00 - repayable at quarterly rest
	(₹ 225.00)	(1 month)	(1)	
The Hongkong and Shanghai Banking Corporation Limited	**₹ 4,150.00**	**1 month**	**1**	**₹ 4,150.00 - bullet repayment**
	(₹ 4,150.00)	(1 year 1 month)	(1)	
Deutsche Bank AG	**₹ 4,500.00**	**85 days**	**1**	**₹ 4,500.00 - bullet repayment**
	(₹ 4,500.00)	(450 days)	(1)	
Axis Bank Limited	**₹ 8,500.00**	**9 years 3 months**	**36**	**Repayable at quarterly rest : 8 of ₹ 125.00 each 8 of ₹ 150.00 each 4 of ₹ 250.00 each 8 of ₹ 300.00 each 8 of ₹ 362.50 each**
	(-)	(-)	(-)	

Rupee term loans carry an average interest rate of **10.69 %** per annum (previous year 10.11% per annum).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

(ii) Term loans (Contd.)

a) Name of the lendor	Loan Outstanding as at 31 March 2014 (₹ in Lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2014	Installment Amount (₹ in Lakhs)
Foreign currency borrowings				
ICICI Bank Limited (ECB)	**₹ 3,292.85 JPY 5,597.22**	**6 years 5 months**	**13**	**JPY 430.56 - repayable at half yearly rest**
	(₹ 3,730.33) (JPY 6,458.33)	(7 years 5 months)	(15)	
The Hongkong and Shanghai Banking Corporation Limited (ECB)	**₹ 6,761.23 USD 112.50**	**2 years 11 months**	**12**	**USD 9.38 - repayable at quarterly rest**
	(₹ 8,158.40) (USD 150.00)	(3 years 11 months)	(16)	
The Hongkong and Shanghai Banking Corporation Limited (term loan)	**₹ 1,851.07 USD 30.80**	**3 years**	**9**	**USD 3.42 - repayable at quarterly rest**
	(₹ 1,671.39) (USD 30.80)	(4 years)	(9)	
DBS Bank Limited (ECB)	**₹ 3,605.99 USD 60.00**	**2 years 9 months**	**6**	**USD 10.00 - repayable at half yearly rest**
	(₹ 4,351.14) (USD 80.00)	(3 years 9 months)	(8)	
International Finance Corporation (ECB)	**₹ 2,704.49 USD 45.00**	**4 years 6 months**	**9**	**USD 5.00 - repayable at half yearly rest**
	(₹ 2,991.41) (USD 55.00)	(5 years 6 months)	(11)	
DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (ECB)	**₹ 2,929.87 USD 48.75**	**6 years 6 months**	**26**	**USD 1.88 - repayable at quarterly rest**
	(₹ 3,059.40) (USD 56.25)	(7 years 6 months)	(30)	
Citibank N.A. (FCNRB)	**₹ 3,530.86 USD 58.75**	**1 month**	**1**	**USD 58.75 - bullet repayment**
	(₹ 3,195.37) (USD 58.75)	(1 year 1 month)	(1)	

Foreign currency loans carry an average interest rate of **LIBOR + 2.90%** per annum (previous year - LIBOR + 2.93% per annum).

b) The Company had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000 - New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017.

c) Loans against vehicles and equipments are for a period of three years and repayable by way of equated monthly instalments.

(B) Details of security

i) 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹ 25,000.00 Lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable fixed assets (including plant and machinery) of the Company in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.

ii) Rupee term loan from Axis Bank Limited, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit and Vishakhapatnam Unit and hypothecation of all movable fixed assets (including plant and machinery) on pari passu basis with other lenders.

iii) Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (DEG) and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable fixed assets (including plant and machinery) situated at Mahistikry on pari passu basis with other lenders.

iv) Foreign currency loan from Citibank N.A. and rupee term loan from The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG are secured by way of pledge of investments in mutual funds.

v) Foreign currency term loan from The Hongkong and Shanghai Banking Corporation Limited is secured by standby letter of credit issued by a bank on behalf of the holding company.

vi) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 6 - DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	**15,834.64**	13,121.38
Deferred tax assets		
Unabsorbed depreciation	**6,289.68**	2,986.87
Debenture issue expenses on Redeemable Non Convertible Debentures	**55.17**	-
Disallowances under Income Tax Act, 1961	**2,884.05**	1,797.67
	9,228.90	4,784.54
Deferred tax liability (net)	**6,605.74**	8,336.84

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 7 - OTHER LONG-TERM LIABILITIES		
Derivative contracts payable [refer note 32(b)]	**9,956.27**	6,486.52
Interest accrued but not due on borrowings	**935.58**	619.86
Trade payables	**47.97**	-
Other payables #	**30.81**	-
	10,970.63	7,106.38

Represent amount due towards security deposits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
NOTE 8 - PROVISIONS				
Provision for employee benefits:				
Gratuity (refer note 34)	**13.05**	4.28	**5.57**	11.80
Compensated absences	**-**	-	**13.24**	13.72
Other provisions:				
Provision for contingencies (refer note 36)	**78.42**	-	**-**	-
Proposed equity dividend	**-**	-	**385.73**	385.73
Tax on proposed equity dividend	**-**	-	**65.56**	65.56
	91.47	4.28	**470.10**	476.81

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 9 - SHORT-TERM BORROWINGS		
Working capital loans		
From banks (secured)		
Rupee loans	**22,417.89**	202.22
Foreign currency loans	**34,233.40**	58,165.48
	56,651.29	58,367.70
From banks (unsecured)		
Rupee loans	**2,935.80**	2,824.44
Foreign currency loans	**-**	1,464.25
	2,935.80	4,288.69
	59,587.09	62,656.39

Details of security

Working capital loans from banks aggregating ₹ **56,651.29 Lakhs** (previous year ₹ **55,521.71 Lakhs**) are secured by hypothecation of currents assets of the Company both present and future on pari passu basis and ₹ **Nil** (previous year ₹ 2,845.99 Lakhs) are secured by pledge of investments in mutual funds. These loans include ₹ **4,494.36 Lakhs** (previous year ₹ 6,677.47 Lakhs), being personally guaranteed by the promoter directors of the Company.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 10 - TRADE PAYABLES		
Trade payables	**10,370.86**	4,717.64
	10,370.86	4,717.64

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 11 - OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (refer note 5)	**17,706.86**	4,890.79
Interest accrued but not due on borrowings	**643.72**	356.21
Unclaimed dividend *	**69.43**	71.38
Capital creditors	**293.91**	739.90
Derivative contracts payable [refer note 32(b)]	**1,465.96**	996.89
Statutory dues	**559.40**	1,462.12
Advances received from customers	**1,925.62**	1,148.29
Other payables#	**380.12**	57.88
	23,045.02	9,723.46

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2014.

Includes amount due towards employee benefits and security deposits.

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total
NOTE 12(a) - TANGIBLE ASSETS								
Gross Block								
Balance as at 31 March 2012	2,915.51	483.81	8,162.01	86,569.89	698.72	781.16	1,384.79	**100,995.89**
Additions during the year	668.58	63.24	1,413.16	8,240.88	25.22	92.66	71.12	**10,574.86**
Disposals	-	-	-	-	-	(37.14)	-	**(37.14)**
Other adjustments :								
- Exchange differences	-	-	-	1,988.18	-	-	-	**1,988.18**
- Exchange translation adjustments	-	19.49	239.74	271.90	3.65	5.24	7.32	**547.34**
- Borrowing costs	-	-	52.28	681.67	-	-	-	**733.95**
Balance as at 31 March 2013	**3,584.09**	**566.54**	**9,867.19**	**97,752.52**	**727.59**	**841.92**	**1,463.23**	**114,803.08**
Additions during the year	7.30	6.02	744.72	27,990.38	47.61	70.24	117.00	**28,983.27**
Disposals	-	-	-	(303.45)	-	(2.62)	-	**(306.07)**
Other adjustments :								
- Exchange differences	-	-	-	2,921.88	-	-	-	**2,921.88**
- Exchange translation adjustments	-	27.90	384.45	432.69	5.15	7.77	10.42	**868.38**
- Borrowing costs	-	-	26.66	2,833.77	1.20	-	7.03	**2,868.66**
Balance as at 31 March 2014	**3,591.39**	**600.46**	**11,023.02**	**131,627.79**	**781.55**	**917.31**	**1,597.68**	**150,139.20**
Depreciation								
Balance as at 31 March 2012	-	12.64	1,010.46	14,559.64	150.83	371.37	550.71	**16,655.65**
Depreciation for the year	-	5.26	315.09	4,915.57	44.85	63.75	183.21	**5,527.73**
Accumulated depreciation on disposals	-	-	-	-	-	(25.32)	-	**(25.32)**
Exchange translation adjustments	-	1.22	7.60	16.12	0.24	0.46	1.37	**27.01**
Balance as at 31 March 2013	**-**	**19.12**	**1,333.15**	**19,491.33**	**195.92**	**410.26**	**735.29**	**22,185.07**
Depreciation for the year	-	6.05	341.47	5,193.76	46.25	62.91	193.38	**5,843.82**
Accumulated depreciation on disposals	-	-	-	(57.49)	-	(2.41)	-	**(59.90)**
Exchange translation adjustments	-	2.30	23.28	43.59	0.58	1.21	3.30	**74.26**
Balance as at 31 March 2014	**-**	**27.47**	**1,697.90**	**24,671.19**	**242.75**	**471.97**	**931.97**	**28,043.25**
Net Block								
As at 31 March 2013	3,584.09	547.42	8,534.04	78,261.19	531.67	431.66	727.94	**92,618.01**
As at 31 March 2014	**3,591.39**	**572.99**	**9,325.12**	**106,956.60**	**538.80**	**445.34**	**665.71**	**122,095.95**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Computer software	Total
NOTE 12(b) - INTANGIBLE ASSETS		
Gross Block		
Balance as at 31 March 2012	**0.48**	0.48
Additions	-	-
Disposals	-	-
Balance as at 31 March 2013	**0.48**	0.48
Additions	-	-
Disposals	-	-
Balance as at 31 March 2014	**0.48**	0.48
Amortisation		
Balance as at 31 March 2012	**0.48**	0.48
Amortisation for the year	-	-
Accumulated depreciation on disposals	-	-
Balance as at 31 March 2013	**0.48**	0.48
Amortisation for the year	-	-
Accumulated depreciation on disposals	-	-
Balance as at 31 March 2014	**0.48**	0.48
Net Block		
As at 31 March 2013	-	-
As at 31 March 2014	-	-

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 13 - CAPITAL WORK-IN-PROGRESS		
At the beginning of the year	**31,888.33**	27,217.40
Add: Incurred during the year	**5,476.07**	15,049.41
Less: Capitalised during the year	**(31,468.74)**	(10,378.48)
Foreign currency translation impact on movement in capital work-in-progress	**31.21**	-
At the end of the year	**5,926.87**	31,888.33
Capital work-in-progress includes:		
a) Expenditure during construction period on substantial expansion / new industrial units of the Company as under:		
Opening Balance	**3640.96**	3,014.66
Incurred during the year		
Consumables stores and spares	**49.62**	2.43
Employee benefits expense	**0.03**	3.80
Power and fuel	**21.52**	24.09
Rates and taxes	**1.13**	2.98
Repairs and maintenance	-	0.12
Insurance	-	0.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 13 - CAPITAL WORK-IN-PROGRESS (CONTD.)		
Finance cost		
Interest expense	**1,015.75**	1,168.95
Other borrowing costs	**0.01**	0.04
Miscellaneous expenses *	**1,655.54**	477.06
	2,743.60	1,679.73
Less:		
Profit on redemption of mutual funds (Current investments)	**-**	228.98
Capitalised during the year	**5,881.31**	824.45
	5,881.31	1,053.43
Closing balance	**503.25**	3,640.96

b) ₹ **Nil** (previous year ₹ 383.50 Lakhs), being exchange differences recognised under Para 46A of Accounting Standard - 11 "The Effects of Changes in Foreign Exchange Rates".

* Includes consultancy charges, inspection charges, testing charges, etc.

Amount in ₹ Lakhs

	Number of units as at 31 March 2014	Number of units as at 31 March 2013	31 March 2014	31 March 2013
NOTE 14 - NON-CURRENT INVESTMENTS				
(Valued at cost)				
Other non-current investments:				
Quoted investments				
Investment in equity instruments (fully paid up)				
ACC Limited (face value - ₹ 10 each)	**1,275**	1,275	**1.95**	1.95
Himadri Credit & Finance Limited (face value - ₹ 10 each)	**334,900**	334,900	**33.49**	33.49
New Delhi Television Limited (face value - ₹ 4 each)	**1,400**	1,400	**0.98**	0.98
Transchem Limited (face value - ₹ 10 each)	**8,000**	8,000	**2.40**	2.40
			38.82	38.82
Unquoted investments				
Investment in equity instruments (fully paid up)				
Himadri Dyes & Intermediates Limited (face value - ₹ 10 each)	**720,000**	720,000	**72.00**	72.00
Himadri E-Carbon Limited (face value - ₹ 10 each)	**17,000**	17,000	**1.70**	1.70
Himadri Industries Limited (face value - ₹ 10 each)	**493,300**	493,300	**84.50**	84.50
			158.20	158.20
Government securities (unquoted)				
Kisan Vikas Patra (Lodged with sales tax authorities)			**0.07**	0.07
			0.07	0.07
			197.09	197.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

The aggregate book value of unquoted non-current investments and book value and market value of quoted non-current investments are as follows:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Aggregate book value of unquoted non-current	**158.27**	158.27
Quoted non-current investments		
Aggregate book value	**38.82**	38.82
Aggregate market value	**54.09**	51.13

[includes ₹ **33.49 Lakhs** (previous year ₹ 33.49 Lakhs) where cost has been considered as market value in absence of availability of market quote]

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 15 - LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
To parties other than related parties		
Capital advances	**795.60**	175.45
Security and other deposits	**3,037.82**	3,287.29
MAT credit entitlement	**5,272.67**	5,272.67
Advance income tax	**556.56**	540.41
[net of provision for income tax ₹ **4,731.29 Lakhs** (previous year ₹ 4,731.29 Lakhs)]		
	9,662.65	9,275.82

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 16 - OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Trade receivables (refer note 19)	**891.39**	1,163.67
Bank deposits due to mature after 12 months of the reporting date (refer note 20)	**2.03**	54.56
Interest accrued on fixed deposits	**0.22**	1.00
	893.64	1,219.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	Number of units as at 31 March 2014	Number of units as at 31 March 2013	31 March 2014	31 March 2013
NOTE 17 - CURRENT INVESTMENTS				
(i) Current portion of long-term investments (at cost)				
Mutual funds- quoted				
Birla Sun Life Income Plus - Growth Regular Plan	**4,687,811**	-	**2,500.00**	-
IDFC Super Saver Income Fund - Investment Plan	**8,754,145**	-	**2,500.00**	-
(ii) Other investments (valued at the lower of cost and fair value)				
Mutual funds - quoted				
UTI Bond Fund - Growth Plan - Regular	**14,405,153**	18,693,870	**5,013.17**	6,500.00
UTI Short term Income Fund - Institutional option - Growth Plan	**14,935,564**	-	**2,100.00**	-
Kotak Bond Scheme Plan A - Growth	-	7,424,963	-	2,500.00
Reliance Dynamic Bond Fund - Growth Plan	**12,956,641**	12,956,641	**2,000.00**	2,000.00
Reliance Short term Fund - Growth Plan	**11,379,309**	-	**2,500.00**	-
			16,613.17	11,000.00
Quoted current investments				
Aggregate book value			**16,613.17**	11,000.00
Aggregate market value			**17,380.94**	11,099.59

Investments amounting to ₹ **16,613.17 Lakhs** (previous year ₹ 11,000.00 Lakhs) are pledged with banks against various credit facilities availed by the Company.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 18 - INVENTORIES		
(Valued at the lower of cost and net realisable value)		
Raw materials [including goods-in-transit ₹ **3,156.51 Lakhs** (previous year ₹ 2,197.09 Lakhs)]	**14,573.33**	22,587.23
Work-in-progress	**15,128.90**	9,615.15
Finished goods	**7,234.79**	7,240.43
Packing materials	**357.96**	353.11
Stores and spares	**1,530.09**	1,321.50
	38,825.07	41,117.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 19 - TRADE RECEIVABLES		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, Considered good	**1,323.83**	1,528.31
Less: Non current portion disclosed under note 16	**891.39**	1,163.67
	432.44	364.64
Considered doubtful	**545.81**	-
Less : Provision for doubtful debts	**545.81**	-
	-	-
Other receivables		
Unsecured, Considered good	**34,921.71**	24,133.81
	35,354.15	24,498.45

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 20 - CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	**19.88**	16.04
Cheques on hand	**-**	1,955.36
Balances with banks		
On current accounts	**1,580.66**	4,009.15
On EEFC accounts	**237.29**	1,489.52
On deposit accounts (with original maturity of 3 months or less)	**642.79**	835.00
	2,480.62	8,305.07
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	**2,314.30**	1,820.20
Fixed deposits held as margin money	**0.27**	0.27
Unpaid dividend accounts	**69.43**	71.38
	2,384.00	1,891.85
	4,864.62	10,196.92
Details of balance with banks on deposit account ^		
Deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**642.79**	835.00
Deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**2,314.30**	1,820.20
Deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	**2.03**	54.56
	2,959.12	2,709.76

^ Bank deposits aggregating ₹ **2,832.12 Lakhs** (previous year : ₹ 1,874.76 Lakhs) have been pledged with the banks against various credit facilities availed by the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 21 - SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
To parties other than related parties		
Advances for supplies	**10,632.49**	8,510.98
Advance to employees	**83.63**	55.26
Other advances $	**314.38**	227.40
Balance with central excise and cenvat receivable	**2,161.09**	5,072.88
Sales tax deposit and VAT receivable	**1,456.49**	1,573.21
Income tax refundable	**58.08**	98.04
Security and other deposits	**48.35**	-
Advances for supplies (considered doubtful)	**46.76**	-
Less : Provision for doubtful advances	**46.76**	-
	-	-
	14,754.51	15,537.77

$ Includes prepaid expenses and advance for expenses.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 22 - OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on fixed deposits	**104.62**	5.08
Incentive receivable	**332.14**	332.14
Insurance claim receivable	**-**	15.41
Receivable against redemption of mutual funds	**-**	3,887.39
Other receivables	**40.55**	31.79
	477.31	4,271.81

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 23 - REVENUE FROM OPERATIONS		
Sale of products		
Carbon materials and chemicals	**155,930.89**	150,984.43
Power	**784.57**	977.34
Sale of products (gross)	**156,715.46**	151,961.77
Less: Excise duty	**17,139.98**	16,630.23
Sale of products (net)	**139,575.48**	135,331.54
Other operating revenue		
Job work charges	**37.15**	-
	139,612.63	135,331.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 24 - OTHER INCOME		
Interest on fixed deposits with banks	**151.81**	524.42
Dividend income		
Long-term investments	**0.24**	0.36
Profit on sale/redemption of investments		
Current investments - mutual funds	**55.66**	2,261.49
Insurance and other claims	**69.48**	25.82
Deferred expenses written back	**-**	189.08
Liabilities no longer required written back * [refer note 31 (c)]	**771.77**	-
Miscellaneous income	**235.23**	70.18
	1,284.19	3,071.35

* Represents entry tax provision written back

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 25 - COST OF MATERIALS CONSUMED		
Inventory of raw materials at the beginning of the year	**22,587.23**	15,561.57
Purchases	**102,940.56**	117,639.22
	125,527.79	133,200.79
Less : Inventory of raw materials at the end of the year	**14,573.33**	22,587.23
Foreign currency translation impact on movement in raw materials	**36.73**	29.89
	110,991.19	110,643.45
Details of raw materials consumed		
Coal tar / Coal tar based chemicals, Pitch	**104,763.24**	94,044.17
Other chemicals	**6,227.95**	16,599.28
	110,991.19	110,643.45

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 26 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished goods	**7,240.43**	12,314.85
Work-in-progress	**9,615.15**	2,544.44
	16,855.58	14,859.29
Closing stock		
Finished goods	**7,234.79**	7,240.43
Work-in-progress	**15,128.90**	9,615.15
	22,363.69	16,855.58
Foreign currency translation impact on movement in finished goods and work-in-progress	**61.94**	26.50
	(5,446.17)	(1,969.79)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 27 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus @	**2,338.16**	2,219.92
Contribution to provident and other funds	**156.17**	139.05
Gratuity (refer note 34)	**11.73**	26.43
Staff welfare expenses	**269.09**	264.72
	2,775.15	2,650.12

@ includes ₹ **216.04 Lakhs** (previous year ₹ 166.77 Lakhs) relating to outsource manpower cost

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 28 - FINANCE COSTS		
Interest expense ^	**7,324.68**	6,163.12
Amortisation of discount on debenture	**564.22**	502.95
Other borrowing costs	**560.57**	512.52
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	**3,313.00**	780.54
	11,762.47	7,959.13

^ Interest expense for the year ended 31 March 2013 includes interest on Foreign currency convertible bonds (FCCBs) amounting to ₹ 436.01 Lakhs related to prior periods till 31 March 2012.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
NOTE 29 - OTHER EXPENSES		
Consumption of stores and spare parts	**321.90**	332.51
Power and fuel *	**922.71**	1,541.83
Excise duty related to increase/ (decrease) in inventory of finished goods	**(19.35)**	(998.91)
Rent	**224.74**	243.55
Rates and taxes	**703.22**	173.81
Repairs to:		
Building *	**79.70**	101.69
Plant and machinery *	**791.25**	864.43
Others *	**265.24**	335.92
Payment to auditors	**49.72**	38.35
Rebates and discounts	**109.76**	0.77
Insurance	**318.67**	288.98
Provision for doubtful debts and advances	**592.57**	-
Provision for contingencies	**78.42**	-
Packing expenses	**1,197.60**	1,106.63
Freight and forwarding expenses	**5,344.04**	5,007.03
Commission on sales	**950.81**	775.72
Miscellaneous expenses	**2,511.05**	2,493.70
	14,442.05	12,306.01
* includes stores and spares consumed	**615.15**	679.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

NOTE 30 - EARNINGS / (LOSS) PER SHARE (EPS)		31 March 2014	31 March 2013
Profit/ (Loss) attributable to Equity Shareholders (₹ in Lakhs) (used as numerator for calculating Basic EPS)	(a)	**(5,698.21)**	943.79
Add: Interest on Foreign Currency Convertible Bonds (net of tax)	(b)	**167.26**	418.75
Profit / (Loss) adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS (₹ in Lakhs)	(c)=(a) + (b)	**(5,530.95)**	1,362.54
Weighted average number of equity shares (used as denominator for calculating Basic EPS)	(d)	**385,732,570**	385,732,570
Add: Effect of potential equity shares to be issued under Foreign Currency Convertible Bonds (FCCBs)	(e)	**6,401,317**	12,157,818
Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	(f) = (d) + (e)	**392,133,887**	397,890,388
Basic EPS of ₹ 1 each	(g) = (a) / (d)	**(1.48)**	0.24
Diluted EPS of ₹ 1 each *	(h) = (c) / (f)	**(1.48)**	0.24

* For the purpose of computation of dilutive EPS for the year ended 31 March 2014 and 31 March 2013, potential equity shares that could arise on conversion of Foreign Currency Convertible Bonds are not resulting in dilution of EPS. Hence, they have been considered as anti-dilutive.

Amount in ₹ Lakhs

NOTE 31 - CONTINGENT LIABILITIES AND COMMITMENTS	31 March 2014	31 March 2013
(to the extent not provided for)		
a) **Contingent Liabilities:**		
(i) Sales tax matters in dispute/ under appeal	**3,972.14**	4,038.69
(ii) Excise/ Service Tax matters in dispute/under appeal	**517.37**	483.67
(iii) Customs matters in dispute/ under appeal	**28.83**	28.83

	31 March 2014	31 March 2013
b) **Commitments:**		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,119.90**	343.74
ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	**7,246.49**	10,068.13

c) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court, Calcutta and challanged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court, Calcutta during the current year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is remote possibility of any such liability on the Company. Hence the Company has not made any provision for entry tax liability in the books for the current year and the liability relating to the previous year has been written back.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

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:

Nature and number of Contract	Currency Pair	Position	Amount (Foreign currency in Lakhs) 31 March 2014	31 March 2013
Forward contracts [**Nil**, (previous year 5)]	USD/INR	Sell	-	150.00
Forward contracts [**6**, (previous year Nil)]	USD/INR	Buy	**350.00**	-
Cross currency swaps [**10**, (previous year 9)]	USD/INR	Sell	**591.65**	440.10
Cross currency swaps [**1**, (previous year 1)]	USD/JPY	Sell	**5,597.22**	6,458.33
Interest rate swaps [**3**, (previous year 3)]	USD/INR	Notional Principal	**246.12**	246.12
Interest rate swaps [**4**, (previous year 4)]	USD-Floating to Fixed	Notional Principal	**266.25**	341.25
Interest rate swaps [**1**, (previous year 1)]	JPY/INR	Notional Principal	**4,733.69**	4,733.69
Currency swaps [**Nil**, (previous year 7)]	JPY/USD	Buy	-	11,895.11

(c) All derivative contracts outstanding as at the year end 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 as issued by The Institute of Chartered Accountants of India.

Accordingly, loss aggregating to ₹ **4,889.44 Lakhs** (previous year ₹ 2,634.80 Lakhs), 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 Statement of Profit and Loss, 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 are included in foreign exchange fluctuation account, after adjustment of periodic premium received on cross currency/ interest rate swaps.

(d) Particulars of unhedged foreign currency exposure:

Particulars		Currency	31 March 2014 Amount (in original currency, Lakhs)	31 March 2014 Amount (₹ in Lakhs)	31 March 2013 Amount (in original currency, Lakhs)	31 March 2013 Amount (₹ in Lakhs)
a)	Amounts payable in foreign currency	USD	**754.07**	**45,266.10**	1,408.59	76,617.17
b)	Amounts payable in foreign currency	JPY	**5,609.55**	**3,300.10**	18,335.98	10,590.86
c)	Amounts payable in foreign currency	EURO	-	-	32.26	2,243.74
d)	Amounts receivable in foreign currency	USD	**95.68**	**5,696.90**	87.45	4,756.23
e)	Amounts receivable in foreign currency	EURO	**2.29**	**189.05**	2.29	159.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

NOTE 33

Trade receivables include an amount of ₹ **798.10 Lakhs** (Previous Year ₹ 798.10 Lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.

NOTE 34 - EMPLOYEE BENEFITS: POST EMPLOYMENT BENEFIT PLANS

1. Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Fund, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund for the year aggregated to ₹ **75.11 Lakhs** (previous year ₹ 60.30 Lakhs) and ₹ **24.23 Lakhs** (previous year ₹ 21.81 Lakhs) respectively.

2. Defined benefit plans

The following table summarises the position of assets and obligations relating to the gratuity plan.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Net Asset / (liability) recognised in Balance sheet as at the year end		
Fair value of plan assets	**84.38**	69.55
Present value of obligations	**103.00**	85.63
Asset/ (liability) recognised in balance sheet	**(18.62)**	(16.08)
Classification into current/ non-current		
Current portion	**5.57**	11.80
Non-current portion	**13.05**	4.28
Movement in present value of defined benefit obligations		
Defined benefit obligation at 1 April	**85.63**	53.92
Current service cost	**16.13**	20.56
Interest cost	**7.66**	4.90
Actuarial (gains) / losses	**(5.28)**	6.60
Benefits paid by the plan	**(1.14)**	(0.35)
Defined benefit obligation at 31 March	**103.00**	85.63
Movement in fair value of plan assets		
Fair value of plan assets at 1 April	**69.55**	44.37
Contributions paid into the plan	**9.19**	19.89
Benefits paid by the plan	**(1.14)**	(0.35)
Expected return on plan assets	**6.09**	4.06
Actuarial (losses) / gains	**0.69**	1.58
Fair value of plan assets at 31 March	**84.38**	69.55
Composition of plan assets		
Qualifying insurance policies	**100%**	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

2. Defined benefit plans (Contd.)

The following table summarises the position of assets and obligations relating to the gratuity plan.

Amount in ₹ Lakhs

	31 March 2014	31 March 2013
Expense recognised in statement of profit and loss		
Current service cost	**16.13**	20.56
Interest on obligation	**7.66**	4.90
Expected return on plan assets	**(6.09)**	(4.06)
Net actuarial (gain)/ loss recognised in the year	**(5.97)**	5.03
Total included in 'employee benefits'	**11.73**	26.43
Actual return on plan assets		
Expected return on plan assets	**6.09**	4.06
Actuarial gain/(loss) on plan assets	**0.69**	1.58
Actual return on plan assets	**6.78**	5.64
Principal actuarial assumptions		
Discount rate as at 31 March	**9%**	8%
Expected return on plan assets as at 1 April	**8.75%**	9.15%
Salary growth rate	**6%**	5%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five-year information

Amounts for the current and previous four periods are as follows:

Amount in ₹ Lakhs

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Gratuity					
Present Value of defined benefit obligation	**103.00**	85.63	53.92	33.70	23.70
Fair value of plan assets	**84.38**	69.55	44.37	35.01	25.48
Surplus / (deficit) in the plan	**(18.62)**	(16.08)	(9.55)	1.31	1.78
Experience adjustments arising on plan liabilities [(gain)/ loss]	**(3.55)**	19.42	10.42	2.98	1.86
Experience adjustments arising on plan assets [gain/ (loss)]	**(0.98)**	0.61	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Proposed contribution for next year

The Company expects to pay ₹ **5.57 Lakhs** as contribution to its defined benefit plan in the next year (previous year : ₹ 11.80 Lakhs).

NOTE 35

Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006

(i) Names of the other related parties with whom transactions have taken place during the year

(a) Key Managerial Personnel

Mr. Damodar Prasad Choudhary, Chairman (resigned w.e.f.13.08.2013)

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 Limited

Himadri Dyes & Intermediates Limited

Himadri Coke & Petro Limited

Himadri Industries Limited

Sri Agro Himghar Limited

Himadri e-Carbon Limited

(c) Associate

BC India Investments

(ii) Details of transactions with related parties

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
Salaries/ 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	**30.00**	30.00
Mr. Amit Choudhary	**30.00**	30.00
Mr. Tushar Choudhary	**30.00**	30.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

(ii) Details of transactions with related parties (Contd.)

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
Discount on Debentures written off		
Himadri Coke & Petro Limited	**564.22**	502.95
Rent paid		
Himadri Dyes & Intermediates Limited	**0.07**	0.07
Himadri Industries Limited	**0.07**	0.07
Sri Agro Himghar Limited	**0.04**	0.04
Dividend paid		
BC India Investments	**103.18**	103.18
Himadri Dyes & Intermediates Limited	**98.28**	98.28
Himadri Industries Limited	**46.14**	46.14
Himadri Credit & Finance Limited	**9.49**	9.49
Himadri Coke & Petro Limited	**5.50**	5.50
Vijay Kumar Choudhary	**3.27**	3.27
Shyam Sundary Choudhary	**3.23**	3.23
Bankey Lal Choudhary	**1.48**	1.48
Damodar Prasad Choudhary	**1.48**	1.48

(iii) Balances at the year end

Amount in ₹ Lakhs

Particulars	31 March 2014	31 March 2013
Investment held		
Himadri Credit & Finance Limited	**33.49**	33.49
Himadri Dyes & Intermediates Limited	**72.00**	72.00
Himadri Industries Limited	**84.50**	84.50
Himadri e-Carbon Limited	**1.70**	1.70
Deep Discount Debentures		
Himadri Coke & Petro Limited	**5,195.34**	4,631.12

NOTE 36

In accordance with Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', the Company as a prudent measure has made provisions amounting to ₹ 78.42 Lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹ Nil and provision of ₹ **78.42 Lakhs** made during the year is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under review.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

NOTE 37 - SEGMENT DISCLOSURE

Segment information in accordance with Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rule, 2006 (as amended).

a. Determination of segment information is based on the organisational and management structure of the Company and its internal financial reporting system. The Company business segments namely "Carbon materials and chemicals" and "Power" have been considered as primary segments for reporting format. Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable. Inter-segment revenue of Power has been recognised at price at which the same is sold to external customer.

b. In respect of secondary segment information, the Company has identified its geographical segment as (i) Within India and (ii) Outside India. The secondary segment information has been disclosed accordingly.

Information about business segment:

Particulars	Carbon materials and chemicals		Power		Elimination		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Revenue - net of excise duty								
External sales	138,828.06	134,354.20	784.57	977.34	-	-	139,612.63	135,331.54
Inter-segment sales	-	-	1,289.67	998.30	1,289.67	998.30	-	-
Total Revenue	138,828.06	134,354.20	2,074.24	1,975.64	1,289.67	998.30	139,612.63	135,331.54
Results								
Segment Result	9,701.15	5,050.48	1,341.01	1,195.54	-	-	11,042.16	6,246.02
Unallocated corporate income/(expenditure) (net)							6,903.69	(1,397.25)
Operating profit							4,138.47	7,643.27
Interest income							(151.81)	(524.42)
Interest expenses							11,762.47	7,959.13
Profit before tax							(7,472.19)	208.56
Current tax expense							0.46	29.25
Deferred tax charge/(credit)							(1,675.93)	(677.89)
Profit after tax (before adjustment for minority interest)							(5,796.72)	857.20
Share of Profit/(loss) transferred to minority interest							(98.51)	(86.59)
Profit after tax (after adjustment for minority interest)							(5,698.21)	943.79
Other information:								
Segment assets	216,507.66	204,481.55	5,651.09	6,109.92	-	-	222,158.75	210,591.47
Unallocable corporate assets							27,506.28	31,229.38
Total assets	216,507.66	204,481.55	5,651.09	6,109.92	-	-	249,665.03	241,820.85
Segment liabilities	13,699.54	8,656.06	19.43	22.24	-	-	13,718.97	8,678.30
Unallocable corporate liabilities							156,329.36	144,345.20
Total liabilities	13,699.54	8,656.06	19.43	22.24	-	-	170,048.33	153,023.50
Capital expenditure during the year	10,291.13	17,587.39	9.75	30.94	-	-	10,300.88	17,618.33
Depreciation and amortisation	5,484.89	5,174.51	358.93	353.22	-	-	5,843.82	5,527.73
Non cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2014 (Contd.)

Secondary segment information (geographical segment):

Particulars	Within India		Outside India		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
External revenue by location of customers	**125,163.26**	121,825.02	**14,449.37**	13,506.52	**139,612.63**	135,331.54
Carrying amount of segment assets by location of assets	**231,126.86**	227,581.05	**18,538.17**	14,239.80	**249,665.03**	241,820.85
Cost incurred on acquisition of tangible and intangible fixed assets	**9,327.61**	15,122.66	**973.27**	2,495.67	**10,300.88**	17,618.33

NOTE 38 - OPERATING LEASE

a) The Company has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

b) The Company has also taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

Particulars	Minimum Lease Payments	
	31 March 2014	31 March 2013
Not later than one year	**26.40**	24.00
Later than one year and not later than five years	**26.40**	52.80

c) Lease payments recognised in Statement of Profit and Loss with respect to operating leases – ₹ **151.43 Lakhs** (previous year ₹ 144.11 Lakhs) included under head Rent in "note 29".

NOTE 39 - RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses aggregating to ₹ **268.43 Lakhs** (previous year ₹ 215.60 Lakhs) in the nature of revenue expenditure and ₹ **29.20 Lakhs** (previous year ₹ 90.84 Lakhs) in the nature of capital expenditure have been included under the appropriate account heads.

NOTE 40

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn No. 101248W
Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Regn No. 309005E
Sd/-
B. K. Newatia
Partner
Membership No. 050251

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited

Sd/-
Bankey Lal Choudhary
Managing Director

Sd/-
Shyam Sundar Choudhary
Executive Director

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 27 May 2014

Place: Kolkata
Date: 27 May 2014

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CORPORATE INFORMATION

Chairman Emeritus

Mr. Damodar Prasad Choudhary

Board of Directors

Mr. Pavninder Singh
– Nominee of BC India Investments
Mr. Rahul Kumar Yadav
– Nominee of VCIGPM Limited
Mrs. Rita Bhattacharya
– Nominee of LIC of India
Mr. Shyam Sundar Choudhary
– Executive Director
Mr. Bankey Lal Choudhary
– Managing Director
Mr. Vijay Kumar Choudhary
– Executive Director
Mr. Sakti Kumar Banerjee
– Non-Executive Independent Director
Mr. Hardip Singh Mann
– Non-Executive Independent Director
Mr. Krishnava Satyaki Dutt
– Non-Executive Independent Director
Mr. Santimoy Dey
– Non-Executive Independent Director
Mr. Hanuman Mal Choraria
– Non-Executive Independent Director
Mr. Chandra Shekhar Sarda
– Non-Executive Independent Director

Senior Management Team

Mr. Anurag Choudhary
– Chief Executive Officer
Mr. Amit Choudhary
– President, Projects
Mr. Tushar Choudhary
– President, Operations
Mr. Kamlesh Kumar Agarwal
– Chief Financial Officer

Bankers

Axis Bank Limited
Central Bank of India
Citi Bank, N.A.
DBS Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
State Bank of India
The Hongkong & Shanghai Banking Corporation Limited
Union Bank of India
Yes Bank Limited

Registrar & Share Transfer Agents

M/s. S.K. Infosolutions Pvt. Ltd
34/1A, Sudhir Chatterjee Street
Kolkata 700 006
Tel: (033) 2219 6797/ 4815
E-mail: agarwalskc@rediffmail.com

Registered Office

8, India Exchange Place, 2nd Floor,
Kolkata – 700 001
Tel: (033) 2230-4363/ 9953
Fax: 91-033- 2230-9051
E-mail: info@himadri.com

Corporate Office

Fortuna Tower
23-A, Netaji Subhas Road 8th Floor,
Kolkata - 700 001

Joint Auditors

M/s S. Jaykishan
Chartered Accountants
12 Ho-Chi Minh Sarani
Suite No. 2D- 2F, 2nd Floor
Kolkata 700 071

M/s B S R & Co. LLP
Chartered Accountants
Unit No: 603-604, 6th Floor,
Tower –I Godrej Waterside
Sector- V Salt lake City
Kolkata- 700 091

Company Secretary & Compliance Officer

Mr. Bajrang Lal Sharma

Solicitors & Advocates

M/s Sandip Agarwal & Co.
10 Old Post Office Street
Gr. Floor, Room No. 10
Kolkata - 700 001

Works

Unit 1
58 N.S. Road, Liluah, Howrah (W.B.)

Unit 2
27B Gadadhar Bhatt Road, Liluah, Howrah (W.B.)

Mahistikry Plant
Mahistikry, P.S. – Haripal District Hooghly (W.B.)

Visakhapatnam Unit
Ancillary Industrial Estate Visakhapatnam (A.P.)

Korba Unit
Jhagrah, Rajgamar Colliery Korba (Chhattisgarh)

Vapi Unit
GIDC 1st Phase, Vapi (Gujarat)

Windmills
1. Village Amkhel: Taluka - Sakri, District Dhule, Maharashtra
2. Village Titane, Taluka - Sakri, District Dhule, Maharashtra

Falta (SEZ unit)
Falta Special Economic Zone
Sector- II, Vill- Simulberia, Falta,
Dist- 24 Pgs (South), West Bengal

CIN No

L27106WB1987PLC042756

Himadri Chemicals & Industries Limited

Ruby House

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2nd Floor, Kolkata- 700 001

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