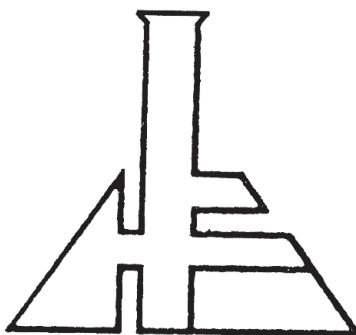


**31<sup>st</sup>**  
**ANNUAL REPORT**  
**2013 - 2014**



**HINDUSTAN FLUOROCARBONS LIMITED**

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## BOARD OF DIRECTORS

<b>Shri R N Madangeri</b> Chairman / Director	HOCL Nominee (From 01.02.2008 Up to 30.04.2013)
<b>Shri J N Suryawanshi</b> Director	HOCL Nominee (From 04.11.2011 Up to 21.02.2014)
Chairman	(From 01.05.2013 Up to 12.08.2013)
<b>Shri V B Ramachandran Nair</b> Chairman	HOCL Nominee (From 12.08.2013)
<b>Shri T S Gaikwad</b> Managing Director	From 01.01.2008
<b>Dr.B.D.Kulkarni</b> Director	HOCL Nominee From 30.01.2009 Up to 07.09.2013)
<b>Shri Arun Agarwal</b> Director	Govt. of India Nominee (From 13.03.2012)
<b>Shri S V Kanaka Seshu</b> Director	APIDC Nominee (From 18.10.2010 Up to 28.08.2013)
<b>Smt. Anitha Rajendra, IAS</b> Director	APIDC Nominee (From 07.09.2013)
<b>Shri. Suresh Kumar R</b> Director	HOCL Nominee (From 13.07.2012)
<b>Shri S B Bhide</b> Director	HOCL Nominee (07.09.2012 Up to 21.02.2014)
<b>Dr. N.J. Giakwad</b> Independent Director	HOCL Nominee (From 21.02.2014)
<b>Mrs. Rajani. K</b>	Company Secretary (From 19.05.2011)

## AUDITORS

### M/s S Daga & Co

Chartered Accountants, 403, Paigah Plaza  
Basheerbagh, Hyderabad - 500 063.

## BANKERS

State Bank of Hyderabad,  
Gunfoundry, Hyderabad.

## REGISTRARS & SHARE TRANSFER AGENTS

### Share pro services (India) Pvt.Ltd.,

13AB, Samhita Warehousing Complex, Second Floor, Sakinaka, Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka, Andheri(East), MUMBAI – 400 072.

## REGISTERED OFFICE

303, Babukhan Estate,  
Basheerbagh, Hyderabad – 500 001

## WORKS

Rudraram P O, Sangareddy Tq.  
Medak Dist – 502 329 Andhra Pradesh

**AUDIT COMMITTEE (A.C) OF THE BOARD**

Dr. B. D. KULKARNI	Director, Chairman (Up to 07.09.2013)
Shri N J GAIKWAD	Director, Chairman (From 15.03.2014)
Shri S. V. KANAKA SESHU	Director, Member (Up to 28.08.2013)
Shri ARUN AGARWAL	Director, Member (From 13.04.2012)
Shri J N SURYAWANSHI	Director, Member (Up to 21.02.2014)
Shri SURESH KUMAR R	Director, Member (From 13.07.2012)
Smt. ANITHA RAJENDRA, IAS	Director, Member (From 06.11.2013)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**SHARE TRANSFER COMMITTEE**

Shri R.N. MADANGERI	Chairman, Chairman (Up to 30.04.2013)
Shri J.N. SURYAWANSHI	Director, Member (From 14.11.2011 Up to 21.02.2011) Chairman (From 23.05.2013 Up to 12.08.2013)
Shri V.B. RAMACHANDRAN NAIR	Chairman, Chairman (From 12.08.2013)
Shri T S GAIKWAD	MD, Member (From 12.08.2013)
Dr. B D KULKARNI	Director, Member (From 12.08.2011 Up to 07.09.2013)
Shri S V KANAKA SESHU	Director, Chairman (From 12.08.2011 Up to 28.08.2013)
Shri SURESH KUMAR R	Director, Member (From 13.07.2012)
Shri S B BHIDE	Director, Member (From 07.09.2012 Up to 21.02.2014)
Smt. ANITHA RAJENDRA	Director, Member (From 06.11.2013)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**MANAGEMENT COMMITTEE**

Shri R. N. MADANGERI	Chairman, Member (Up to 30.04.2013)
Shri V.B. RAMACHANDRAN NAIR	Chairman, Member (From 12.08.2013)
Shri J N SURYAWANSHI	Director, Member (From 23.05.2013 Up to 21.02.2014)
Shri ARUN AGARWAL	Director, Member (From 13.04.2012)
Shri T. S. GAIKWAD	MD, Member (From 13.04.2012)
Dr. B D KULKARNI	Director, Member (Up to 07.09.2013)
Shri SURESH KUMAR R	Director, Member (From 06.11.2013)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

Dissolved in 170<sup>th</sup> Board Meeting vide item No.170/13 held on 19.05.2014.

**RECEIVABLE COMMITTEE**

Shri R. N. MADANGERI	Chairman, Member (Up to 30.04.2013)
Shri V.B. RAMACHANDRAN NAIR	Chairman, Member (From 12.08.2013)
Shri T. S. GAIKWAD	MD, Member
Shri J N SURYAWANSHI	Director, Member (From 13.04.2012 Up to 21.02.2014)
Shri S V KANAKASESHU	Director, Member (From 13.04.2012 Up to 28.08.2013)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

Dissolved in 170<sup>th</sup> Board Meeting vide item No.170/14 held on 19.05.2014.

**CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY****DEVELOPMENT COMMITTEE (CSR & SD):**

Dr. B D KULKARNI	Director, Chairman (from 23.05.2013 Up to 07.09.2013)
Shri J N SURYAWANSHI	Director, Member (from 23.05.2013 Up to 21.02.2014)
Dr. N J GAIKWAD	Director, Member (from 19.05.2014)
Shri T S GAIKWAD	Director, Member (from 23.05.2014)
Shri SURESH KUMAR R	Director, Member (from 23.05.2013)

**NOMINATION AND REMUNERATION COMMITTEE:**

Dr. N J GAIKWAD	Director, Chairman (from 19.05.2014)
Shri ARUN AGARWAL	Director, Member (from 19.05.2014)
Shri SURESH KUMAR R	Director, Member (from 19.05.2014)

**NOTICE**

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Friday, the 19<sup>th</sup> September, 2014 at 3.00 P.M. at Press Club, Deshodharaka Bhavan, Bashirbagh, Hyderabad - 500 001 to transact the following business .

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2014 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of **Shri. Suresh Kumar R**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
3. To appoint a Director in place of **Shri. Arun agarwal**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
4. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.

**COMPANY SECRETARY**

**PLACE: HYDERABAD**

**DATE : 25.07.2014**

**Regd.Office  
303, Babukhan Estate,**

**SPECIAL BUSINESS**

5. To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications:  
"RESOLVED THAT Smt. Anitha Rajendra, IAS Director who was appointed as APIDC Nominee Director under Article 77 of the Article of Association on 7<sup>TH</sup> September,2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed Director of the Company.
6. To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications:  
"RESOLVED THAT Dr. N J Gaikwad, Independent Director appointed as HOCL Nominee Director under Article 77 of the Article of Association on 21.02.2014 and who holds office up to the date of this Annual General Meeting be and is hereby appointed Director of the Company.

**By order of the Board of Directors  
Of Hindustan Fluorocarbons Ltd.,**

**Sd/-  
(RAJANI.K)**



Basheerbagh, Hyderabad – 500 001.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS. BEFORE THE MEETING.
2. Members/Proxies should bring their attendance slip duly filled in at the meeting.
3. The Register of Members and Shares Transfer Books of the company will remain closed from Thursday the 11<sup>th</sup> September, 2014 to Friday the 19<sup>th</sup> September, 2014 (both days inclusive).
4. Share transfer documents and all correspondence relating thereto and members who hold shares in physical form are requested to notify immediately any changes in their addresses should be addressed to the Registers and Transfer Agents of the company.
5. The company, consequent upon the introduction of the depository system (DS) entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The members, therefore, have the option of holding and dealing in the shares of the company in electronic form through NSDL and CDSL.
6. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.
7. Members are requested to bring their copy of Annual Report at the meeting, as the same will not be distributed again as a measure of economy.
8. An Explanatory statement pursuant to Section 102(2)(a) of the Companies Act, 2013 in respect of the Resolution set out against item no. 5 & 6 of the notice is enclosed.
9. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the company at least 10 days before the AGM so that the same can be suitably replied.
10. The instructions for members for voting electronically are as under:-  
**In case of members receiving e-mail:**
  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on "Shareholders" tab.
  - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.



**(vii) If you are a first time user follow the steps given below:**

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.



- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (D) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Thursday 14<sup>th</sup> August, 2014.
- (E) Mr. Raghavendar Rao Depuru, M/s.Ahalada Rao.V & Associates, Practicing Company Secretary (Membership No. A35788) has been appointed as the Scrutinizer to scrutinize that the e-Voting process is conducted in a fair and transparent manner
- (F) The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-Voting period, unblock the votes in the presence of at least two (2) witnesses not In the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl.no.(i) to sl.no.(xvii) above to cast vote.
- (B) The voting period begins on 12<sup>th</sup> September, 2014. 9.00 a.m. and ends on 14<sup>th</sup> September, 2014. 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14<sup>th</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs")
- (G) The results shall be declared on or after the day of the Annual General Meeting (AGM) of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's websites of Stock Exchanges and CDSL within two (2) working days of passing of the resolutions at the AGM of the Company.
- (H) The resolution shall be deemed to passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of e-Voting results and voting held at the AGM.
- 1.1. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance"





by allowing paperless compliances by the Companies and issued a circular on 21<sup>st</sup> April, 2011.

Section 52 & 53 of the Companies Act, 1956 provides service of documents under "Certificate of Posting" as one of the accepted mode of service where as the Department of Posts has recently discontinued the postal facility under "Certificate of Posting" vide Letter Dated 23.02.2011, the Information Technology Act, 2000 also permits service of documents etc., in electronic mode.

Hence, the service of documents of a company can be made through Electronic mode. So, we request all the members to register their email id's by sending email

along with names, DP id's & Folio Number to the following Mail ID:

**hflshareholders@gmail.com**

**By order of the Board of Directors  
Of Hindustan Fluorocarbons Ltd.,**

**Sd/-  
(RAJANI.K)  
COMPANY SECRETARY**

**PLACE: HYDERABAD**

**DATE : 25.07.2014**

**Regd.Office  
303, Babukhan Estate,  
Basheerbagh, Hyderabad - 500 001.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2)(a) OF THE COMPANIES ACT, 2013.****Item No.5**

Smt. Anitha Rajendra, IAS, Vice President and Managing Director of Andhra Pradesh Industrial Development Corporation of India Ltd ( APIDC) was appointed by APIDC in terms of Article 77 of the Articles of Association of the Company as its Nominee on the Board of Directors of the Company w.e.f. 07.09.2013. Smt. Anitha Rajendra, IAS holds office till the date of ensuing Annual General Meeting by virtue of Section 161 of the Companies Act, 2013 read with Article 77 of the Articles of Association of the Company, and is eligible for appointment.

In terms of section 160 of the Companies Act, 2013, the Company has received a proposal from a member proposing candidature of Smt. Anitha Rajendra, IAS for the office of Director of the Company.

None of the Directors of the company except Smt. Anitha Rajendra, IAS in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the share holders.

**Item No.6**

Dr. N J Gaikwad, Independent Director of Hindustan Organic Chemicals Limited ( HOCL) was appointed by HOCL in terms of Article 77 of the Articles of Association of the Company as its Nominee on the Board of Directors of the

Company w.e.f 21.02.2014 till the holding of the next Annual General Meeting of the Company by virtue of the above and pursuant to Section 161 of the Companies Act, 2013 Dr. N J Gaikwad holds office till the date of ensuing Annual General Meeting of the Company and is eligible for appointment.

In terms of section 160 of the Companies Act, 2013, the Company has received a proposal from a member proposing candidature of Dr. N J Gaikwad for the office of Director of the Company.

None of the Directors of the company except Dr. N J Gaikwad in any way concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the share holders.

**By order of the Board of Directors  
Of Hindustan Fluorocarbons Ltd.,**

**Sd/-  
(RAJANI.K)  
COMPANY SECRETARY**

**PLACE: HYDERABAD**

**DATE : 25.07.2014**

**Regd.Office  
303, Babukhan Estate,  
Basheerbagh, Hyderabad - 500 001.**



## CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 31<sup>st</sup> Annual General Meeting of your Company. I am sure, you must have received The Directors' Report and Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2014 and with your permission I take them as read.

I now proceed to share with you briefly the performance of the company and our activities.

### 1. OPERATIONS AND OVERALL PERFORMANCE

Your Company has made Net loss of Rs. 2482.47 lacs from operations as against the net profit of Rs.94.88 lacs of the previous year. During the year, the sales turnover (net) was Rs.2788.92 lacs as against Rs.4080.31 lacs in the previous year. This is mainly due to employee benefits against wage revision, decrease in sales realization of main product

PTFE and discontinuation of CDM Project in international market. During the year under report production of PTFE was 183.96 Metric Tones as against 154.78 Metric Tones in the previous year. During the year, 555.17 Metric Tones of CFM-22 was sold in the market against 244.73 Metric Tones in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 22.38 Metric Tones of Tetra Fluoro Etylene (TFE) was used to manufacture TFE-ETHER. Quality of all company's products continued to be well accepted by our customers. Company has achieved 86% capacity utilization was achieved as against 82% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

**CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT:**

In absence of buyers from European Union, CER prices was drastically come down, hence company is not generating CERs.

**2. FUTURE OUTLOOK. DIVERSIFICATION:**

In consistence with vision company is making continues efforts to make Fluoro Specialty Chemicals.

Accordingly it is expected that TFE Consumption for Fluoro Specialty Chemicals expected to increase in the current year.

In addition to this some special grades of PTFE is also being tried.

**3. SAFETY, ENVIRONMENT & ISO CERTIFICATION:**

The company continued to lay emphasis on the consciousness about safety among the employees and periodic reviews of safety measures have enabled the company once again to maintain safe operations during the year.

Management is maintaining strictly all the required environmental norms and quality systems as per ISO 9001:2008

**4. INDUSTRIAL RELATIONS**

Employee relations continued to be cordial through out the year. Company continued to follow Govt. policy of reservation in recruitment of SC/ST/OBC. During the year there were no strikes or lock outs affecting the production/profitability.

**5. CORPORATE GOVERNANCE**

Your Company lays emphasis in conducting its affairs with in the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between share holders, Employees and Customers based on the basic principles of Corporate

Governance. The detailed Report on the Corporate Governance as well as Management Discussion Analysis Report is enclosed as a part of the Director's Report. This Report analyses in brief the potentialities of the Company as well as the focus of the Company's business

**6. ACKNOWLEDGEMENTS :**

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year to achieve the targeted goals of the Company. In particular I am grateful to various officials of the Govt. especially from the Govt. of India, Govt of Telangana, the Ministry of Chemicals & Fertilizers, Finance Ministry, Ministry of Environment & Forestry, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, Banks particularly our bankers State Bank of Hyderabad, Statutory/Govt Auditors, Cost Auditors etc for the continued support. In conclusion I am fully confident that with the continued support from all of you my urge to place your Company in the pedestal of success will not be unrealistic.

We on our part would continue our efforts to take your Company into the future by meeting the challenges, grabbing the opportunities in our endeavor in the path towards turnaround. We look forward to your continued support in this ongoing process.

In conclusion I am optimistic that the company would attain significant profits in the near future.

**Thank you all once again.**

**Sd/-**  
**(V B RAMACHANDRAN NAIR)**  
Chairman



## DIRECTORS' REPORT

Your Directors are glad to present the 31<sup>st</sup> Annual Report of the company together with Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:[Section 217(1)(a)]

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2014 is summarized below:

(Rs. in lacs)

Particulars	Financial Year 2013-14	Financial Year 2012-2013
Revenue from operations (including net sales)	3134.45	4447.51
Sales Turnover(Net)	2788.92	4080.31
Gross Profit / (Loss) for the year	(2209.67)	369.89
Less: Interest & Financing Charges	143.89	105.81
Cash Profit / (Loss)	(2353.56)	264.08
Less: Depreciation	114.68	167.88
Profit / (Loss) for the year	(2468.24)	96.20
Add: Prior Period Adjustments	14.23	1.32
Net Profit (Loss)	(2482.47)	94.88

**RESERVES: [Section 217(1)(b)]: Nil**

### DIVIDEND: [Section 217(1)(c)]

In view of the accumulated losses at the end of the Financial Year 2013-14 are carried forward, your Directors do not recommend any dividend on equity shares for the year ended 31.03.2014.

### OPERATIONS AND OVERALL PERFORMANCE

Your Company has made Net loss of Rs. 2482.47 lacs from operations as against the net profit of Rs.94.88 lacs of the previous year. During the year, the sales turnover (net) was Rs.2788.92 lacs as against Rs.4080.31 lacs in the previous year. This is mainly due to employee benefits against wage revision, Decrease in sales realization of main product PTFE and discontinuation of CDM Project in international market. During the year under report production of PTFE was 183.96 Metric Tones as against 154.78 Metric Tones in the previous year. During the year, 555.17 Metric Tones of CFM-22 was sold in the market against 244.73 Metric Tones in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals.

Accordingly, during the year 22.38 Metric Tones of Tetra Fluoro Etylene (TFE) was used to manufacture TFE-ETHER. Quality of all company's products continued to be well accepted by our customers. Company has achieved 86% capacity utilization was achieved as against 82% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

### CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT:

In absence of buyers from European Union, CER prices was drastically come down, hence company is not generating CERs.

### THE RIGHT TO INFORMATION ACT, 2005

In consonance with the provisions of the Right to information Act, 2005, Company has appointed Appellate Authorities/ Public Information officers at all the units/ offices of the company to respond effectively to the request of the applicants under the acts in synchronization with the direction of Central Information Commission(CIC), for promotion of Institutional transparency with in the public



authority through proactive and effective implementation of section 4 of the RTI Acts, 2005, the company has also appointed a transparency officer that company has created necessary mechanism to meet the objective to bring out transparency in the functioning of organization as envisaged by RTI Act.

**CORPORATE SOCIAL RESPONSIBILITY:**

Recognizing the obligation to the society both in the areas of environment protection and social development, company has taken initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the area around the factory. Company is giving aid to schools by way of paying salaries to two Vidya Volunteers.

**HEALTH AND ENVIRONMENT:**

The management has taken the great responsibilities for continuous monitoring and protecting the health and environment as per statutory compliance. The environment is maintained clean as per standard emissions norms and with respect to noise pollution norms prescribed by Central Pollution Control Board and under guidelines of Ministry of Environment and Forests, Govt. of India.

The health record of employees working in production Division is maintained in the Health Register in Form 7.

**FIRE & SAFETY PERFORMANCE:**

The Company pays special attention to ensure safety of the factory and workers employed therein.

The Company accords the same priority attention to safety aspects as it does to production and productivity, be it in a personal safety, process safety, environment safety or product stewardship and allocated adequate resources of men, machine,

money, time and energy to maintain the standards thus performance during the year is very good.

The Company continued to maintain good safety record without any major accident of fire. The financial year 2013-14 was a zero accident year.

A Mock drill is a practice which trains an individual about the course of action to be taken in case of real emergency occurs. This is one of the most effective technique to train, aware & alert people in a process plant location.

A surprise Mock drill was conducted at site to analyze the capacities of Plant, Equipment operating & employees skills towards Emergency preparedness & response.

We are conducting Emergency Mock drill oftenly or once in a year in presence of external Authority i.e Director of Factories AP & higher management of HFL in compliance with ISO 2000 – 2001.

**BOARD OF DIRECTORS**

Shri. V B Ramchandran Nair, Chairman and Managing Director was appointed as Chairman with effect from 12.08.2013.

Shri S V Kanaka Seshu, Nominee Director (APIDC) ceased to be Director of the Company with effect from 28.08.2013. and in his place Smt. Anitha Rajendra, IAS was appointed as Nominee Director with effect from 07.09.2013.

Dr. B D Kulkarni, Nominee Director (HOCL) was ceased as Nominee Director with effect from 07.09.2013.

Shri J N Suryawanshi, Nominee Director (HOCL) was ceased as Nominee Director with effect from 21.02.2014.

Shri. S B Bhide, Nominee Director (HOCL) was ceased as Nominee Director with effect from 21.02.2014.

Dr. N J Gaikwad, Nominee Director (HOCL) was appointed as Nominee Director with effect from 21.02.2014.





Two Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL) and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 31<sup>st</sup> Annual General Meeting of the Company and eligible for re-appointment.

**IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY:**

During the year under report, your Company continued to Promote Hindi as Official Language in day to day working in line with the Government policies for its intensive and extensive efforts for progressive use of the official language. Official Language Implementation Cell of the Company continued to function effectively.

**ISO CERTIFICATION:**

Company's quality management system is accredited as an ISO 9001:2008.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with the provisions required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 Regarding Conservation of energy, Technology Absorption and Foreign Exchange Earning and outgo are given at Annexure I, Form A to this Report.

**RESEARCH & DEVELOPMENT:**

The company is continuously conducting the research and development to deliver goods through innovative development;

- a. It is actively involved in collaborative program with IICT & Defense Research and Development Organisation (DRDO).
- b. Development of superior grades of PTFE are given at Annexure I, Form B to this Report.

**INDUSTRIAL RELATIONS**

Employee relations continued to be cordial throughout the year. Your Company has been implementing reservation policies of GOI for SCs/ STs/OBCs/Persons with disabilities. Representatives of SCs/ STs Categories are associated in Recruitment of Departmental Promotion Committees. A statement showing representation of employees belonging to Scheduled Castes/ Scheduled Tribes/ Backward classes /Minorities categories is appended as Annexure-II to this report.

**PARTICULARS OF EMPLOYEES:**

None of the employees of the company is drawing remuneration requiring disclosure pursuant to Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**VIGILANCE**

With the approval of the Ministry, an Officer of the company has been nominated as "Vigilance Officer" (Part time) from amongst the Officers of the Company to take care of Vigilance functions. Vigilance activities have mainly been directed to check the lacunae in the existing systems and procedures through periodic checks. The instructions of the Central Vigilance Commission received from time to time have been implemented to strengthen the vigilance machinery in the company.

**AUDITORS:**

The Statutory Audit of your Company was conducted by M/s.S Daga & Co Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2013-14 by Comptroller and Auditor General of India (C &AG) as per Section 619(2) of the Companies Act, 1956, Auditors Report on the Accounts of the Company



for the financial year ended 31<sup>st</sup> March, 2014 is at Annexure- III.

The comments of the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956 on the Accounts of the company for the year 2013-14 has been annexed to the Annual Report for the period 2013-14 and forms part of the Annual Report.

Pursuant to the directions of Central Government for audit of Cost Accounts, your company has appointed M/s. DZR & Co as cost auditors for the year ended 31<sup>st</sup> March, 2014 as prescribed under the Cost Accounting Records (Reports) Rules, 2011, the cost accounting records are being maintained by all the units of the company. The Cost Auditor Reports for the year financial year 2012-13 were filed on 11/11/2013.

#### **LEGAL COMPLAINEE**

The Company has complied with all the legal provisions effectively. Although it has filed two petition to Company Law Board during the financial year 2011-12 regarding condonation of delay in filing of satisfaction of charge documents of Life Insurance Corporation of India, with the Registrar of Companies.

#### **INSURANCE:**

All properties and insurable interest of the company including building, plant and machinery and goods are adequately insured. As required under Public Liability Insurance Act, 1991, the company has taken necessary insurance cover.

#### **TRADING AND DEMAT FACILITIES FOR SHARES:**

The company shares are listed in Bombay Stock Exchange (BSE). Company got ISIN No.INE 806J01013 and demat facilities with Central Depository Services (India) Limited, (CDSL) and

with National Securities Depository Limited (NSDL) for the equity shares of the company.

84.02% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2014- total accounts Dematerialized is 1656 involving 16467350 shares (which constitutes 84.02% of the share capital) .

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

In accordance with the Listing Agreement, the Management discussion and analysis report is annexed hereto in Annexure - IV and forms part of the Directors' Report.

#### **RISK MANAGEMENT**

In pursuance to comply with Clause 49(IV) (C) of the Listing Agreement and Clause 7.3 of the DPE Guidelines on Corporate Governance for CPSEs, The Risk Management process includes Risk Identification, Risk assessment, Risk evaluation, categorization, Risks treatment plan for mitigation of risks and escalation/ reporting of risks to Board. some of the risks and concerns, which we are facing as follows:

- Obsolete Technology and uneconomical plant size.
- Manpower cost is high.
- Investment is required to upgrade the technology of old plant to reduce the cost of production.
- PTFE Prices are continuously reducing.

**To mitigate the above risks your company has taken following action:**

- **Company is already working on development of advanced grades of PTFE, Which will reduce dependency of existing grades of PTFE.**





- **Company is in the process of refurbishment of the existing plant with the help of loan from GOVT, this will increase the efficiency.**

**CORPORATE GOVERNANCE**

The Company has complied with the various requirements of Corporate Governance. The details in this regard form part of this report in Annexure-V.

**COMPLIANCE OF DPE GUIDELINES & POLICIES:**

The Guidelines & policies issued by the Department of Public Enterprises from time to time are being complied with and implemented with the approval of the Board of Directors/ Competent Authority.

**TRAINING OF BOARD OF DIRECTORS:**

The company furnishes set of documents and booklets to the Directors on their joining the Board. This includes important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance guidelines, Delegation of powers, Product line brochures etc. A copy of the monograph on position, duties and liabilities of Directors is also circulated among the Directors.

**CODE OF CONDUCT:**

In line with the requirements of Clause 49 of Listing Agreement, the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the financial year ended 31<sup>st</sup> March, 2014.

The Company has adopted "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company. The object is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The code is available on Company's website [www.hfl.co.in](http://www.hfl.co.in). All directors and senior management personnel have

complied compliance with the Code of Conduct and ethics as on 31<sup>st</sup> March, 2014.

**MISSION/ VISION:**

**To position itself to be a niche player in the production of Fluorospeciality chemicals by 2015.**

**OBJECTIVES :**

- 1. To increase the capacity utilization from 80% to 90% during the financial year 2013-14.**
- 2. To Endeavour to convert entire quantity of TFE into various Fluoro Speciality Chemicals by 2015-16.**

**RESPONSIBILITY STATEMENT:**

The Directors confirm:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such



internal financial controls are adequate and were operating effectively.

*Explanation.* — For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year to achieve the targeted goals of the Company. In particular I am grateful to various officials of the Govt. especially from the Govt. of India, Govt of Telangana, the Ministry of Chemicals & Fertilizers, Finance Ministry, Ministry of Environment & Forestry, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere

appreciation to our valued customers, suppliers, Statutory Bodies, Investors, Banks particularly our bakers State Bank of Hyderabad, Statutory/Govt Auditors, Cost Auditors etc for the continued support. In conclusion I am fully confident that with the continued support from all of you my urge to place your Company in the pedestal of success will not be unrealistic.

We on our part would continue our efforts to take your Company into the future by meeting the challenges & grabbing the opportunities in our endeavor in the path towards turnaround. We look forward to your continued support in this ongoing process.

In conclusion we are optimistic that the company would attain significant profits in the near future.

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

**By order of the Board of Directors  
of Hindustan Fluorocarbons Ltd.,**

**Sd/-  
(V.B.RAMACHANDRAN NAIR)  
CHAIRMAN**

**PLACE: HYDERABAD**

**DATE : 25.07.2014**



### Annexure-I to Directors' Report

#### ENERGY CONSERVATION MEASURES TAKEN:

The following Energy conservation measures were taken in the financial year 2013-14:

SI.No.	PARTICULARS	Investment	Savings Per Annum
1.	Modifications in cooling water pipeline distributions by the interconnection of two cooling towers.	Rs. 2 Lakhs	Rs. 4 Lakhs
2.	New DM plant commissioned, thereby completely stopping the old exhausted and heavily leaking corroded DM unit.	Rs. 20 Lakhs	Rs. 6 Lakhs
3.	Replaced 100 W GLS lamps=20 nos with 20W CFL lamps in the month of October 2013.	Rs. 0.035 Lakhs	Rs. 0.52 Lakhs
4.	Majorly cold Insulation patch up works were carried out in distillation tower as well as TFE storage vessels area during annual shutdown period, thereby reduced the running of compressor by 2 - 3 hrs in a day.	Rs. 5.60 Lakhs	Rs.7.72 Lakhs

#### FUTURE PLANS:

Future plans for energy conservation for the financial year 2014-15 is as follows:

SI No	PARTICULARS	Expected Investment	Expected Savings Per Annum
1.	Condensate recovery	Rs. 4 Lakhs	Rs. 6 Lakhs
2.	Switch over to briquette fired boiler from Furnace oil fired boiler.	Rs. 40 Lakhs	Rs. 140 Lakhs
3.	Existing three methanol-40 Deg C refrigeration systems will be replaced by Two new energy efficient screw compressors.	Rs. 90 Lakhs	Rs. 50 Lakhs
4.	New Energy efficient cooling water pump with motor(90KW) with a higher flow rate (600 m <sup>3</sup> /hr) and pressure in place of the existing running pumps (75KW + 55 KW).	Rs. 2.50 Lakhs	Rs. 22.75 Lakhs
5.	Modernization of Automation of pneumatic valves in Poly area.	Rs. 10 Lakhs	Rs. 5 Lakhs
6.	Replacement of 2 X 40 W T8 tube light fixtures with 2 X 28W T5 tube light fixtures = 50 no.s	Rs. 1.25 Lakhs	Rs. 0.45 Lakhs


**FORM A**
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	CURRENT YEAR	PREVIOUS YEAR
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased units	6588330 KWH	8309655 kwh
TOTAL AMOUNT	Rs. 4974297.37	Rs. 45401239.49
Rate/Unit	Rs. 7.55	Rs. 5.46
b) Own Generation		
i) Through Diesel Generator	52330 KWH	59790 KWH
Units per Liter of Diesel Oil	2.90KWH	2.43 KWH
Cost per unit	Rs. 16.91	Rs.17.91
ii) Through Steam Turbine	-	-
Generator Units	-	-
<b>2. FURNACE OIL</b>		
Quantity	412.77 KL	565.75 MT
Total Amount	Rs. 22018131.13	Rs.29413947.88
Average rate per KL	Rs.53342.37	Rs. 51991.07
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
PRODUCT: PTFE (MT)	183.958	154.681
Electricity per MT of PTFE	Rs. 14956.45	Rs. 16283.80
Furnace oil per MT of PTFE	2.243 KL	3.657 KL
HSD rate per KL	Rs. 50575.08	Rs. 43535.45
Technology Absorption	Nil	Nil
Foreign Exchange earnings and outgo	Rs. 7.48 lacs	Rs.573.40 lacs



## FORM B

**1. SPECIFIC AREAS IN WHICH R&D WORK CARRIED OUT BY THE COMPANY**

- i. BENCH SIZE REACOTR: Trails were conducted for production of TFE Ether and increased the purity from 60% to 85 %. Samples were sent to Japan for approval.
- ii. Literature survey on suspension polymerization of FEP completed. Trials were conducted on suspension polymerization of FEP and achieved 4 % of HFP incorporation and further trials are in progress to increase the incorporation of HFP.

**2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R&D**

- i. Samples of TFE Ether were approved by the party which will increase the product range of the company.

**3. FUTURE PLANS**

- a. Development of Fluoro elastomer for TBRL, Chandigarh
- b. Separation of HFP from vent gas.
- c. Development of superior grades of PTFE.

**Annexure-II to Directors' Report****Consolidated report as on 31-03-2014 (SC/ST/OBC/WOMEN/Minority)**

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	83	09	01	16	02	04
B	-	-	-	-	-	-
C	46	07	04	15	01	-
D	26	06	13	07	-	-
<b>TOTAL</b>	<b>155</b>	<b>22</b>	<b>18</b>	<b>38</b>	<b>03</b>	<b>04</b>

**ANNEXURE-III TO THE DIRECTORS' REPORT  
INDEPENDENT AUDITOR'S REPORT**

To  
The Members,  
Hindustan Fluorocarbons Limited.

***Report on the Financial Statements***

We have audited the accompanying financial statements of HINDUSTAN FLUOROCARBONS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 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, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgment, 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 auditor considers 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 entity'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 statement 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;

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

***Other Matters***

Without qualifying our report we refer to:

Note No. 14A regarding Trade Receivables, Trade payables, sundry balances of debit and credit of parties are subject to confirmation and review by the management;

***Report on Other Legal and Regulatory Requirements***

1. As required by the Companies (Auditor's 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 September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 **S.DAGA & CO.**,  
Chartered Accountants,  
(F.No.000669S)  
Sd/-  
**(Pavan Kumar Bihani)**  
M.No. 225603  
Partner

Place: Hyderabad  
Date: 19.05.2014

#### ANNEXURE TO AUDITORS REPORT:

(Annexure referred to in Point 1 of Other Legal and Regulatory Requirements of the Report of the Auditors)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by management during the year and there is regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed no major material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
2. (a) As explained to us, the stocks of finished products, stock-in-process and raw materials have been physically verified by the management during the year. Stock of stores and spare parts are reported to be physically verified in accordance with the procedure followed by the management. In our opinion, the frequency of such physical verification of stocks is reasonable.
- (b) In our opinion, the procedure of physical verification of stocks followed by the management is 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 and no material discrepancies have been noticed on physical verification of stocks compared to the books/records.
3. (a) The company has not granted any loans secured or unsecured to Companies, Firms or other parties covered in the registers maintained under section 301 of the Companies Act, 1956.





- (b) The Company has taken secured loan from its holding company, Hindustan Organics Company Limited, covered in the register maintained under section 301 of the Companies Act 1956 and the maximum amount involved during the year was Rs. 3759.14 lakhs (Pr. Year Rs.3956.23 lakhs) and the year - end balance is Rs. 3759.14 lakhs (Pr. Year Rs. 3701.43 lakhs )
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the holding company, are not prima facie prejudicial to the interest of the company.
- (d) The Company is irregular in repaying the principal amount as stipulated and also irregular in payment of interest. The overdue of principal and interest at the close of the year is Rs.2431.82 lakhs (Pr. Year Rs. 1830.83 lakhs)
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956 in respect of transactions during the year, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A, 58AA of the Companies Act 1956 or any other relevant provisions of the act and the rules made there under.
7. The internal audit of the company has been entrusted to an independent firm of Chartered Accountants to carry out the functions as Internal Auditors. In our opinion the company has internal audit system commensurate with the size and nature of business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act. 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income-tax, CST/VAT, Wealth-tax, Service- tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it. However company contribution towards Provident Fund amounting to Rs.129.86 lakhs (Pr. Year Nil) is not paid since March 2013. The arrears of CST/VAT outstanding at the close of previous year have been deposited during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect





- of income-tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable except contribution to Provident Fund unpaid since March, 2013 amounting to Rs.129.86 lakhs (Pr. Year Nil);
10. The accumulated losses of the company as at the end of the year are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit and also has incurred cash losses in the immediately preceding financial year. The company is under the Scheme of BIFR and hence considered as a Sick Company as per Sick Industries Companies (Special Provisions) Act, 1985.
  11. The Company has not defaulted in repayment of dues to financial institutions during the current financial year. There are no over dues as on 31<sup>st</sup> March, 2014.
  12. The Company has not granted any loans and advances on the basis of shares, debentures and other securities of a similar nature and hence maintenance of documents and records relating to such items are not applicable.
  13. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause-4 (iii) of the Companies (Auditor's Report) Order, 2003, is not applicable to the Company.
  14. The Company has not dealt in or traded in shares, securities, debentures and other investments.
  15. The Company has not given any guarantee for loans taken by others from banks and financial institutions.
  16. In our opinion, the term loans have been applied for the purpose of which they were raised.
  17. In our opinion and as per the explanations given to us, no funds raised on short term basis have not been used for long term purposes and vice-versa.
  18. The Company has not made any preferential allotment of the shares during the year.
  19. The Company has not issued any debentures during the year.
  20. The Company has not raised any money by public issues during the year.
  21. Based upon the audit procedures performed and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S Daga & Co.,**  
Chartered Accountants  
(FRN 000669S)

Place: Hyderabad  
Date: 19.05.2014

Sd/-  
**(Pavan Kumar Bihani)**  
M.No. 225603



## Annexure-IV to Directors' Report

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Financial year of the company consists of 12 months ended as on 31<sup>st</sup> March, 2014.

### INDUSTRY STRUCTURE & FUTURE OUTLOOK:

Sales realization of existing PTFE grades have been reduced last 2 years to overcome this impact strategic decision has been taken to manufacturer superior grades of PTFE which can be manufactured in existing facilities accordingly agreement has been signed with technology supplier to manufacturer superior grades of PTFE companies confident that during the current year this product will launched.

### KEY OPPORTUNITIES:

Development of superior grades of PTFE and Fluoro Speciality Chemicals.

### KEY THREATS INCLUDE:

PTFE Prices continuously decreasing from last two years.

### SEGMENT WISE PERFORMANCE:

The company is primarily having one segment i.e., PTFE

Production (MT)	Year ended 31/03/2014	Year ended 31/03/2013
PTFE	183.96	154.78

### OUTLOOK & INITIATIVE FOR CURRENT YEAR

Company sharing about 5-8% of the Indian Market .considering present pricing it is difficult to maintain this share hence it has been decided to manufacturer more superior grades which can be sold in the niche market. Exported niche market and Indian market.

In addition to above efforts are being taken to develop Fluoro specialty chemicals which will

increase the TFE Consumption and simultaneously reduce the PTFE Prices. Because margins in PTFE is less as compared to Fluoro specialty chemicals.

Company is continuously taking all efforts to reduce the specific consumption of Raw materials. Accordingly it has been decided to replace briquette fuel in place of Furnace oil.

### INTERNAL CONTROL SYSTEM AND ADEQUANCY

Internal controls are supported by Internal Audit and Management reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels.

As part of good Corporate Governance the Audit Committee constituted by the Board periodically reviews the internal controls, Audit programmes, Financial Results, Recommendations of the Auditors and Management replies to the Auditors qualifications, etc

### REVIEW OF FINANCIAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and generally accepted accounting principles.

The financial performance highlights are as follows:

The sales turnover was Rs.2788.92 lacs against Rs.4080.31 lacs for the previous year and operating loss for the year Rs.2482.47 lacs as against operating profit Rs.94.88 for the previous year.

### CAUTIONARY STATEMENT:

Statement in this Management Discussion Analysis describing the Company's objectives, Projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations.

**(Annexure V to Director's report)****CORPORATE GOVERNANCE REPORT AS ON 31.03.2014****1. The Directors present the Company's Report on Corporate Governance:**

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's management, its Board, its shareholders and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are also set. The Management believes that strong and sound corporate governance is an important instrument of protection of stake holders, through transparency, professionalism, accountability and adequate disclosures. The company continuously endeavors to improve on these aspects on an ongoing basis.

The key to good Corporate Governance is well functioning Board of Directors. Board is responsible to shareholders for performance of the Company. Company cannot prosper without the trust and support of its shareholders.

Given below is the Report of Directors on Corporate Governance in accordance with the provisions of Listing Agreement.

**2. BOARD OF DIRECTORS:**

The Board of Directors oversees all major actions proposed to be taken by the Company. The Board also reviews and approves the strategic and business plans including monitoring corporate performance.

**a) Composition of the Board:**

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time) the number of Directors of the Company shall neither be less than three and more than twelve. The Directors shall not require to hold any qualification shares.

As on 31<sup>st</sup> March, 2014, that Board of Directors must be an optimum combination of executive and non-executive directors representing the different fields. The strength of Board of Directors as on 31.03.2014 is Six. The Board comprises of one Executive Director, three Non Executive directors nominated by HOCL of which one Director is Chairman of the Board, One Non-Executive Director Nominated by APIDC, and One Non-Executive Director Nominated by Govt of India, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers.



SlNo	Directors/Shri	Category of Director (ED,NED, NEID)	Date of appointment	Date of Ceasure	No.of Other Director-ships	Member-Ship in other Board Committees	Chairman Ship in Board and Other Board Committees
1.	R N Madangeri	Chairman, HOCL Nominee, NED	01.02.2008 01.09.2010	30.04.2013	2	3	5
2.	T S Gaikwad	MD,ED	01.01.2008	-	-	4	-
3.	Dr. B D Kulkarni	HOCL Nominee, NEID	31.01.2009	07.09.2013	-	2	1
4.	S V Kanaka Seshu	APIDC Nominee, NED	18.10.2010	28.08.2013	7	3	-
5	J N Suryawanshi	HOCL Nominee, NED Chairman	04.11.2011 01.05.2013	21.02.2014 12.08.2013	2	4	-
6	Arun Agarwal	Govt Nominee, NED	13.03.2012	-	1	3	-
7	Suresh Kumar R	HOCL Nominee, NED	13.07.2012	-	2	3	-
8	S B Bhide	HOCL Nominee, NED	07.09.2012	21.02.2014	2	2	-
9	V B Ramachandran Nair	Chairman, HOCL Nominee, NED	12.08.2013	-	2	4	-
10	Anitha Rajendra, IAS	APIDC Nominee, NED	07.09.2013	-	12	4	-
11	N J Gaikwad	HOCL Nominee, NEID	21.02.2014	-	2	-	3

**ED:** Executive Director, **NED:** Non-Executive Director, **NEID:** Non-Executive Independent Director

The non-executive independent Directors are independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under listing agreement with Indian Stock Exchanges' Corporate Governance standards.

**CHANGES IN THE BOARD OF DIRECTORS:**

1. Shri. V B Ramchandran Nair, Chairman and Managing Director was appointed as Chairman with effect from 12.08.2013.
2. Shri S V Kanaka Seshu, Nominee Director (APIDC) ceased to be Director of the Company with effect from 28.08.2013. and in his place Smt. Anitha Rajendra, IAS was appointed as Nominee Director with effect from 07.09.2013.
3. Dr. B D Kulkarni, Nominee Director (HOCL) was ceased as Nominee Director with effect from 07.09.2013.
4. Shri J N Suryawanshi, Nominee Director (HOCL) was ceased as Nominee Director with effect from 21.02.2014.
5. Shri. S B Bhide, Nominee Director (HOCL) was ceased as Nominee Director with effect from 21.02.2014.
6. Dr. N J Gaikwad, Nominee Director (HOCL) was appointed as Nominee Director with effect from 21.02.2014.

Two Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL) and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 31<sup>st</sup> Annual General Meeting of the Company and eligible for re-appointment.

**a) PROFILE OF DIRECTOR****Shri. V B Ramchandran Nair: (From 12.08.2013)**

Qualification: BSC(Engg.); MBA; PGDPM

Business/Occupation: Govt Service – CMD of HOCL (CPSE)

Experience:

4 years with Kerala Minerals and Metals Ltd, Kollarn; Kerala as Executive Trainee and as Asst Project Engineer(Dec 1981 – Dec 1985)

Dec 1985 joined HOCL as Senior Mechanical Engineer

1988-1992: Worked as Asst.Manager (Mechanical)

1992-1996: Worked as Dy.Manager(Mechanical)

1996-2001: Worked as Manager (Mechanical)

July 2001-June 2006: Worked as Chief Engineer Mechanical)

July 2006- June 2010: Worked as DGM (Mechanical)/GM (Mechanical)

June 2010-16/6/2013: Worked as CGM (P&E)

17/6/2013 Onwards: CMD of HOCL

**Smt. Anitha Rajendra, IAS ( From 07.09.2013)**

Qualification: Master Degree in Law and Master in arts from osmania university IAS in 1998 AP Cader



Business/Occupation: Vice Chairman and Managing Director in APIDC

Experience:

General Manager- AP Scheduled Tribe Co-operative Finance Corporation Limited ( TRICOR)

Joint Director (Planning & Administration), Women Development & Child Welfare Development.

Chief Executive Officer, Zilla Parishad, Visakhapatnam

Vice-Chairman & Managing Director, Andhra Pradesh Foods

Joint Collector, Anantapur

Director, Department for welfare of Disadled & Senior Citizens

Director, Women & Child welfare Department

Collector, Prakasam.

**Dr. N J Gaikwad (From 21.02.2014)**

Qualification: M. Pharm., Ph.D, LLB, D.B.M.B.J.

Business/Occupation: Govt Service – Professor and Head of the Department of Pharmaceuticals science Rashtrasant Tukadoji Maharaj Nagpur University.

**b) RESPONSIBILITIES:**

The Board has a formal schedule of matters reserved for its consideration and decision which includes review of corporate performance, financial resources, strategy formulation, policy and control, organizational structure and reporting to shareholders. The combined wisdom and experience of the Board has brought a wide range of skills and professionalism to the functioning of the organization.

**c) ROLE OF INDEPENDENT DIRECTORS:**

The independent directors including the nominee directors play an important role in the deliberations at the Board Meetings and bring to the Company their wide-ranging experience in the fields of finance, audit, marketing, technical, engineering and public policy. All independent directors were members of the Audit Committee.

**d) BOARD MEETINGS:**

The meetings of the Board of Directors are generally scheduled well in advance and are generally held either at Hyderabad where Regd. Office of the company is located or at Holding Company, HOCL Corporate Office at Mumbai. The members of the Board have access to all information of the company and are free to recommend inclusion of any matter in the agenda for discussion. Senior management personnel are invited to attend the board meeting for clarifications as and when required.

During the year under review, Board Meetings were held on 23.05.2013, 12.08.2013, 10.10.2013, 06.11.2013, 06.12.2013, 10.01.2014, 06.02.2014, and 15.03.2014.



The attendance of the Directors at Board Meeting is as follows:

Sl.No.	Directors	Board Meetings Held	Board Meetings Attended	Attendance at the Last AGM
1	Shri R N Madangeri, Chairman	08	-	NA
2	Dr. B D Kulkarni, Independent Director (up to 07.09.2013)	08	2	NA
3	Shri T S Gaikwad, Managing Director	08	08	YES
4	Shri Arun Agarwal, Govt Nominee Director	08	04	NO
5	Shri S V Kanaka Seshu, APIDC Nominee Director (up to 28.08.2013)	08	-	NA
6	Shri J N Suryawanshi, HOCL Nominee Director (up to 21.02.2014)	08	06	NO
7	Shri Suresh Kumar R, HOCL Nominee Director	08	08	YES
8	Shri S B Bhide, HOCL Nominee Director (up to 21.02.2014)	08	07	NO
9	Shri. V B Ramachandran Nair, Chairman (From 12.08.2013)	08	07	YES
10	Smt. Anitha Rajendra, IAS, APIDC Nominee Director (From 07.09.2013)	08	1	NA
11	Dr. N J Gaikwad, Independent Director (From 21.02.2014)	08	1	NA

### 3. COMMITTEES OF THE BOARD

To enable better and more focused attention on the efforts of the company, the Board delegates particular matters to the Committees of the Board set up for the purpose with adequate delegations of powers and to discharge urgent business of the company. These Committees are (a) Audit Committee (b) Share Transfer and Shareholders/Investors' Grievance Committee (c) CSR & SD Committee (d) Nomination and Remuneration Committee.

The details of the Audit Committee, Share Transfer/Shareholder's/Investor's Grievance Committee, CSR & SD Committee and Nomination & Remuneration Committee.

#### a. AUDIT COMMITTEE OF THE DIRECTORS:

##### (i) Terms of Reference:

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292(A) of the Companies (Amendment) Act, 2002, the Committee reviews reports of the Internal Auditors, meets internal Auditors periodically and discusses their findings, suggestions, internal control systems, compliance with the accounting standard, scope of audit, observations of the Auditors and other related matters. The committee also reviews the major accounting policies followed by the company.



The committee invites senior executives as it considers appropriate at its meetings. MD and Chairman of HFL Board and Head of Internal Audit (on invitation) attend the meetings of Audit Committee as special invitees.

The representatives of the Statutory Auditors are also invited to attend the meetings.

**(ii) Composition:**

The Committee as on 31<sup>st</sup> March, 2014 comprised of three non Executive Directors. The Committee met three times during the year 2013-14 i.e., 23.05.2013, 12.08.2013 and 06.02.2014.

Further, in compliance of Clause 49( II) of the Listing Agreement with Stock Exchange, the Audit Committee was reconstituted at the Board Meeting held on 15.03.2014 comprising of Dr. N J Gaikwad Nominee Director as Chairman of the Committee, Shri. Arun Agarwal, Nominee Director as Member, Shri. Suresh Kumar R, Nominee Director as member and Smt. Anitha Rajendra, Nominee Director as Member of the Committee.

**(iii) The attendance of the members at the meetings was as follows:**

Name of the Member	Status	No. of Meetings attended
1. Shri S V Kanaka Seshu	Chairman (up to 12.07.2012) Member (From 13.07.2012)	-
2. Shri Arun Agarwal	Member	03
3. Shri J N Suryawanshi	Member	03
4. Shri Suresh Kumar R	Member	03
5. Dr. B D Kulkarni	Member (up to 12.07.2012) Chairman (From 13.07.2012 up to 07.09.2013)	02
6. Smt. Anitha Rajendra, IAS	Member (from 06.11.2013)	01
7. Dr. N J Gaikwad	Chairman (from 15.03.2014)	-

**b. SHARE TRANSFER AND SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

As required under the Companies Act, 1956, the company already has a Share Transfer and Share Holders/Investor's Grievance Committee was reconstituted at the Board Meeting held on 15.03.2014 comprising of Shri.V B Ramachandran Nair, Chairman as Chairman , Shri.T S Gaikwad, Managing Director as Member, Shri. Suresh Kumar R, Nominee Director as member and Smt Anita Rajendra Nominee Director as member of the Committee. The quorum of the Committee is two.

**SHARE TRANSFER SYSTEM:**

The company has a Share Transfer Committee which is authorized to transfer securities as and when they are received both under physical and electronic mode. Further for dematerialisation of shares Company shares can be dematerialized with CDSL and NSDL under ISIN No.INE 806J01013.





The share transfer committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and re-materialization of shares. There were no pending complaints and requests for demat. This committee is vested with requisite powers and authorities to specifically look into the redressal of grievances of shareholders and investors.

The letters received from the investors were attended/resolved to the satisfaction of investors. The transfers of shares were affected within the stipulated time.

The Committee met 17 times and the details are as under: 04.04.2013, 09.04.2013, 22.04.2013, 02.05.2013, 07.05.2013, 22.05.2013, 21.06.2013, 08.07.2013, 23.07.2013, 12.08.2013, 27.09.2013, 24.10.2013, 14.11.2013, 25.11.2013, 25.02.2014, 06.03.2014, 26.03.2014.

**Summarized information on complaints received and resolved during 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014:**

Sl. No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2014
1.	Non-receipt of Dividend	NIL	NIL	NIL
2.	Non-receipt of shares lodged for transfer	NIL	NIL	NIL
3.	Others (N/R of Annual Report, etc).	NIL	NIL	NIL

Please note that the grievances, if any, have been redressed within 30 days of the receipt thereof.

**c. CSR & SD COMMITTEE:**

**Terms of Reference:**

The terms of reference of the Board Committee on Corporate Social Responsibility and Sustainability Development for recommending the CSR & SD expenditure, CSR &SD Activities and their plans and Monitoring system.

**Composition:**

The Committee was Re-constituted at the Board Meeting held on 19<sup>th</sup> May, 2014 comprising of Dr. N J Gaikwad, Independent Director as a Chairman, Shri.T.S.Gaikwad, Managing Director as a Member and Shri Suresh Kumar R, Nominee Director as a Member.

**d. NOMINATION AND REMUNERATION COMMITTEE:**

**Terms of Reference:**

1. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
2. Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

**Composition:**

The Committee was constituted at the Board Meeting held on 19<sup>th</sup> May, 2014 comprising of Dr. N J Gaikwad, Independent Director as a Chairman, Shri.Arun Agarwal, Nominee Director as a Member and Shri Suresh Kumar R, Nominee Director as a Member.

**1. DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2013-2014:**

Name	Amount (Rs.lacs)			
	Salary including perks	Arrears	Retirement benefits	Total
1. T S Gaikwad	17.16	0	0	17.16



The Executive Directors have been appointed by the President of India for a period of 5 years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period either side on three months notice or on payment of three months salary in lieu thereof.

The company has not given any stock options.

- i. **Non-executive Directors:** The Company does not pay any remuneration to non-executive Directors for attending the meetings of the Board of Directors thereof. The company pays Sitting Fees and out of pocket expenses at the rate of Rs.1000/- per meeting per Non Executive Director for attending each meeting of the Board of Directors and also Rs.1000/- for attending each meeting of Committee of the Directors. The details of sitting fees paid during the year 2013-14 are as follows:

SI No.	Name of the Director	Sitting fees (including out of pocket expenses) Amount(Rs.)
1	Dr B.D.Kulkarni	Rs.4000.00
2	Smt Anita Rajendra(APIDC)	Rs.2000.00
3	Dr. N J Gaikwad, Independent Director	Rs.1000.00

Non Executive Directors does not hold any shares in the Company.

#### 4. ANNUAL GENERAL MEETINGS

The last three Annual General Meetings of the company were held as under:

Particulars	FY-2010-2011	FY-2011-2012	FY-2012-2013
Date	12.08.2011	21.09.2012	07.09.2013
Time	3.00 P.M	3.00 P.M.	3.00 P.M.
Venue	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001

No special resolutions were passed in previous three General Meetings.

No special resolutions were passed through postal ballot at the last Annual General Meeting (AGM).

No special resolutions are proposed through postal ballot at the forthcoming Annual General Meeting.

#### 5. DISCLOSURES:

- i. There was no materially significant related party transaction with its Directors/or the management of Subsidiary or relatives that may have potential conflict with the interests of Company of large.
- ii. **Sale of unused land :** Company is in a process to transfer 20 acres of land to Central Institute of Plastics and Engineering Technology (CIPET), which is an autonomous body under the Ministry of Fertilisers and Chemicals @ Rs.35 lacs per acre total amounting to Rs.7 crores.
- iii. There was no case of Non-compliance by the Company of Statutory Provisions of the Companies Act, 1956 or SEBI regulation or provisions of listing Agreement or any other Statutory Authority. Further, these authorities have never passed any structure of imposed any penalties on the Company on any matter related to capital markets, during the last three years.
- iv. **Whistle Blower policy:** Your company has instituted procedures for the receipt, retentions and dealing with complaints. Nonetheless no personnel have been denied access to the Audit Committee.
- v. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause are provided in this report.


**6. MEANS OF COMMUNICATION:**

The Board Meeting Notices before 7 days and General Meeting Notices before 21 clear days from the date of meeting held are published in the financial express (English) and Andhra Prabha (Telugu) Daily News Papers.

As required under Clause 41, Company issues a notice of at least 7 days in advance to the Stock Exchange of the Board Meetings in which the unaudited/ audited Financial Results are due for consideration. Further the said results are intimated immediately after they are taken on record/ approved to the Stock Exchange. These Financial results are normally published in the Financial Express (English) and Andhra Prabha (Telugu) within 48 hours of the conclusion of the said meeting.

Management Discussion and Analysis report forms part of this Annual report

When ever a Director is appointed or reappointed Stock Exchanges are intimated through Fax/ Speed Post/Courier Service.

**7. GENERAL SHAREHOLDER INFORMATION:**
**Compliance Officer:**

Mrs.Rajani.K, Company Secretary of the Company is the Compliance Officer of the Company under Clause 47 of the Listing Agreement.

Registered Office	303, Babukhan Estate, Basheerbagh, Hyderabad – 500 001.
Annual General Meeting	Date & Time : 19 <sup>th</sup> September, 2014 at 3.00 p.m Venue : at Press Club, Deshodharaka Bhavan, Bashirbagh, Hyderabad-500 001
Tentative Financial Calendar	1 <sup>st</sup> unaudited Quarter Results on or before 14 <sup>th</sup> August of the year. 2 <sup>nd</sup> unaudited Quarter Results on or before 15 <sup>th</sup> November of the year. 3 <sup>rd</sup> unaudited Quarter Results on or before 15 <sup>th</sup> February of the following year. 4 <sup>th</sup> unaudited Quarter Results on or before 15 <sup>th</sup> May of the following year or Annual Audited Results on or before 30 <sup>th</sup> May of the following year.
Date of book closure	(For the purpose of Annual General Meeting) 11.09.2014 to 19.09.2014 (both days inclusive)
Dividend payment date (tentative)	N.A
Listing on Stock Exchanges	The shares of the Company are listed on- The Stock Exchange, Mumbai Stock Code at BSE: 524013
Registrar & Transfer Agents	M/s Sharepro Services (India ) Pvt.Ltd., 13AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off.Andheri-Kurla Road, Sakinaka, Mumbai – 400 072. Tel:67720300/351/352, 67720400/211872, Fax : 28591568 e-mail: sharepro@shareproservices.com.


**MARKET PRICE DATA**

Scrip Code: 524013

Scrip Id: HINFLUR

The high/low prices of Equity shares traded month wise as available at BSE site are stated hereunder.

(All Rupees)

Month	Open Price	High Price	Low Price	Close Price
Apr-13	6.60	6.60	4.97	4.97
May-13	5.20	5.73	5.20	5.73
Jun-13	5.45	5.45	5.45	5.45
Jul-13	5.18	6.27	5.18	6.00
Aug-13	5.71	5.71	4.18	4.18
Sep-13	3.98	5.67	3.95	5.67
Oct-13	5.95	7.90	4.57	4.57
Nov-13	4.50	4.72	4.13	4.70
Dec-13	4.70	4.70	3.50	3.96
Jan-14	3.85	4.45	3.53	3.70
Feb-14	3.88	3.88	3.35	3.86
Mar-14	3.67	4.63	3.33	4.60

**DISTRIBUTION OF SHAREHOLDING**

 The Distribution of holdings as on 31<sup>st</sup> March, 2014 was as follows:

Description	Holders(s)		Holdings(s)	
	Folios	%	Shares	%
Less than 500	14201	92.30	2441524	12.46
501-1000	734	4.77	621133	3.17
1001-2000	228	1.48	349315	1.78
2001-3000	72	0.47	184127	0.94
3001-4000	29	0.19	104589	0.53
4001-5000	37	0.24	175461	0.90
5001-10000	40	0.26	282867	1.44
Above 10000	44	0.29	15440084	78.78
Total	15385	100	19599100	100



Share Holding Pattern as on 31<sup>st</sup> March, 2014 was as under:

Category	No. of shares held	Percentage of Shareholding
<b>I. CONTROLLING/STRATEGIC HOLDINGS:</b>		
1. Hindustan Organic Chemicals Limited	11060000	56.43
2. A.P.Industrial Development Corpn.Ltd.	870000	4.44
SUB TOTAL	11930000	60.87
<b>II. FREE FLOAT:</b>		
<b>A. BASED IN INDIA</b>		
1. Indian Individuals/HUFs	5474072	27.93
2. Indian Corp.Bodies/Trustees/Partnership	831895	4.45
3. Independent Directors & Relatives	0.00	0.00
4. Present employees	60700	0.31
5. Banks/Financial Institutions	660600	3.37
6. Insurance companies	296417	1.51
7. Mutual funds	0.00	0.00
SUB-TOTAL	7322684	37.37
<b>B BASED OVERSEAS:</b>		
1. Non-resident Indians	345416	1.76
GRAND TOTAL	19599100	100.00

#### DEMATERIALIZATION OF SHARES & LIQUIDITY:

The shares of the Company are compulsorily traded in Dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed the agreement with both i.e National Securities depositories Limited (NSDL) and Central Depositories Services (India) Ltd., (CDSL) under ISIN No. INE806J01013.

84.02% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2014- total accounts Dematerialized is 1656 involving 16467350 shares (which constitutes 84.02% of the share capital).

**CEO AND CFO CERTIFICATION**

To,  
The Board of directors  
Hindustan fluorocarbons limited  
Hyderabad.

- a) We have reviewed financial statements and the cash flow statement of Hindustan fluorocarbons limited for the year ended 31<sup>st</sup> 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 2013-14 which are fraudulent, illegal or in violation 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 the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design of operation of such internal controls, if any, of which they 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 2013-14;
  - ii) significant changes in accounting policies during the year 2013-14 and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd/-**  
**(T S GAIKWAD)**  
**(MANAGING DIRECTOR)**

**Sd/-**  
**(E SURYA RAO)**  
**DY.GENERAL MANAGER (FIN.)**

Place: Hyderabad  
Date: 25.07.2014

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. Rajani K,) confirms as on 31<sup>ST</sup>March, 2014 that the Company has:

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 1956 ("the Act") and rules made hereunder.
- Filed all forms and returns and furnished necessary particulars in time to Registrar of Companies (ROC) and/or Authorities as required under the Act.
- Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limits prescribed by the law.
- Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the directors.
- Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.
- Given loans and made investments in accordance with the requirements of the Act.
- Not exceeded the borrowing powers of the company.
- Registered all the particulars relating to the creation, modification and satisfaction of the charges with the ROC.
- Effected share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made there under.
- Complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges.

The company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other statutory authorities and also the requirements under the Act and related statutes in force.

**NON-MANDATORY REQUIREMENTS****RE-APPOINTMENT OF DIRECTORS:**

Two Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL) and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 31<sup>st</sup> Annual General Meeting of the Company and eligible for re-appointment.

**Sd/-**  
**(RAJANI.K)**  
**COMPANY SECRETARY &**  
**COMPLIANCE OFFICER**

**PLACE: HYDERABAD**

**DATE : 25.07.2014**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members  
Hindustan Fluorocarbons Limited  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Hindustan Fluorocarbons Limited, Hyderabad, for the year ended 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of conditions of 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 the representations made by the Directors and the Management, we certify that the Company has complied 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 the affairs of the Company.

For **Ahalada Rao.V & Associates**  
Company Secretaries

Place: Hyderabad  
Date: 03.07.2014

**Sd/-**  
**SUJANA NANDULA**  
Company Secretary in Practice  
CP No. 11497



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HINDUSTAN FLUOROCARBONS LIMITED, HYDERABAD FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

The preparation of financial statements of Hindustan Fluorocarbons Limited, Hyderabad for the year ended on 31<sup>st</sup> March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19<sup>th</sup> May 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Hindustan Fluorocarbons Limited, Hyderabad for the year ended on 31<sup>st</sup> March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

**Sd/-  
(N Karunakaran)  
Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad**

**Date: 06 June 2014**



## Balance Sheet as at 31st March 2014

(Rs. in lacs)

	Notes	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>			
Share capital	2	1961.46	1961.46
Reserves and surplus	3	(6812.15)	(4329.68)
<b>NON - CURRENT LIABILITIES</b>			
Long-term borrowings	4	935.60	1327.31
Long-term provisions	5	405.11	199.58
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	6	508.65	297.20
Trade payables	7	366.71	355.23
Other current liabilities	8	5280.08	3565.15
Short-term provisions	9	449.27	214.41
<b>TOTAL</b>		<b>3094.73</b>	<b>3590.66</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible assets	10A	1779.69	1888.08
Intangible assets	10B	4.70	5.61
Capital work-in-progress		121.74	0.00
Long term loans and advances	11	98.95	98.95
Other Non-current assets	12	0.00	0.00
<b>CURRENT ASSETS</b>			
Inventories	13	697.07	1057.87
Trade receivables	14	274.45	382.55
Cash and bank balances	15	45.13	1.47
Short-term loans and advances	16	73.00	156.14
<b>TOTAL</b>		<b>3094.73</b>	<b>3590.66</b>

Significant accounting policies and notes  
on Financial Statements

1

As per our report of even date

For and on behalf of the Board of Directors of HFC Ltd.,

For **S. Daga & Co.,**  
**Chartered Accountants**  
(FRN 000669S)

Sd/-  
**(PAVAN KUMAR BIHANI)**  
**PARTNER**  
M No. 225603

Sd/-  
**(V.B. RAMACHANDRAN NAIR)**  
**CHAIRMAN**

Sd/-  
**(T.S. GAIKWAD)**  
**MANAGING DIRECTOR**

Place: Hyderabad  
Date: 19.05.2014

Sd/-  
**(E. SURYA RAO)**  
**Dy. GENERAL MANAGER(FINANCE)**

Sd/-  
**(RAJANI .K)**  
**COMPANY SECRETARY**


**Statement of Profit and loss for the year ended 31.03.2014**

(Rs. in lacs)

	Notes	2013-2014	2012-2013
Revenue from operations	17	3134.45	4447.51
Less: Excise Duty		345.53	367.20
Net Sales		2788.92	4080.31
Other income	18	36.70	375.74
<b>Total Revenue</b>		<b>2825.62</b>	<b>4456.05</b>
<b>Expenditure:</b>			
Cost of raw materials consumed	19	1138.12	1383.87
Changes in inventories of finished goods			
Work-in-progress and Stock-in-Trade	20	351.64	(428.24)
Employee benefits expense	21	2415.05	1748.85
Finance costs	22	143.89	105.81
Depreciation and amortization expense	10C	114.68	167.88
Other expenses	23	1130.47	1381.67
<b>Total expenses</b>		<b>5293.86</b>	<b>4359.85</b>
Deduct : Prior period items (net)		14.23	1.32
Profit before exceptional items and tax		<b>(2482.47)</b>	<b>94.88</b>
Tax Expense		0.00	0.00
Profit/(Loss) for the year from continuing operations		<b>(2482.47)</b>	<b>94.88</b>
<b>Earnings per equity share:</b>			
Basic (Rs.)	24	(12.67)	0.48
Diluted (Rs.)		(12.67)	0.48

**Significant accounting policies and notes  
on Financial Statements**

1

As per our report of even date

For and on behalf of the Board of Directors of HFC Ltd.,

For **S. Daga & Co.,**  
**Chartered Accountants**  
 (FRN 000669S)

Sd/-  
**(PAVAN KUMAR BIHANI)**  
**PARTNER**  
 M No. 225603

Sd/-  
**(V.B. RAMACHANDRAN NAIR)**  
**CHAIRMAN**

Sd/-  
**(T.S. GAIKWAD)**  
**MANAGING DIRECTOR**

Place: Hyderabad  
 Date: 19.05.2014

Sd/-  
**(E. SURYA RAO)**  
**Dy. GENERAL MANAGER(FINANCE)**

Sd/-  
**(RAJANI .K)**  
**COMPANY SECRETARY**


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014** (Rs. in lacs)

	2013-14		2012 - 13	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before taxation and Extraordinary items	(2482.47)		94.88	
Adjustments for :				
Depreciation	114.68		106.39	
VRS Payment written off during the year	0.00		0.00	
Loss on Discarded Asset	0.24		0.00	
Refurbishment expenditure written off	0.00		61.49	
		(2367.55)		262.76
<b>Operating Profit before working capital changes</b>				
Adjustments for				
(Increase)/Decrease in Inventories	360.80		(443.10)	
(Increase)/Decrease in Trade receivables	108.10		245.92	
(Increase)/Decrease in Loans & Advances	83.14		(37.15)	
Increase/(Decrease) in working capital borrowings	211.45		268.94	
Increase/(Decrease) in Current Liabilities & Provisions	1565.80		134.08	
<b>Cash generated from operations</b>		2329.28		168.69
<b>Net Cash flow from Operating activities</b>		(38.27)		431.45
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(127.36)		(236.86)	
		(127.36)		(236.86)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase in Secured Loans	209.29		(227.90)	
Increase in Unsecured Loans	0.00		0.00	
<b>Net cash used in financing activities</b>		209.29		(227.90)
<b>Net increase in cash and cash equivalents</b>		43.66		(33.31)
Cash and cash equivalents at the beginning of period		1.47		34.78
Cash and cash equivalents at the ending of period		45.13		1.47

Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year's classification. As per our report of even date for and on behalf of the Board of Directors of HFC Ltd.,

For **S. Daga & Co.,**  
**Chartered Accountants**  
 (FRN 000669S)

Sd/-  
**(PAVAN KUMAR BIHANI)**  
**PARTNER**  
 M No. 225603

Sd/-  
**(V.B. RAMACHANDRAN NAIR)**  
**CHAIRMAN**

Sd/-  
**(T.S. GAIKWAD)**  
**MANAGING DIRECTOR**

Place: Hyderabad  
 Date: 19.05.2014

Sd/-  
**(E. SURYA RAO)**  
**Dy. GENERAL MANAGER(FINANCE)**

Sd/-  
**(RAJANI .K)**  
**COMPANY SECRETARY**

**Notes to financial statements for the year ended 31st March 2014****NOTE NO . 1****BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company unless otherwise stated.

**Significant Accounting policies****1(A) USE OF ESTIMATES:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reporting amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

**1(B) RECOGNITION OF REVENUE AND EXPENDITURE :**

- (i) Revenues/Incomes and Costs/ Expenditures are generally accounted on accrual, as they are earned or incurred.
- (ii) Sales are recognized when significant risks and rewards of ownership have been transferred to the buyer. In case of development projects / Research income is recognized on achieving the set milestones or targets.
- (iii) Carbon credit revenue is recognized on achieving the set milestones or targets as prescribed by an agency and where reasonable assessment of certainty of future economic benefits.
- (iv) Export incentives under various schemes are recognized as Income on certainty of realization.

- (v) Sale of realizable scrap is accounted on receipt basis.
- (vi) Insurance claims are accounted on accrual basis on admission of claims.
- (vii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

**1(C) FIXED ASSETS:**

- (i) Fixed Assets (including capital work-in-progress) are accounted at cost less accumulated depreciation net of modvat credit.
- (ii) Constructed and fabricated capital assets are capitalised as and when the plant is put into commercial production.
- (iii) Expenditure during construction period including interest on loans borrowed is included in the Capital cost.
- (iv) Significant items of separate identity capable of enhancing life and capacity of the machinery are capitalised at cost inclusive of installation cost.

**1(D) DEPRECIATION**

- (i) Depreciation is provided on Straight-Line Method in accordance with Schedule XIV of the Companies Act, 1956, as amended treating plant and machinery as continuous process plant.
- (ii) Depreciation on assets costing less than Rs.5000/- is provided at 100%.

**1(E) VOLUNTARY RETIREMENT SCHEME (VRS)**

- (i) The Company has introduced Voluntary Retirement Scheme in accordance with BIFR Modified Draft Rehabilitation Scheme. The Company followed the policy guidelines issued by BIFR by amortizing the VRS payment over a period of 3 years.

**1(F) REFURBISHMENT EXPENDITURE**

The company has followed the policy of amortizing refurbishment expenditure met on Plant and Machinery over a period of five years from the year of expenditure in accordance with the BIFR Modified Draft Rehabilitation Scheme.

**1(G) INVENTORIES:**

- (i) The closing stock of raw materials, packing material, stores and spares are valued at cost by adopting weighted average method or net realizable value whichever is less. Stock-in process (intermediate products) and finished goods including CERs are valued at cost or net realizable value whichever is lower. Cost of Stock-in-process includes costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- (ii) Excise duty payable on finished goods manufactured but not removed is included in the Valuation of such stocks.
- (iii) By-products are valued at NIL value.

**1(H) EMPLOYEE BENEFITS:****a. Short Term Employee Benefits:**

Undiscounted value of short term employee benefits such as salaries, wages, short term compensated absences, bonus, ex-gratia and performance incentives are recognized as expense in the period in which the employees render the related service

**b. Post Employment Benefits****Defined Contribution plans:**

Contribution to defined contribution plans being Employee Provident Fund, Employee State Insurance, Employee Insurance Scheme etc. are recognized in the Statement of profit and loss during the period in which the employees render the related services.

**Defined Benefit Plans:**

Liabilities in respect of defined benefit plans being Gratuity and Leave encashment are determined based on an actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized immediately in the Statement of Profit and Loss account.

**1(I) PROVISION FOR DOUBTFUL DEBTS:****Provision for doubtful debts/loans/advances:**

Provision for doubtful debts is made in the books in respect of debtors outstanding for more than 3 years except Govt. Debts. In respect of cases under Civil suits/tribunals for recovery of dues which are yet to be decided, provisions are made to the extent considered necessary by the Management.

**1(J) FOREIGN CURRENCY TRANSACTIONS:**

- (i) Foreign currency transactions are accounted for at the exchange rates prevailing on the date of transaction.
- (ii) Fixed assets are translated at the exchange rates on the date of transaction. The exchange difference in each financial year, up to the period of settlement is taken to Statement of profit and loss.
- (iii) The monetary items in foreign currencies are translated at the closing exchange rate on the date of balance sheet and difference in translation and realized gains/losses thereon adjusted in the Statement of profit and loss.

**1(K) BORROWING COST:**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of the time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue. Borrowing costs consist of interest and other costs that the company incurs in connection with borrowing of funds on acquisition of fixed assets are capitalised as part of the cost of asset.


**1(L) TAXES ON INCOME:**

- (i) The Current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company on the estimated total income for the year.
- (ii) Deferred tax assets and liabilities are recognized on timing differences between taxable income and accounting income, originating in one period and expected to reverse in subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.
- (iii) Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

**1(M) SEGMENT REPORTING:**

The company's operation mainly comprises manufacturing of PTFE (Suspension & Emulsion). These activities constitutes the primary segment i.e. manufacturing in chemicals.

**1(N) EARNING PER SHARE:**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period

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

**1(O) IMPAIRMENT OF ASSETS:**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, then the carrying value is reduced to the higher of the net selling price or the value in use. The value in use is the present value of estimated future net income expected from use of the asset.

**1(P) PROVISIONS / CONTINGENT LIABILITIES:**

Provisions are recognized, when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The disclosure is made for all present or possible obligations that may but probably will not require outflow as contingent liability in the financial statements.

**NOTE 2 : SHARE CAPITAL**

(Rs. In lacs)

	As at 31-03-2014	As at 31-03-2013
<b>Authorised</b> 21000000 (Pr. Year 21000000) Equity Shares of Rs.10/- each	<u>2,100.00</u>	<u>2,100.00</u>
<b>Issued</b> 19630000 (Pr. Year 19630000) Equity Shares of Rs.10/- each	<u>1,963.00</u>	<u>1,963.00</u>
<b>Subscribed &amp; Paid up</b> 19599100 (Pr. Year 19599100) Equity Shares of Rs.10/- each fully paid	1,959.91	1,959.91
30900 (Pr. Year 30900) Equity Shares forfeited (amount originally paid)	1.55	1.55
<b>Total</b>	<b><u>1,961.46</u></b>	<b><u>1,961.46</u></b>




**NOTE 2 (A)**

(Rs. In lacs)

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

	Equity Shares 31-03-2014		Equity Shares 31-03-2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	19599100	1959.91	19599100	1959.91
Shares Issued during the year	0.00	0.00	0.00	0.00
Shares bought back during the year	0.00	0.00	0.00	0.00
Shares outstanding at the end of the year	19599100	1959.91	19599100	1959.91

**NOTE 2 (B)**
**Disclosure of shares held by its holding company**

11060000 ( Pr. Year 11060000) Equity Shares fully paid up of Rs.1106 lakhs (Pr. Year Rs. 1106 lakhs ) are held by M/s Hindustan Organics Chemicals Limited, the holding company.

**NOTE 2 (C)**

**Details of equity shareholders holding more than 5% of equity shares along with No. of equity shares held at the beginning and at the end of the reporting period as given below:**

Sl.No	Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M/s Hindustan Organics Chemicals Ltd	11060000	56.43	11060000	56.43

**NOTE 2 (D)**

The company has only one class of shares referred to as equity shares having a par value of Rs 10/- each.

Each holder of the equity share, as reflected in the records of the company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

**NOTE 3 : RESERVES AND SURPLUS**

(Rs. In lacs)

	As at 31 March 2014	As at 31 March 2013
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening balance	(4,329.68)	(4,424.56)
Add: Profit transferred from Statement of Profit and Loss	(2,482.47)	94.88
Net Deficit in the Statement of Profit & Loss	<b>(6,812.15)</b>	<b>(4,329.68)</b>
<b>Total</b>	<b>(6,812.15)</b>	<b>(4,329.68)</b>

**NOTE 4 : LONG TERM BORROWINGS**

(Rs. In lacs)

	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
Term loans - State Bank of Hyderabad	151.58	0.00
Hindustan Organics Chemicals Ltd	784.02	1,327.31
<b>Total</b>	<b>935.60</b>	<b>1,327.31</b>



- 4(A). The Term loan from HOCL is secured by part of the land to the extent of 82 acres of the factory & Plant and Buildings at Rudraram Village.
- 4(B). The Term loan from HOCL of Rs. 2744.06 lakhs is Zero coupon loan as per terms of the BIFR agreement and is repayable in seven equal annual instalments as per the loan agreement commencing from F Y 2010-11. The instalment due for F Y 2010-11 , 2011-12 , 2012-13, 2013-14 amounting to Rs.1568.03 lacs is not paid by the company and current maturities of F Y 2014-15 amounting to Rs.392.01 lacs are shown in Note -8 under the head ' Other Current liabilities' being current maturities of long term debt.
- 4(C). The Term loan from HOCL of Rs.756.42 lakhs is Interest bearing @ 10.25% to 14.50% repayable in 5 annual instalments commencing from F Y 2010-11 as per the loan agreement. The company is continuing default in payment of instalment due and interest during the F Y 2010-11, 2011-12 , 2012-13, 2013-14 amounting to Rs.305.14 lacs is not paid by the company and current maturities of F Y 2014-15 amounting to Rs.151.29 lacs are shown in Note -8 of the financial statements under the head 'Other Current liabilities' being current maturities of long term debt and interest due amounting to Rs.558.65 lakhs under Interest accrued and due.
- 4(D) Term loan of Rs. 5.00 Crore @14.20% p.a. (floating) for refurbishment of PTFE plant and setting up Modified PTFE plant repayable in 5 years 3 months including moratorium period of 9 months after the completion of the project commencing from April, 2015. The company hypothecated land of 60.285 acres and plant and machinery as collateral security besides furnishing of counter guarantee by promotor company Viz., HOCL to this extent.

**NOTE 5: LONG TERM PROVISIONS**

(Rs. In lacs)

	As at 31 March 2014	As at 31 March 2013
<b>(a) Provision for employee benefits (Refer Note 21)</b>		
Gratuity	339.69	172.58
Leave Encashment	65.41	27.01
<b>Total</b>	<b>405.11</b>	<b>199.58</b>

**NOTE 6: SHORT TERM BORROWINGS**

(Rs. In lacs)

	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
From STATE BANK OF HYDERABAD CASH CREDIT	508.65	297.20
<b>Total</b>	<b>508.65</b>	<b>297.20</b>

- 6(A). Secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 60.285 out of the total land of Ac 146.13 cents at Rudraram Village and guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd. The cash credit is repayable on demand and carries interest @14.2% p.a.


**NOTE 7: TRADE PAYBLES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Dues to Micro and SSI units	4.12	3.62
Others	362.59	351.61
<b>Total</b>	<b>366.71</b>	<b>355.23</b>

7(A). Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

<b>Particulars</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Principal amount remaining unpaid and interest due thereon	Nil	Nil
Interest paid in terms of Section 16	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil

7(B). The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**NOTE 8: OTHER CURRENT LIABILITIES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Current maturities of long-term debt (Refer Note 4)	2416.47	1873.18
Interest Accrued and Due (Refer Note 4)	558.65	500.94
Creditors for capital goods	30.70	62.70
Others Payables	2274.25	1128.33
<b>Total</b>	<b>5280.08</b>	<b>3565.15</b>

**NOTE 9: SHORT TERM PROVISIONS**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>(a) Provision for employee benefits (Refer Note 21)</b>		
P F company contribution	129.86	1.30
Gratuity	47.54	30.63
LTA & Other Provisions	3.84	2.52
Leave Encashment	268.03	179.96
<b>Total</b>	<b>449.27</b>	<b>214.41</b>



(Rs. In lacs)

	Gross Block		Accumulated Depreciation		Net Block	
	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Land	68.42	68.42	0.00	0.00	68.42	68.42
Buildings	167.49	167.49	105.71	109.69	57.79	61.77
Plant and Machinery	6790.97	6795.60	5068.74	5174.09	1621.51	1722.24
Furniture & Fixtures	84.48	84.70	63.68	64.73	19.97	20.80
Computers	39.30	39.30	24.46	27.31	11.99	14.85
<b>TOTAL</b>	<b>7150.67</b>	<b>7155.51</b>	<b>5262.59</b>	<b>5375.82</b>	<b>1779.69</b>	<b>1888.08</b>
Previous Year Figures	6799.54	7150.67	5156.20	5262.59	1888.08	1643.34
<b>10 (B) INTANGIBLE ASSETS:</b>						
Computer Software	5.61	5.61	0.00	0.91	4.70	5.61
Refurbishment Expense	0.00	0.00	61.49	0.00	0.00	61.49

**10(C). DEPRECIATION & AMORTISATION EXPENSES:**

	2013-14	2012-13
Depreciation	114.68	106.39
Amortisation	0.00	61.49
<b>Total</b>	<b>114.68</b>	<b>167.88</b>


**NOTE 11 LONG TERM LOANS AND ADVANCES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Unsecured, considered good Security Deposits	98.95	98.95
<b>Total</b>	<b>98.95</b>	<b>98.95</b>

**NOTE 12 OTHER NON CURRENT ASSETS**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Unsecured, considered good considered doubtful	329.59	309.64
Less: Provision for doubtful debts	(329.59)	(309.64)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**NOTE 13 : INVENTORIES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Raw Materials and components {includes in transit of Rs.3989659/- (Pr. Year Rs.395734)}	88.50	69.16
Stock-in-process*	199.30	301.77
Finished goods	193.11	473.08
Stores and spares	216.16	213.85
<b>Total</b>	<b>697.07</b>	<b>1057.87</b>

**13(A)\* The closing stock-in-process includes the following products:**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
CFM – 22 Product	84.28	64.75
TFE	7.99	25.10
POLY-SUSPENSION	92.47	165.13
POLY-EMULSION	14.56	46.80
<b>Total</b>	<b>199.30</b>	<b>301.77</b>

13(B). Excise duty on closing finished goods in respect of goods manufactured by the company amounting to Rs. 21.24 lacs (previous year Rs.52.04 lacs) is included in the valuation of such stocks.

13(C). Finished goods, which have not moved for more than 3 years are valued at Rs.1.00/kg and the consequential difference in value of Rs.1.31 lacs (Previous year Rs.2.24 lacs) and there is no difference to charge off during the year.

**NOTE 14: TRADE RECEIVABLES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<i>Unsecured, considered good</i>		
Debts overdue for a period exceeding six months	149.86	8.90
Other debts	124.59	373.64
<b>Total</b>	<b>274.45</b>	<b>382.55</b>



14(A). Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.

14(B) Debts over due for a period exceeding six months includes towards case filed in High Court of Andhra Pradesh, which is pending amounting to Rs.129.16 Lacs( Previous year Rs.129.16 Lacs)

**NOTE 15 : CASH AND BANK BALANCES:**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Balances with Banks	0.27	0.32
Margin Money Deposit (maturity less than 3 months)	44.63	1.00
Cash on hand	0.23	0.15
<b>Total</b>	<b>45.13</b>	<b>1.47</b>

15(A) Margin money deposits are subject to first charge/ lien to secure the company's cash credit loan and term loan.

**NOTE 16: SHORT TERM LOANS AND ADVANCES**

(Rs. In lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Balances with central excise	0.00	16.89
<b>Others</b>	<b>59.19</b>	<b>116.36</b>
- Advance to Suppliers		
Considered good	13.81	22.88
Considered doubtful	0.91	0.91
Less: Provision for Considered doubtful advance	(0.91)	(0.91)
<b>Total</b>	<b>73.00</b>	<b>156.14</b>

**NOTE 17: REVENUE FROM OPERATIONS**

(Rs. In lacs)

	<b>2013-14</b>		<b>2012 - 13</b>	
<b>Revenue From Operations</b>				
(i) Sale of products				
Polytetrafluoroethylene	1363.97		1073.23	
Application Development Customer Support	64.47		73.29	
CFM - 22	1533.21		829.82	
Tetrafluoroethylene	153.42		1319.53	
Hydrogenchloride	16.97	3132.04	21.06	3316.93
<b>Gross Sales</b>		<b>3132.04</b>		<b>3316.93</b>
(ii) Other operating revenues:				
Job Work conversion	0.00		12.22	
Sale of Scrap	2.38		13.80	
Sale of DHF	0.03		2.62	
CER's Income	0.00	2.41	1101.94	1130.58
<b>TOTAL TURNOVER</b>		<b>3134.45</b>		<b>4447.51</b>


**NOTE 18: OTHER INCOME**

(Rs. in lacs)

	<b>2013-14</b>	<b>2012-13</b>
Interest from Others	3.31	3.35
Other non - operating income		
- Creditors for capital goods written back	0.00	342.35
- Others	33.39	30.04
<b>Total</b>	<b>36.70</b>	<b>375.74</b>

**NOTE 19 : COST OF RAW MATERIAL AND PACKING MATERIAL CONSUMED:**

(Rs. in lacs)

	<b>2013-14</b>	<b>2012-13</b>
Inventory at the beginning of the year	52.06	46.49
Add : Purchases	1125.66	1389.44
Less : Inventories at the close of the year	39.60	52.06
Cost of Raw material and packing material consumed	<u>1138.12</u>	<u>1383.87</u>

**19(A). DETAILS OF RAW MATERIAL AND PACKING MATERIAL CONSUMED : (100% Indigenous)**

(Rs. in lacs)

	<b>2013-14</b>	<b>2012-13</b>
AHF	690.51	676.93
CHLOROFORM	322.02	486.07
FC - 26	58.51	88.02
OTHERS	52.96	119.56
PACKING MATERIAL	14.12	13.29
<b>TOTAL</b>	<b>1138.12</b>	<b>1383.87</b>

**19(B). DETAILS OF CLOSING INVENTORY :**

(Rs. in lacs)

	<b>2013-14</b>	<b>2012-13</b>
AHF	11.85	17.80
CHLOROFORM	7.97	15.83
FC - 26	4.17	4.17
OTHERS	14.28	12.36
PACKING MATERIAL	1.33	1.90
<b>TOTAL</b>	<b>39.60</b>	<b>52.06</b>




**NOTE 20: CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS**

(Rs. in lacs)

	2013-14		2012-13	
<b>Opening stock:</b>				
Stock-in-process	301.77		130.78	
CERs Stock	0.00		0.00	
Finished products	473.08	774.86	180.67	311.45
Less: Closing Stock				
Stock-in-process	199.30		301.78	
CERs Stock	0.00		0.00	
Finished products	193.11	392.42	473.08	774.86
		382.44		(463.41)
Add: Increase/(Decrease) in Excise duty on Finished products		(30.80)		35.17
<b>Total</b>		<b>351.64</b>		<b>(428.24)</b>

20A. The changes in valuation of Inventory of Finished goods for the year includes depletion on account of fall in selling price of finished goods at net realizable value being lower than cost amounting to Rs. 373.77 Lacs (previous year Rs. 836.19 Lacs).

**NOTE 21: EMPLOYEE BENEFITS EXPENSES**

(Rs. in lacs)

	2013-14	2012-13
Salaries, wages and Bonus	2012.80	1610.54
Contribution to Provident and other funds	339.12	68.98
Staff Welfare expense	63.14	69.34
VRS Expenditure written off	0.00	0.00
<b>Total</b>	<b>2415.05</b>	<b>1748.85</b>

21(A). Both employer and employees make monthly contributions of 10% instead of 12% as per BIFR scheme to a separately managed exempted EPF Trust.

21(B). As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

**DEFINED CONTRIBUTION PLANS**

Contribution to Defined Contributions Plans, recognised as expense for the year is as under: (Rs.in lacs)

	2013-14	2012-13
Employers Contribution to Provident Fund	131.32	62.47
Employers Contribution to ESI	1.51	1.78
Other Contributions	11.95	12.00



The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by a trust (Life Insurance Corporation of India) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected unit credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

**i) Reconciliation of opening and closing balances of Defined Benefit Obligation (Rs. In lacs)**

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2013-14</b>	<b>2013-14</b>
Defined Benefit obligation at the beginning of year	306.95	206.96
Current service cost	24.74	37.69
Interest cost	24.56	16.56
Actuarials gain (loss)	(140.79)	72.23
Benefits paid	(20.84)	0.00
Defined Benefit obligation at the year end	476.19	333.44

**ii) Reconciliation of opening and closing balances of fair value of Plan assets (Rs. In lacs)**

	<b>Gratuity (Funded)</b>
	<b>2013-14</b>
Fair value of plan asset at the beginning of year	103.73
Expected return on plan assets	6.06
Actuarial gain / (loss)	0.00
Employer contribution	0.00
Benefits paid	(20.84)
Fair value of plan asset at the year end	88.95
Actual return on plan assets	0.00


**iii) Reconciliation of fair value of assets and obligations** (Rs. In lacs)

	<b>Gratuity (Funded) 2013-14</b>	<b>Leave Encashment (Unfunded) 2013-14</b>
Fair value of plan assets	(88.95)	0.00
Present value of obligation	476.19	206.96
Amount recognised in Balance Sheet	387.24	333.44

**iv) Expenses recognised during the year** (Rs. In lacs)

	<b>Gratuity (Funded) 2013-14</b>	<b>Leave Encashment (Unfunded) 2013-14</b>
Current service cost	24.74	37.69
Interest cost	24.56	16.56
Expected return on plan assets	(6.06)	0.00
Actuarial gain/(loss)	140.79	(72.23)
<b>Net Cost</b>	<b>184.02</b>	<b>(126.48)</b>

**v) Actuarial assumptions**

	<b>Gratuity (Funded) 2013-14 (ultimate) 1994-96</b>	<b>Leave Encashment (Unfunded) 2013-14 (ultimate) 1994-96</b>
Mortality Table (LIC)		
Discount Rate (per annum)	8%	8%
Expected rate of return on plan assets	6.75%	-
Attrition Rate	10%	10%
Salary Rise	4%	4%

21(C) Actuarial valuation was carried out from F Y 2011-12 onwards.

21(D) As per BIFR-MDRS, the company has implemented the wage revision for officers and non-officers of 1997 w.e.f. December 2010 and wage revision of 2007 w.e.f. October, 2012. Salary for the year includes arrears provided on account of pay fixation in the revised scale vide wage revision settlement as per DPE guidelines, based on 2007 wage revision for officers and non-officers amounting to Rs.1018.34 lacs (Pr.year Rs. 1044.57 lacs).


**NOTE 22: FINANCE COSTS**

(Rs. in lacs)

		<b>2013-14</b>	<b>2012-13</b>
Interest on Term Loan	0.55		
Less: Borrowing cost transferred to Capital Work-in-progress	(0.55)	0.00	0.00
Interest on Cash Credit		68.73	24.54
Interest on secured loan-HOC		64.12	80.13
Interest to Others		11.04	1.15
<b>Total</b>		<b>143.89</b>	<b>105.81</b>

**NOTE 23: OTHER EXPENSES**

(Rs. in lacs)

	<b>2013-14</b>		<b>2012-13</b>	
Consumption of stores and spares		46.43		75.18
Power & Fuel		726.46		759.42
Water Charges		119.34		94.49
Rent		7.84		7.89
Rates & Taxes		10.66		96.51
Repairs and Maintenance				
To Building	0.85		7.69	
To Machinery	24.00		4.76	
To Other Assets	11.25	36.10	68.21	80.67
Insurance		11.86		10.44
Payments to auditors:				
Statutory audit fees	0.95		0.95	
Limited Review	0.45	1.40	0.45	1.40
Professional charges		12.85		109.84
Transport charges		63.94		52.46
Provision for doubtful debts		19.95		0.00
Loss on Discarded Asset		0.24		0.00
Misc. Expenditure		73.41		93.37
<b>Total</b>		<b>1130.47</b>		<b>1381.67</b>

**NOTE - 24 : EARNINGS PER SHARE**

(Rs. in lacs)

	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Net Profit attributable to equity shareholders		
Profit after tax (Rs. in lacs)	(2482.47)	94.88
Weighted average number of shares (Nos.)	195.99	195.99
Basic and Diluted Earnings per share(Rs.)	(12.67)	0.48
Face value per share(Rs.)	10.00	10.00


**NOTE - 25 CONTINGENT LIABILITIES AND COMMITMENTS:**

(Rs. In lacs)

	As at 31 March 2014	As at 31 March 2013
<b>(i) Contingent Liabilities</b>		
(a) ESI	13.46	13.46
(b) Wage Revision arrears for employees	0.00	1070.34
	<u>13.46</u>	<u>1083.80</u>
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	287.25	0.00
	<u>300.71</u>	<u>1083.80</u>

**Note - 26 - TAXES ON INCOME:**

26(A) The company has not provided deferred tax asset due to huge accumulated losses incurred since there is no virtual certainty to realise in future.

**Note - 27 - DETAILS OF MANUFACTURED GOODS :**

(Rs. in lacs)

Particulars	Sales Value	Closing Inventory	Opening Inventory
CFM - 22	1533.21	84.09	64.75
Tetrafluoroethylene	153.42	8.52	25.10
Polytetrafluoroethylene	1363.97	193.11	473.08

**Note- 28**

(Rs. in lacs)

	2013-14	2011-13
CIF value of imports of Raw materials	0.00	36.35

**Note - 29**

(Rs. in lacs)

Expenditure in foreign currency :		
Travelling expenditure	7.48	0.00

**Note - 30**

(Rs. in lacs)

Earning in foreign currency	0.00	573.40
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**Note - 31**

(Rs. in lacs)

<b>RELATED PARTIES DISCLOSURE:</b>			
The company is a subsidiary of HOCL (HINDUSTAN ORGANIC CHEMICALS LIMITED)			
Interest payable to HOCL	0.00		
Less : Interest reversal of earlier years	0.00	0.00	80.13
Secured Loan from HOCL		3,759.14	3,701.42



(Rs. in lacs)

<b>KEY MANAGEMENT PERSONNEL:</b>			
Payment of remuneration			
SHRI T S GAIKWAD, Managing Director		17.16	14.68
SHRI E SURYA RAO, CFO		16.92	12.62
MS. K. RAJANI, Compliance Officer		7.32	6.62

**Note - 32**
**LITIGATIONS AT VARIOUS AUTHORITIES:**

<b>AUTHORITIES</b>	<b>NATURE OF LITIGATIONS</b>	<b>QUANTUM</b>	<b>REMARKS</b>
Hon'ble High Court of A.P	Recovery from Debtors	Rs.132.00 lacs	The company had a favourable Judgement from the single bench. The deponent had approached full bench of High Court.
Hon'ble High Court of A.P	Damages on delayed payments with interest thereon from 2000 to 2011	Rs.94.89 lacs	Case was admitted and pending before court of law.

**Note - 33**

The company has prepared these financial statements as per the format prescribed by Revised Schedule VI of the Companies Act, 1956 ("the schedule") issued by Ministry of Corporate Affairs. Previous period's figures have been recast/restated to confirm to the classification required by the revised Schedule - VI

**Note - 34**

Previous year's figures have been regrouped/reclassified, wherever necessary to confirm to current year's classification.

As per our report of even date

For and on behalf of the Board of Director of HFC Ltd.,

For **S. Daga & Co.**,  
**Chartered Accountants**  
 (FRN 000669S)

Sd/-  
**(PAVAN KUMAR BIHANI)**  
**PARTNER**  
 M No. 225603

Sd/-  
**(V.B. RAMACHANDRAN NAIR)**  
**CHAIRMAN**

Sd/-  
**(T.S. GAIKWAD)**  
**MANAGING DIRECTOR**

Place: Hyderabad  
 Date: 19.05.2014

Sd/-  
**(E. SURYA RAO)**  
**Dy. GENERAL MANAGER(FINANCE)**

Sd/-  
**(RAJANI .K)**  
**COMPANY SECRETARY**



## ATTENDANCE SLIP

## HINDUSTAN FLUOROCARBONS LIMITED

ICIN: L25206AP1983PLC004037

Reg Off: 303, Babukhan Estate, Basheerbagh, Hyderabad - 500 001

Website: www.hfl.co.in

Tele: 040-23241051 / 23240047 Fax: 040-23296455

31<sup>st</sup> Annual General Meeting on Friday the 19<sup>th</sup> September, 2014

SI.No	Resolution	Assent /Decent
1	To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 <sup>st</sup> March, 2014 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.	
2	To appoint a Director in place of <b>Shri. Suresh Kumar R</b> , who retires at this Annual General Meeting of the Company and eligible for re-appointment.	
3	To appoint a Director in place of <b>Shri. Arun agarwal</b> , who retires at this Annual General Meeting of the Company and eligible for re-appointment.	
4	To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.	
5	To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications: "RESOLVED THAT Smt. Anitha Rajendra, IAS Director who was appointed as APIDC Nominee Director under Article 77 of the Article of Association on 7 <sup>TH</sup> September, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed Director of the Company.	
6	To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications: "RESOLVED THAT Dr.N J Gaikwad, Independent Director appointed as HOCL Nominee Director under Article 77 of the Article of Association on 21.02.2014 and who holds office up to the date of this Annual General Meeting be and is hereby appointed Director of the Company.	

Name of the shareholder(s).....

Folio No..... Number of shares .....

I/we certify that I am Registered Member/ Proxy for the Registered Member of the Company. I hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the company at the press club, Deshodharaha Bhavan, 5-9-60/B, Fateh Maidan, Hyderabad – 500001 at 3 p.m on Friday the 19<sup>th</sup> September, 2014.

Members Folio/  
DP ID Client ID NoMembers/ Proxy's name  
in block lettersMembers/Proxy's  
Signature







**E- VOTING PARTICULARS**

**HINDUSTAN FLUOROCARBONS LIMITED**

ICIN: L25206AP1983PLC004037

Reg Off: 303, Babukhan Estate, Basheerbagh, Hyderabad - 500 001

Website:www.hfl.co.in

Tele:040-23241051/23240047 Fax: 040-23296455

**ELECTRONIC VOTING PARTICULARS**

EVEN (E-VOTING EVENT NUMBER)	USER ID	PASSWORD/ PIN

Note: please read instructions given Note no.10 of the Notice of the 31<sup>st</sup> Annual General Meeting carefully before voting electronically.

**HINDUSTAN FLUOROCARBONS LIMITED**

ICIN: L25206AP1983PLC004037

Reg Off: 303, Babukhan Estate, Basheerbagh, Hyderabad - 500 001

Website:www.hfl.co.in

Tele:040-23241051/23240047 Fax: 040-23296455

**FORM OF PROXY**

31<sup>th</sup> Annual General Meeting on Saturday the 19<sup>th</sup> September, 2014.

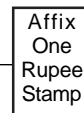
Name of Shareholder(s) \_\_\_\_\_ Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member(s) of the above vote for me/us behalf of the **31<sup>st</sup> ANNUAL GENERAL MEETING** of the company at the Press Club, Deshodharaka Bhavan, 5-9-60/B, Fateh Maidan, Hyderabad – 500 001 at 3.00 pm on Friday the 19<sup>th</sup> September, 2014.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature \_\_\_\_\_



Note: This proxy form duly completed should be deposited at the Registered Office of the company mentioned above not less than 48 (Forty Eight) hours before the time of holding the meeting.



## ANNEXURE

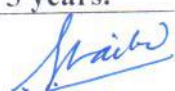

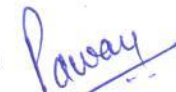

### Amendments to Equity Listing Agreement

1. In Clause 31 of Equity Listing Agreement, in sub clause (a), after the term "... Directors' Annual Reports", the following shall be inserted, viz...,

"along with Form A or Form B, as applicable, the proforma for which shall be as under:-

### FORM A



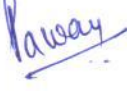
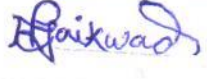
**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

1	Name of the Company	<b>Hindustan Fluorocarbons Limited</b>
2	Annual Financial Statements for the year ended	<b>31<sup>st</sup> March, 2014</b>
3	Type of Audit observation	Matter of Emphasis <b>Copy Enclosed</b>
4	Frequency of observations	Whether appeared first time/ repetitive / since how long period..... <b>3 years.</b>
5	To be signed by – CEO/Managing Director  CFO  Auditor of the Company   Audit Committee Chairman	T SGaikwad:  E Surya Rao:  Pavan Kumar Bihani:  S.Daga & Co., Chartered Accountants Dr. N J Giakwad: 



**FORM B**

**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

1	Name of the Company	<b>Hindustan Fluorocarbons Limited</b>
2	Annual Financial Statements for the year ended	<b>31<sup>st</sup> March, 2014</b>
3	Type of Audit Qualification	<b>Matter of Emphasis Copy Enclosed</b>
4	Frequency of Qualification	<b>Since 3 years</b>
5	Additional attention to relevant notes in the annual financial statements and management response to qualification in the directors report	<b>NIL</b>
6	Additional comments from the Board/ Audit Committee chair:	<b>NIL</b>
7	To be signed by – CEO/Managing Director  CFO  Auditor of the Company  Audit Committee Chairman	<b>T S Gaikwad:</b>  <b>E Surya Rao:</b>  <b>Pavan Kumar Bihani:</b>  <b>S.Daga &amp; Co., Chartered Accountants</b> <b>Dr. N J Giakwad:</b> 



2. After clause, a new clause 31A shall be inserted, viz....
3. 31A. the issuer agrees to restate its books of accounts on the directions issued by ASEBI or by any other statutory authority, as per the provisions of the extant regulatory frame work.

**CAG has already issued NIL Comments**

**Form A 2013-14 Enclosure for point no.3**

**Type of Audit observation:**

Un-qualified/ Matter of Emphasis

Without qualifying our report we refer to:

Note No.14A regarding Trade Receivables, Trade Payables, Sundry balance of debit and credit of parties are subject to confirmation and review by the management.

**Form B - 2013-14 Enclosure for point no.3**

**Type of Audit observation:**

Un-qualified/ Matter of Emphasis

Without qualifying our report we refer to:

Note No.14A regarding Trade Receivables, Trade Payables, Sundry balance of debit and credit of parties are subject to confirmation and review by the management.

