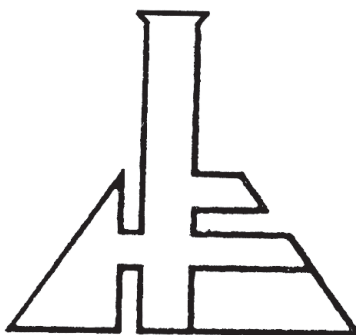


**32<sup>nd</sup>**  
**ANNUAL REPORT**  
**2014 - 2015**



**HINDUSTAN FLUOROCARBONS LIMITED**

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## **BOARD OF DIRECTORS**

<b>Shri V B Ramchandran Nair</b> Chairman	HOCL Nominee (From 12.08.2013)
<b>Shri T S Gaikwad</b> Managing Director	From 01.01.2008
<b>Shri Arun Agarwal</b> Director	Govt. of India Nominee (From 13.03.2012)
<b>Smt Anitha Rajendra, IAS</b> Director	APIDC Nominee (from 07.09.2013 up to 09.09.2014)
<b>Shri. Suresh Kumar R</b> Director	HOCL Nominee (From 13.07.2012)
<b>Dr. N J. Giakwad</b> Independent Director	HOCL Nominee (From 21.02.2014)
<b>Sri.Sanjeeva Narayan</b> Special Director	BIFR Nominee (From 04.02.2015)
<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. N J GAIKWAD	Director, Chairman (From 15.03.2014)
Shri. ARUNAGARWAL	Director, Member (From 13.04.2012)
Shri. SURESH KUMAR R	Director, Member (From 13.07.2012)
Smt. ANITHA RAJENDRA	Director, Member (From 06.11.2013 up to 09.09.2014)
Shri. SANJEEVANARAYAN	Director, Member from 25.05.2015
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**SHARE TRANSFER COMMITTEE**

Shri. V B RAMCHANDRAN NAIR	Chairman (from 12.08.2013)
Shri. T S GAIKWAD	MD, Member (From 12.08.2011)
Shri. SURESH KUMAR R	Director, Member (From 13.07.2012)
Smt. ANITHA RAJENDRA	Director, Member (From 06.11.2013 up to 09.09.2014)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**MANAGEMENT COMMITTEE**

Shri. V B RAMCHANDRAN NAIR	Chairman, Member ( From 12.08.2013)
Shri. ARUNAGARWAL	Director, Member (From 13.04.2012)
Shri. T. S. GAIKWAD	MD, Member (From 13.04.2012)
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. V B RAMCHANDRAN NAIR      Chairman, Member (From 12.08.2013)  
Shri. T. S. GAIKWAD                      MD, Member  
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. N J GAIKWAD                      Director, Chairman (from 19.05.2014)  
Shri. T S GAIKWAD                      Director, Member (from 23.05.2013)  
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. ARUNAGARWAL                  Director, Member (from 19.05.2014)  
Shri. SURESH KUMAR R              Director, Member (from 19.05.2014)

**NOTICE**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Friday, the 25<sup>th</sup> September, 2015 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, 2015 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 appoint a Director in place of **Dr. N J Gaikwad**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
5. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.

**SPECIAL BUSINESS:**

**6. Alteration of Situation clause of Memorandum of Association:**

**To consider and if thought fit to pass the following resolution as special resolution with or without modifications:**

**“RESOLVED** that pursuant to provisions of Sections 13 and other applicable provisions

and relevant Rules applicable, if any, of the Companies Act, 2013 read with applicable rules of Companies (Incorporation) Rules 2014 the situation clause of the Memorandum of Association of the company be and is hereby altered by substitution of the following clause Memorandum of Association –

Clause II- “The registered office of the company situated in state of Telangana”

**“RESOLVED FURTHER THAT** the any of the Directors of the Company be and is hereby authorized to file necessary Forms with the Registrar of Companies and other Statutory Authorities to do all other acts, deeds, things and matters as may be deemed expedient to give effect to the said resolution”.

**RESOLVED FURTHER THAT** the certified true copies of any of these resolutions may be furnished, filed or uploaded, as may be required, under the signature of any of the Directors of the Company.”

**7. Authorization under section 180(1)(a) of the Companies Act 2013**

**To consider and if thought fit to pass the following resolution as special resolution with or without modifications:**

**RESOLVED THAT** pursuant to the Section 180(1) (a) of the Companies Act 2013, other Rules, Regulations and provisions if any and subject to such other approvals and permissions as may be required for the purpose, consent of the members of the company be and is here by accorded to lease the unused land/vacant land of the company in favor of all or any of the financial institutions, banks, lenders, financiers, bodies corporate, corporations, foreign institutional investors, any



other person (s)/ entities or any combination of the above to carry out the business mentioned in the objects clause of the Memorandum of Association.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board or any committee or person(s) authorized by the Board, be and is / are hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all acts, deeds, matters and things as may in its / his / their absolute

discretion deem necessary, proper or desirable and to settle any question(s), difficulty(ies) or doubt(s) that may arise in regard to creating security(ies) as aforesaid or other considered to be in the best interest of the Company”

**“RESOLVED FURTHER THAT** the Director or the Company Secretary of the Company be and is hereby authorized to file the necessary forms & returns with the Registrar of Companies and other statutory authorities and to do all other things, acts and deeds as may be necessary”.

**PLACE: HYDERABAD**

**DATE : 14.08.2015**

**Regd. Office**

**303, Babukhan Estate,**

**Basheerbagh, Hyderabad – 500 001.**

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

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

**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 admission slip duly filled in at the meeting.
3. The Register of Members and Shares Transfer Books of the company will remain closed from Saturday the 19<sup>th</sup> September, 2015 to Friday the 25<sup>th</sup> September, 2015 (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. 6 and 7 of the notice are 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 compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by Central Depository Services Limited (CDSL) and the items of business as detailed in this Notice may be transacted through remote e-voting.

**In case of members receiving e-mail:**

- i. the voting period begins on 22<sup>nd</sup> September, 2015 9.00 am and ends on 24<sup>th</sup> September, 2015 5.00 pm. 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) 18<sup>th</sup> September, 2015 of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. Share holder should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iv. Click on "Shareholders" tab.



- v. 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.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

**viii. If you are a first time user follow the steps given below:**

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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>
DOB	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.

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. 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.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xiii. 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.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.





- xv. 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.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. 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.

**xix. Note for non individual shareholders and custodians:**

- Non- Individual 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.

**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) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**IMPORTANT NOTES:**

1. Any person, who acquires shares of the Company and becomes member of the Company after 31<sup>st</sup> August, 2015 i.e the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 18<sup>th</sup> September, 2015 and not updated their PAN also member who have not received the intimation of sequence number may obtain the login ID and sequence number by sending a request to Share Pro Services (India) Private Limited.
2. The chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "ballot paper/polling paper" for all those members who are remote e-voting facility/ ballot form. The facility for voting at meeting venue shall be decided by the Company i.e "remote e-voting" or "ballot paper/polling paper".
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The remote e-voting period commences on 22<sup>nd</sup> September, 2015 (9:00 a.m.) and ends on 24<sup>th</sup> September, 2015 (5:00 p.m.). During this period Members of the Company, holding shares either in



physical form or in dematerialised form, as on the cut-off date of 18<sup>th</sup> September, 2015 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter

5. Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, Practicing Company Secretary (Membership No. A35788) has been appointed as the Scrutinizer for providing facility to the members of the company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
11. 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 20 of the Companies Act, 2013 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 : 14.08.2015**

**Regd. Office**

**303, Babukhan Estate,**

**Basheerbagh, Hyderabad – 500 001.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2)(a) OF THE COMPANIES ACT, 2013.****Item No.6: Alteration of the situation clause of the Memorandum of Association of the company****Objects and reasons:**

Consequent to the bifurcation of the state of Andhra Pradesh into Telangana and Andhra Pradesh, alteration is required in the situation clause of Memorandum. The approval of the Members is recommended by way of passing a special resolution in the General Meeting, and the same is recommended for your approval.

**Material facts:**

- a) Scope: The registered office of the Company will be in the state of Telangana.
- b) Implication: The state here after will be considered as Telangana the CIN will be replaced with the letters TG in the place of AP.
- c) Inspection. Copy of Memorandum of Association of the Company as amended is available for inspection at the registered office of the Company on all working days during usual business hours.
- d) Nature of concern or interest: All the promoters, directors and relatives of Directors have interest to the extent of their investment and shareholding. As the amendment requires approval of the Members by way of passing a special resolution in the General Meeting under Section 13 of the Companies Act, 2013, the same resolution is recommended for your approval.

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

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or otherwise interested in this resolution.

**Item No.7: Authorization under section 180(1)(a) of the Companies Act 2013**

The provisions of the Section 180(1)(a) of the Companies Act 2013 the Board of Directors of the company to lease the unused /vacant land of the company as the Board in its absolute discretion thinks fit as may be agreed to between the company and the other party, who has interested to take the lease under the respective arrangements entered into /to be entered by the company and/or Board with the consent of the company by a special resolution.

The Board of directors of your Company recommends the Special Resolution for approval of the Shareholders.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or otherwise interested in this resolution.

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

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

**PLACE: HYDERABAD**

**DATE : 14.08.2015**

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



## CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 32<sup>nd</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, 2015 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.377.46 lacs from operations as against the net loss of Rs. 2482.47 lacs of the previous year. During the year, the sales turnover (net) was Rs.2915.07 lacs as against Rs.2788.92 lacs in the previous year. This is mainly due to decrease in sales realization of main product PTFE. During the year under report production of PTFE was 107 MT as against 184 MT in the previous year. During the year, 726.58 MT of CFM-22 was sold in

the market against 555.17 MT in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals and PTFE. Quality of all company's products continued to be well accepted by our customers. Company has achieved 88% capacity utilization was achieved as against 86% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

### 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 developed.

**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 Ministry of Chemicals & Fertilizers, Department of Chemicals & Petro Chemicals, The Finance Ministry, Ministry of Environment & Forestry, Government of India, Government of Telangana, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bankers State Bank of Hyderabad, Statutory/Govt 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 32<sup>nd</sup> Annual Report of the company together with Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS:[Section 134(3)(i)]

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2015 is summarized below:

(Rs. in lacs)

Particulars	Financial Year 2014-15	Financial Year 2013-2014
Revenue from operations	3274.79	3134.45
Sales Turnover(net)	2915.07	2788.92
Gross Profit / (Loss) for the year	(47.45)	(2209.67)
Less: Interest & Financing Charges	209.56	143.89
Cash Profit / (Loss)	(257.01)	(2353.56)
Less: Depreciation	110.24	114.68
Profit / (Loss) for the year	(367.25)	(2468.24)
Add: Prior Period Adjustments	10.21	14.23
Net Profit (Loss)	(377.46)	(2482.47)

### RESERVES: [Section 134(3)(j)]:

Company has not transferred any amount to reserves due to the loss.

### DIVIDEND: [Section 134(3)(k)]

In view of the accumulated losses at the end of the Financial Year 2014-15 are carried forward, no dividend was declared on equity shares for the year ended 31.03.2015.

### OPERATIONS AND OVERALL PERFORMANCE

Your Company has made Net loss of Rs.377.46 lacs from operations as against the net loss of Rs. 2482.47 lacs of the previous year. During the year, the sales turnover (net) was Rs.2915.07 lacs as against Rs.2788.92 lacs in the previous year. This is mainly due to decrease in sales realization of main product PTFE. During the year under report production of PTFE was 107 MT as against 184 MT in the previous year. During the year, 726.58 MT of CFM-22 was sold in the market against 555.17 MT in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals and PTFE. Quality of all company's products continued to be well accepted

by our customers. Company has achieved 88% capacity utilization was achieved as against 86% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

### 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:

Companies act provisions related to the CSR is not applicable to the Company for the financial year 2014-15.



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.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL Act, 2013)**

Company has not received any cases relating to the sexual harassment of women at work place.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

**COMPANY'S POLICY RELATING TO APPOINTMENT AND PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES OF KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.**

Company has complied all the provisions related to the constitution of Nomination and Remuneration Committee under section 178(1) of the Companies Act 2013 and complied the criteria for determining qualifications positive attributes and independence of appointment and remuneration of a Key Managerial Personnel and other employees as provided under Section 178(3) of the Companies Act, 2013.

**NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company had five Board meetings during the financial year under review.

**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 2014-15 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 Telangana & higher management of HFL in compliance with ISO 2000 – 2001.

**BOARD OF DIRECTORS**

Smt. Anitha Rajendra, IAS was ceased as Nominee Director with effect from 09.09.2014.

Sri. Sanjeeva Narayan was appointed as BIFR Special Director with effect from 04.02.2015.

Three Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL), Dr. N J Gaikwad, HOCL Independent Director and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 32<sup>nd</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 134(3)(m) of the Companies Act, 2013 read with the read with Rule 8(3) of the Companies (Accounts) Rules, 2014 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 filled grades with modified 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 the provisions of the 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 2014-15 by Comptroller and Auditor General of India (C &AG) as per Section 139(5) of the Companies Act, 2013,





Auditors Report on the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2015 is at Annexure- III.

The comments of the Comptroller and Auditor General of India u/s **143(6)(b)** of the Companies Act, 2013 on the Accounts of the company for the year 2014-15 has been annexed to the Annual Report for the period 2014-15 and forms part of the Annual Report.

#### 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. 84.48% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2015- total accounts Dematerialized is 1783 involving 16557950 shares (which constitutes 84.48% 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:

- Energy intensive 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.
- Increasing Raw Material cost.

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

- MPTFE Project: Company has developed superior grades of PTFE and started exporting the same.
- Company is in the process of refurbishment of the existing plant with the help of Plan loan from GOI. This will increase the plant efficiency.
- To reduce the dependency on PTFE Company is developing Fluoro Speciality Chemicals.
- Company is also exploring the possibility of increasing capability and backward integration.

#### 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.

#### SECRETARIAL AUDIT:

Board has appointed M/s.Ahalada Rao.V Associates, Company Secretaries as a Secretarial Auditor of the company for the financial year 2014-15.



The explanations /comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Auditors in their report are furnished Annexure VI is attached to this report. There were no adverse comments, qualifications or reservations or adverse remarks in the Secretarial Audit Report.

**ANNUAL RETURN:**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure VII and is attached to this Report.

**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, 2015.

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, 2015.

**MISSION/ VISION:**

To position itself to be a niche player in the production of Fluorospeciality chemicals and advanced grades of PTFE by 2015.

**OBJECTIVES:**

1. To increase the capacity utilization from 75% to 90% during the financial year 2014-15.
2. To Endeavour to convert entire quantity of TFE into various Fluoro Speciality Chemicals by 2015-16.
3. To develop advanced grades of PTFE.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary, Joint venture or Associate Company.

**DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the year under review.

**SHARES:**

The Company has not bought back any of its securities during the year under review.

The Company has not issued any Sweat Equity Shares during the year under review.

No Bonus Shares were issued during the year under review.

The Company has not provided any Stock Option Scheme to the employees.

**DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- (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.- Not applicable to Private Limited Company.  
  
Internal financial control 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 Ministry of Chemicals & Fertilizers, Department of Chemicals & Petro Chemicals, The Finance Ministry, Ministry of Environment & Forestry, Government of India, Government of Telangana, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bankers State Bank of Hyderabad, Statutory/Govt 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 : 14.08.2015**



### Annexure-I to Directors' Report

#### ENERGY CONSERVATION MEASURES TAKEN:

The following Energy conservation measures were taken in the financial year 2014-15:

SI.No.	PARTICULARS	Investment	Savings Per Annum
1.	Replacement of boiler fuel (Furnace oil) with briquette.	Rs. 40 Lakhs	Rs. 80 Lakhs
2.	Automation with Digitalisation of pneumatic circuits for ball valves in poly area	Rs. 10 Lakhs	Rs. 5 Lakhs
3.	Replacement of existing lighting system with energy efficient lighting	Rs.0.057 Lacs	Rs.0.75 Lacs

#### FUTURE PLANS:

Future plans for energy conservation for the financial year 2015-16 is as follows:

SI No	PARTICULARS	Expected Investment	Expected Savings Per Annum
1.	Condensate recovery	Rs. 4 Lakhs	Rs. 6 Lakhs
2.	Existing three methanol -40 Deg C refrigeration systems will be replaced by (02 nos ) 30TR new energy efficient screw compressors refrigeration system.	Rs. 90 Lakhs	Rs. 30 Lakhs
3.	Replacement of existing cooling tower water circulation pumps with New Energy efficient cooling water pump.	Rs.6.50 Lakhs	Rs. 20.74 Lakhs
4.	Replacement of existing lighting system with energy efficient lighting	Rs.3.35 Lacs	Rs.2.5 Lacs
5.	Optimization of chilled water system for CFM Plant	Rs.3 lacs	Rs.8 lacs


**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>POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased units	6080430 KWH	6588330 KWH
Total Amount	Rs. 39857766.40	Rs. 4974297.37
Rate/Unit	Rs. 6.56	Rs. 7.55
b) Own Generation		
i) Through Diesel Generator	35160 KWH	52330 KWH
Units per Liter of Diesel Oil	2.91 KWH	2.90KWH
Cost per unit	Rs.21.41	Rs. 16.91
ii) Through Steam Turbine	-	-
Generator Units	-	-
<b>2. Fuel</b>		
i) Furnace Oil		
Quantity	91.55 MT	412.77 KL
Total Amount	Rs. 4698942.32	Rs. 22018131.13
Average rate per KL	Rs. 51326.51	Rs. 53342.37
ii) Briquette		
Quantity	984.85 MT	-
Total Amount	Rs. 5266743.57	-
Average rate per KL	Rs. 5347.76	-
Technology Absorption	Nil	Nil
Foreign Exchange earnings	Rs.8.26 lacs	Nil
Foreign Exchange outgo	Rs.250.67 lacs	Rs. 7.48 lacs

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

- i. MPTFE: Superior grades of PTFE (MPTFE) were developed with technicals support of M/s. POLIS srl., Italy.
- ii. Developed process for conversion of telomere on commercial scale with M/s. AFTPL.

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

- I. A margin in M PTFE is higher than the existing grades of PTFE.
- II. It will generate additional revenue to the company in the form of conversion charges.

**3. FUTURE PLANS**

- a. Development of Fluoro elastomer for TBRL, Chandigarh
- b. Development of Perfluoro elastomer for VSSC in collaboration with IICT.
- c. Development of filled grades with modified PTFE.

**Annexure-II to Directors' Report****Consolidated report as on 31-03-2015 (SC/ST/OBC/WOMEN/Minority)**

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	102	09	01	16	02	04
B	-	-	-	-	-	-
C	24	07	04	15	00	-
D	25	06	11	07	-	-
<b>TOTAL</b>	<b>151</b>	<b>22</b>	<b>16</b>	<b>38</b>	<b>02</b>	<b>04</b>

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

To  
The Members  
Hindustan Fluorocarbons Limited

**1) 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 31<sup>st</sup> March 2015, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2) Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

**3) Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

4) We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and rules made there under.

5) We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

6) An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

**Opinion**

8) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its Loss and its 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**

9) As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ( hereinafter referred to as the "Order") ,and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

10) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as on 31<sup>st</sup> March 2015 on its financial position in its financial statements;
  - ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year;
  - iii. The provisions relating to transferring amounts to Investor Education and





Protection Fund is not applicable to the Company during the year.

(g) As required under Section 143(5) of the Companies Act, we report that:

- i. The Company has not been selected for disinvestment during the financial year.
- ii. During the period of audit, there are no cases of waiver/write off of debts /loans/ interest etc.
- iii. As per the information, explanations and records produced for our verification, there are no inventories lying with the third parties at the close of the year. Further no assets have been received as gift from the Government and other authorities.
- iv. The details of the pending legal/ arbitration cases along with the quantum of amount and the present status are given under Note - 33 of the financial statements. The case of Recovery from Debtor is pending since last 4 years and case of Damages on delay payment of Provident fund is pending since 2 years. Further the company have in existence of monitoring mechanism for expenditure on legal cases.

For **S.DAGA & CO.**,  
Chartered Accountants,  
(F.No.000669S)

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

Place: Hyderabad  
Date: 25.05.2015

#### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT:

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Hindustan Fluorocarbons Limited on the financial statements as of and for the year ended March 31, 2015

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the 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.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the registers maintained under Section 189 of the Act.
- (iv) 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 for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, 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 system.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73 and 74 of the Act and the rules framed there under to the extent notified.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government of India, the maintenance of cost records specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the company is regular in depositing undisputed statutory dues, including Income tax, Sales tax/CST, Wealth Tax, Service tax, duty of customs, duty of excise, cess and other material statutory dues as applicable to it, with appropriate authority. However company contribution to Provident fund and employees contribution to Provident fund amounting to Rs.233.20 lakhs (Pr. Year 307.50 lakhs) is not paid by the company of the period March 2014 to March 2015.
- (b) According to the information and explanations given to us, there are no material dues of Income tax, Sales tax/CST, Wealth Tax, Service tax, duty of customs, duty of excise, cess were in arrears, as on 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable except Company and Employees contribution to Provident Fund unpaid for the period from March 2014 amounting to Rs.73.68 lakhs (Pr. Year 106.16 lakhs).
- (c) The provisions relating to transferring amounts to Investor Education and Protection Fund is not applicable to the Company during the year.
- (viii) 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.
- (ix) According to the records of the examined by us, the Company has not defaulted in repayment of dues to financial institutions during the current financial year. There are no overdues as on 31<sup>st</sup> March 2015.
- (x) In our opinion and according to the information and the explanations given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied on an overall basis for the purposes for which they were obtained.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit nor have been informed of such case by the Management.

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

Sd/-

(**Pavan Kumar Bihani**)

Place: Hyderabad

Date: 25.05.2015

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, 2015.

#### INDUSTRY STRUCTURE & FUTURE OUTLOOK:

Company is continuously focusing on development of Fluoro Specialty Chemicals (FSC), Where in margin is more than the existing grades of the PTFE.

Accordingly, company has successful trials for partial conversion of TFE into Telomer. This facility is commissioned and expected to generate the revenue from the financial year 2015-16.

Company has also conducted successful trials to manufacture superior grades of PTFE and product was exported to Italy and same was accepted by the customer.

This product will also start generate revenue for the financial year 2015-16.

Company is planning to sign the Memorandum of understanding with M/s. Solar Energy Corporation of India (CPSE) for solar power project.

#### 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 31/03/2015	Year ended 31/03/2014
PTFE	106.33	183.96

#### OUTLOOK & INITIATIVE FOR CURRENT YEAR

Existing PTFE grade is not competitive because of higher input cost and cheap imports from China.

Therefore company is focusing on development Fluoro Speciality Chemicals, where in margins are better than PTFE. These products are sold in niche market. This will avoid conversion of TFE into PTFE.

Company is continuously taking all efforts to reduce the specific consumption of Raw materials.

#### 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, 2013 and generally accepted accounting principles.

The financial performance highlights are as follows:

The sales turnover was Rs.2915.07 lacs against Rs.2788.92 lacs for the previous year and operating loss for the year Rs.1068.11 lacs as against operating loss Rs.2482.47 lacs 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 31.03.2015****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, 2015, 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 31.03.2015 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 Special Director Nominated by BIFR, and One Non-Executive Director Nominated by Govt of India, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers .



S/No	Directors/Shri	Category of Director (ED, NED, NEID, SD)	Date of appointment	Date of Ceasure	No. of Other Directorships	Member-Ship in other Board Committees	Chairman Ship in Board and Other Board Committees
1	V B Ramachandran Nair	Chairman, HOCL Nominee, NED	12.08.2013	-	2	4	5
2	T S Gaikwad	MD, ED	01.01.2008	-	-	4	-
3	Arun Agarwal	Govt Nominee, NED	13.03.2012	-	-	-	-
4	Suresh Kumar R	HOCL Nominee, NED	13.07.2012	-	2	3	-
5	Anitha Rajendra, IAS	APIDC Nominee, NED	07.09.2013	09.09.2014	-	-	-
6	N J Gaikwad	HOCL Nominee, NEID	21.02.2014	-	2	5	1
7	Sanjeeva Narayan	BIFR Nominee SD	04.02.2015	-	7	-	-

**ED:** Executive Director, **NED:** Non-Executive Director,  
**NEID:** Non-Executive Independent Director, **SD:** Special 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. Smt. Anitha Rajendra, IAS was ceased as Nominee Director with effect from 09.09.2014.
2. Sri. Sanjeeva Narayan was appointed as BIFR Special Director with effect from 04.02.2015.

Three Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL), Dr. N J Gaikwad, HOCL Independent Director and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 32<sup>nd</sup> Annual General Meeting of the Company and eligible for re-appointment.

**b) PROFILE OF DIRECTOR****Shri. Sanjeeva Narayan: (From 04.02.2015)**

**Qualification:** B Com, CA, CS.

Practical training was undertaken at Price Water House Coopers/Love Lock and Lewes

Business/Occupation: Practicing Chartered Accountant in M/s. Ashwani and Associates, Chartered Accountant

**Experience:**

Practicing Chartered Accountant for over last twenty eight years as a partner in M/s. Ashwani and Associates, Chartered Accountant

Heading and managing the New Delhi area operations of Ashwani and Associates

**c) 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.

**d) 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.

**e) 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 19.05.2014, 25.07.2014, 12.11.2014, 09.02.2015 and 24.03.2015.



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. V B Ramachandran Nair, Chairman	05	05	YES
2	Shri T S Gaikwad, Managing Director	05	05	YES
3	Shri Arun Agarwal, Govt Nominee Director	05	02	NO
4	Shri Suresh Kumar R, HOCL Nominee Director	05	05	YES
5	Dr. N J Gaikwad, Independent Director	05	05	NO
6	Sri.Sanjeeva Narayan, BIFR Special Director	01	00	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 177 of the Companies Act, 2013 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, 2015 comprised of three non Executive Directors. The Committee met four times during the year 2014-15 i.e., 19.05.2014, 25.07.2014, 12.11.2014 and 09.02.2015.

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 12.11.2014 comprising of Dr. N J Gaikwad Nominee Director as Chairman of the Committee, Shri. Arun Agarwal, Nominee Director as Member and Shri. Suresh Kumar R, 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. Dr. N J Gaikwad	Chairman	04
2. Shri Arun Agarwal	Member	02
3. Shri Suresh Kumar R	Member	04
4. Smt. Anitha Rajendra	Member (from 06.11.2013 up to 09.09.2014)	00

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

As required under the Companies Act, 2013, the company already has a Share Transfer and Share Holders/Investor's Grievance Committee was reconstituted at the Board Meeting held on 12.11.2014 comprising of Shri.V B Ramachandran Nair, Chairman as a Chairman , Shri.T S Gaikwad, Managing Director as Member and Shri. Suresh Kumar R, 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 23 times and the details are as under: 04.04.2014, 08.04.2014, 29.04.2014, 27.06.2014, 18.07.2014, 30.07.2014, 04.08.2014, 20.08.2014, 28.08.2014, 19.09.2014, 10.11.2014, 27.11.2014, 03.12.2014, 01.01.2015, 05.01.2015, 13.01.2015, 19.01.2015, 29.01.2015, 03.02.2015, 12.02.2015, 18.02.2015, 25.02.2015 and 25.03.2015.

**Summarized information on complaints received and resolved during 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015:**

Sl. No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2015
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 2014-2015:**

Name	Amount (Rs.lacs)			
	Salary including perks & encashment of leaves	Arrears	Retirement benefits	Total
1. T S Gaikwad	42.01	0	0	42.01

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.5000/- per meeting per Non Executive Director for attending each meeting of the Board of Directors and also Rs.5000/- for attending each meeting of Committee of the Directors. The details of sitting fees paid during the year 2014-15 are as follows:

SI No.	Name of the Director	Sitting fees (including out of pocket expenses) Amount(Rs.)
1	Dr. N J Gaikwad, Independent Director	Rs.45000.00

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-2011-2012	FY-2012-2013	FY-2013-2014
Date	21.09.2012	07.09.2013	19.09.2014
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).

**POSTAL BALLOT:**

Pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014, Hindustan Fluorocarbons Limited (The Company) had sought the approval of the members through postal ballot ( which included electronic voting) for the Special Resolution under section 180(1)(a) and 180(1)(c) of the Companies Act 2013 (293(1)(a) and 293(1)(d) of the Companies Act 1956) to increase the borrowing powers to the tune of maximum Rs 60 crores exceeding aggregate of paid-up capital and free reserves and Creation of charge/ providing of security contained in the postal ballot notice dated November 25, 2014 :

Board has appointed Mr. Raghavendar Rao Depuru, M/s.Ahalada Rao.V & Associates, as a scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

**The details of the voting pattern in respect of Special Resolution passed was as under:**

Particulars	No of share holders	No of equity shares	Paid up value of the equity shares ( in Rs.)	% of total paid up equity capital of Rs.195991000
(a) Total votes Received (including e-votes)	175	12003733	120037330	61.25
(b) Less: Invalid votes (as per register)	10	2900	29000	0.015
(c) Net votes (as per register)	165	12000833	120008330	61.235

**As per the scrutinizer Report, results in respect of the resolution are as under:**

Particulars	In Favour	Against	Total
No. of Shareholders	155	10	165
No. of equity shares embodying the votes cast	11990933	9900	12000833
% to total No. of valid votes cast	99.917506	0.082494	100

**3. 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 has sold and transferred 20 acres of land to Central Institute of Plastics and Engineering Technology (CIPET), which is an autonomous body under the Ministry of Fertilizers and Chemicals @ 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, 2013 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.

**4. MEANS OF COMMUNICATION:**

The Board Meeting, General Meeting, Postal Ballot Notices, Quarterly Audited for unaudited financial results General Meeting and Postal Ballot Results are published in the financial express (English) and Andhra Prabha (Telugu) or Surya (Telugu) Daily News Papers.

Results are also posted on company's website i.e. [www.hfl.co.in](http://www.hfl.co.in).

The company website also contains a dedicated session on investors where share holders information is available viz., Annual Reports, Financial details and Shareholder meetings results etc.

**5. 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 : 25 <sup>th</sup> September, 2014 at 3.00 p.m Venue : at Press Club, Deshodharaka Bhavan, Basheerbagh, 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) 19.09.2015 to 25.09.2014 (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-14	4.38	5.37	4.38	5.25
May-14	5.25	8.09	4.95	6.65
Jun-14	6.32	8.31	6.32	7.99
Jul-14	8.00	8.00	5.75	7.28
Aug-14	7.45	8.20	7.03	7.33
Sep-14	7.00	8.32	6.25	7.90
Oct-14	7.75	7.99	6.74	7.62
Nov-14	7.99	7.99	5.96	6.90
Dec-14	6.78	6.80	5.57	6.37
Jan-15	6.06	8.83	5.64	7.89
Feb-15	7.23	8.40	6.53	7.20
Mar-15	6.49	7.05	5.94	6.70

**DISTRIBUTION OF SHAREHOLDING**

 The Distribution of holdings as on 31<sup>st</sup> March, 2015 was as follows:

Description	Holders(s)		Holdings(s)	
	Folios	%	Shares	%
Less than 500	14061	92.18	2413059	12.31
501-1000	732	4.80	618630	3.16
1001-2000	238	1.56	363505	1.86
2001-3000	74	0.48	188907	0.96
3001-4000	24	0.16	88792	0.45
4001-5000	37	0.24	175391	0.90
5001-10000	42	0.28	306009	1.56
Above 10000	46	0.30	15444807	78.80
Total	15254	100	19599100	100

Share Holding Pattern as on 31<sup>st</sup> March, 2015 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
<b>SUB TOTAL</b>	<b>11930000</b>	<b>60.87</b>
<b>II. FREE FLOAT:</b>		
<b>A. BASED IN INDIA</b>		
1. Indian Individuals/HUFs	5479054	28.98
2. Indian Corp.Bodies/Trustees/Partnership	627613	3.20
3. Independent Directors & Relatives	0.00	0.00
4. Present employees	60600	0.31
5. Banks/Financial Institutions	660600	3.37
6. Insurance companies	296417	1.51
7. Mutual funds	0.00	0.0
<b>SUB-TOTAL</b>	<b>7324284</b>	<b>37.37</b>
<b>B. BASED OVERSEAS:</b>		
1. Non-Resident Indians (Non-Rep)	319100	1.63
2. Non-Resident Indians (Rep)	25716	0.13
<b>SUB-TOTAL</b>	<b>344816</b>	<b>1.76</b>
<b>GRAND TOTAL</b>	<b>19599100</b>	<b>100.00</b>

**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.

84.48% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2015- total accounts Dematerialized is 1783 involving 16557950 shares (which constitutes 84.48% 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, 2015 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 2014-15 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 2014-15;
  - ii) significant changes in accounting policies during the year 2014-15 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/-  
(A RAMESH)  
CHIEF FINANCIAL OFFICER**

Place: Hyderabad  
Date: 14.08.2015

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. Rajani K,) confirms as on 31<sup>st</sup> March, 2015 that the Company has:

- Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("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:**

Three Directors viz. Shri. Suresh Kumar R, Nominee Director (HOCL) Dr.N J Gaikwad, HOCL Independent Director and Shri. Arun Agarwal, Nominee Director (GOVT) is due for retirement by rotation at the ensuing 32<sup>nd</sup> Annual General Meeting of the Company and eligible for re-appointment.

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

**PLACE: HYDERABAD**

**DATE : 14.08.2015**



**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

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, 2015, 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: 31.07.2015

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

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF HINDUSTAN FLUOROCARBONS LIMITED, HYDERABAD FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

The preparation of financial statements of Hindustan Fluorocarbons Limited, Hyderabad for the year ended on 31<sup>st</sup> March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25<sup>th</sup> May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of Hindustan Fluorocarbons Limited, Hyderabad for the year ended on 31<sup>st</sup> March 2015. 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.

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

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

**Place: Hyderabad**

**Date: 11.06.2015**

**ANNEXURE-VI****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31-03-2015**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Hindustan Fluorocarbons Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Fluorocarbons Limited (hereinafter called the company or HFL). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Management's Responsibility for Secretarial Compliances**

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulation

**Secretarial Auditor's Responsibility**

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to Secretarial compliances.

We believe that audit evidence and information obtained from the Company's managements is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Hindustan Fluorocarbons Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hindustan Fluorocarbons Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not**



**Applicable as there was no Acquisition of Shares)**

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the company did not issue any security during the financial under review)**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable as the company has not granted any options to its employees during the financial year under review.)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the company has not issued any debt securities during the financial under review)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable as the company has not delisted its equity shares from any stock exchange during the financial under review)**
- (h) The Securities and Exchange Board of India (Buyback of Securities)

Regulations, 1998; **(Not applicable as the company has not bought back any of its securities during the financial under review)**

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by Institute of Company Secretaries of India ( Not Applicable as it was effective from 1<sup>st</sup> July 2015)
- ii) The Listing Agreements entered into by the Company with the BSE Limited

Based on the verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representative during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the financial year ended 31<sup>st</sup> March 2015, complied with the aforesaid laws, material compliances are listed in the annexure attached to this report.

Based on information received and records maintained we further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, However Company yet to appoint Independent Directors and Woman Director in accordance with Section 149 of Companies Act 2013 and Clause 49 of Listing Agreement.

As per the Provisions of Section 149(1)(b) of Companies Act, 2013 read with Rule 3(i) Companies (appointment and Qualifications of Directors) every listed company need to appoint one Women Director on the board by 31<sup>st</sup> March, 2015, Company has received a notice vide no. LIST/COMP/49-Woman Dir / 70/2015-16 Dated 3<sup>rd</sup> July, 2015 from BSE for such noncompliance of the said provision and demand notice for payment of penalty.



The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The Company has proper Board processes.

Based on the examination, we are of the opinion that the Management has:

- a. Adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and
- b. Complied with the following specifically applicable to the company:
  1. Environment Protection Act 1986
  2. Hazardous waste management and handling Rules 1989

Place: Hyderabad  
Date: 08/08/2015

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

**ANNEXURE:**

We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) Notice of Board meetings and Committee meetings of Directors;
- f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The 31<sup>st</sup> Annual General Meeting of the Company held on 19th September 2014;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) Payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- k) Appointment and remuneration of Auditors and Cost Auditors;
- l) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- m) Declaration and payment of dividends;
- n) No Transfer was required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs as there was no unclaimed dividend with the company;



- o) Borrowings and registration, modification of charges, However and satisfaction of charges wherever applicable;
- p) Investment of the Company's funds including investments and loans to others;
- q) Form of Balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
- r) Directors' report;
- s) Contracts, common seal, registered office and publication of name of the Company; and
- t) Generally, all other applicable provisions of the Act and the Rules made under the Act subject to our comments and observations as submitted to company and also attached to this report.

We further report that-

As per the provisions of Section 203 of Companies Act, 2013 read with Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014 every listed Company is mandated to appoint Key Managerial Personnel which includes CFO and steps need to be taken by the Company to fulfill the requirement with utmost priority.

As per Section 2 (51) of the Act says KMP includes CFO also. There is no such DIR-12 was filed for the appointment of CFO. This needs to be taken care of for proper compliance of the Act

During the period under review there were changes in the Composition of the Board and the same was intimated by the company to BSE

During the year under review company has received a nomination for appointment of Nominee Director

Place: Hyderabad  
Date: 08/08/2015

on the Board of the company from Co-Promoter group company, However Co-Promoter group company having been delayed annual filings in their company, the form for intimation of Nominee Director is pending for filing with the ROC by HFL.

During the period under review it has been found that the Company has sold the unused land of 20 acres to CIPET at Rs 35 lakh per acre.

The CIN of the company is still showing it as AP (L25206AP1983PLC004037) instead of TG in the MCA portal, Company need to take steps to intimate ROC to update the same.

Litigation case application was filed on 14<sup>th</sup> May, 2014 before BIFR, New Delhi. Matter relating to damages on delayed payments with interest thereon (from 2000 to 2011) to the tune of Rs 94.89 lakhs. Due to pendency of cases matter could not be reached.

Litigation relating to recovery from debtors, amount involved Rs 132 lacs before the High Court of AP and Telangana , on order passed by single judge, Refrex refrigent Ltd. Stayed the matter and it was finally reserved for judgement.

We further report that during the audit period Postal Ballot was conducted under Section 110 of Companies Act, 2013, read with Rule 22 of (Management and Administration Rules, 2014) in December, 2014 to seek approval for borrowing powers to the tune of maximum Rs 60 crores exceeding aggregate of paid-up capital and free reserves and creation of charge / providing security. The combined report (Physical and E-voting) of results of the postal ballot dated 27th December, 2014 by the scrutinizer CS Depuru Raghavendar Rao shows 155 votes cast in favour and 10 votes cast against the resolution.

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

**ANNEXURE-VII****FORM NO MGT 9****EXTRACT OF ANNUAL RETURN**As on financial year ended on **31.03.2015**

*Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.*

**I. REGISTRATION & OTHER DETAILS:**

I	CIN	L25206AP1983PLC004037
II	Registration Date	14.07.1983
III	Name of the Company	Hindustan Fluorocarbons Limited
IV	Category/Sub-category of the Company	Company Limited by Shares/ Indian Government company
V	Address of the Registered office & contact details	303, Babukhan Estates, Basheerbagh, Hyderabad-500001. Tele: 040-23241051/23240047 Fax: 040-23296455 Website: www.hfl.co.in E-mail: hflshareholder@gmail.com
VI	Whether listed company	Yes
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any	Share pro services (India) Ovt. Ltd 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane Off Andheri Kurla Road, Sakinaka Andheri (East) Mumbai-400072. Tel: 67720300 / 351 / 352, 67720400 / 211872, Fax : 040-28591568 e-mail: sharepro@shareproservices.com.

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

Sl. No.	Name & Description of Main Products/services	NIC Code of the Product/service	% to total turnover of the company
1	PTFE	20111	16%
2	CFM-22	20111	72 %
3	TFE	20111	10.09%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:**

Sl. No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Hindustan Organics chemicals Limited & 2 <sup>nd</sup> Floor, 201, 202, 203, NECO Chambers, Plot No.48, Sector,11 CBD-Belapur, NAVI MUMBAI- 400 614	L99999MH1960GOI011895	Holding Company	56.43	2(46) & 2(87) of Companies Act 2013


**IV. SHAREHOLDING PATTERN (Equity/Share capital Break up as % to total Equity):**
**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of The year				No. of Shares held at the beginning of The year				% change during the year	
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares		
<b>A. Promoters</b>										
(1) Indian	0	0	0	0.00	0	0	0	0.00	0	0.00
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corporate	11060000	0	11060000	56.43	11060000	0	11060000	56.43	0	0.00
d) Bank/FI	870000	0	870000	4.44	870000	0	870000	4.44	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL: (A) (1)</b>	<b>11930000</b>	<b>0</b>	<b>11930000</b>	<b>60.87</b>	<b>11930000</b>	<b>0</b>	<b>11930000</b>	<b>60.87</b>	<b>0</b>	<b>0.00</b>
(2) Foreign										
a) NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.87	11930000	0	11930000	60.87	0	0.00
<b>(B) PUBLIC SHARE HOLDING</b>										
(1) Institutions	0	0	0	0.00	0	0	0	0.00	0	0.00
a) Mutual Funds	0	1200	1200	0.01	0	1200	1200	0.01	0	0.00
b) Banks/FI	658700	700	659400	3.36	658700	700	659400	3.36	0	0.00
c) Central govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0	0.00
f) Insurance Companies	296417	0	296417	1.51	296417	0	296417	1.51	0	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0	0.00
i) Others((specify)	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL (B)(1):</b>	<b>955117</b>	<b>1900</b>	<b>957017</b>	<b>4.88</b>	<b>955117</b>	<b>1900</b>	<b>957017</b>	<b>4.88</b>	<b>0</b>	<b>0.00</b>
(2) Non-Institutions										
a) Bodies corporate										
i) Indian	750095	80800	830895	4.24	548113	77300	625413	3.19	0	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Individuals										
i) Individual shareholders holding nominal share capital up to Rs.1 lakhs	995792	2912150	3907942	19.94	1044581	2846250	3890831	19.86	17111	0.06
ii) Individuals Share holders holding nominal share capital in excess of Rs.1 lakhs	1626830	0	1626830	8.30	1848823	0	1848823	9.43	221993	1.13
c) Others (specify)										
i) NRI(Rep)	5216	0	5216	0.03	25716	0	25716	0.13	20500	0.10
ii) NRI(Non-Rep)	203300	136900	340200	1.73	203400	115700	319100	1.63	-21100	-0.11
iii) Trust	1000	0	1000	0.01	2200	0	2200	0.01	1200	0.01
<b>SUB TOTAL (B)(2):</b>	<b>3582233</b>	<b>3129850</b>	<b>6712083</b>	<b>34.25</b>	<b>3672833</b>	<b>3039250</b>	<b>6712083</b>	<b>34.25</b>	<b>0</b>	<b>0.00</b>
Total Public shareholding (B) = (B) (1) + (B) (2)	4537350	3131750	7669100	39.13	4627950	3041150	7669100	39.13	0	0.00
(C) Shares held by custodian for GDRs. & ADRs	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>GRAND TOTAL (A+B+C)</b>	<b>16467350</b>	<b>3131750</b>	<b>19599100</b>	<b>100.00</b>	<b>16557950</b>	<b>3041150</b>	<b>19599100</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>




**ii. Share Holding of Promoters:**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	
1	Hindustan organic Chemicals Limited (HOCL)	11060000	56.43	0.00	11060000	56.43	0.00	0.00
2	Andhra Pradesh Development corporation of India limited (AIPDC)	870000	4.44	0.00	870000	4.44	0.00	0.00
	<b>Total</b>	<b>11930000</b>	<b>60.87</b>	<b>0.00</b>	<b>11930000</b>	<b>60.87</b>	<b>0.00</b>	<b>0.00</b>

**iii. Change in Promoters Shareholding (Specify) If there is no change:**

Sl. No.		Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	11930000	60.87	11930000	60.87
2	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0.00	0	0.00
3	At the end of the year	11930000	60.87	11930000	60.87

**iv. Shareholding pattern of the top ten shareholders (other than directors, promoters & holders of gdrs & adrs)**

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Industrial Development Corporation of India Limited				
	At the beginning of the year	658700	3.36	658700	3.36
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	658700	3.36	658700	3.36



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year		
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
2	Bhubnesh commercial Private Limited					
	At the beginning of the year	452700	2.31	452700	2.31	
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	7710-01/08/2014		0.04	444990	2.27
		1800-08/08/2014		0.009	443190	2.261
		76490-12/09/2014		0.39	366700	1.871
		8051-19/09/2014		0.041	358649	1.83
14900-30/09/2014		0.076	343749	1.75		
7935-10/10/2014		0.040	335764	1.71		
At the End of the year (or on the date of separation, if separated during the year)	335764	1.71	335764	1.71		

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year		
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
3	UdayanKumar N Kothari					
	At the beginning of the year	246600	1.26	246600	1.26	
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	360-25/07/2014		0.001	246960	1.261
		3-01/08/2014		0.011	246963	1.27
		2220-07/11/2014			249183	1.27
At the End of the year (or on the date of separation, if separated during the year)	249183	1.27	249183	1.27		

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	AmitKumar Indrakumar bagri				
	At the beginning of the year	200000	1.02	200000	1.02
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year ( or on the date of separation, if separated during the year)	200000	1.02	0	1.02



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
5	UdayanKumar N Kothari				
	At the beginning of the year	197766	1.01	197766	1.01
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	20000-11/07/2014	0.102	217766	1.112
		6493-18/07/2014	0.033	224259	1.145
		2170-25/07/2014	0.011	226429	1.156
	8890-30/09/2014	0.045	235319	1.2	
	At the End of the year (or on the date of separation, if separated during the year)	235319	1.2	235319	1.2

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
6	Neeta U Kothari				
	At the beginning of the year	162700	0.83	162700	0.83
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	2264-16/05/2014	0.011	164964	0.841
		2225-23/05/2014	0.011	167189	0.852
		3495-06/06/2014	0.017	170684	0.869
		222-13/06/2014	0.001	170906	0.87
	19800-30/06/2014	0.10	190706	0.97	
	5560-04/07/2014	0.03	196266	1.00	
	At the End of the year ( or on the date of separation, if separated during the year)	196266	1.00	196266	1.00

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
7	Life Insurance Corporation of India				
	At the beginning of the year	158500	0.81	158500	0.81
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year ( or on the date of separation, if separated during the year)	158500	0.81	158500	0.81



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8	Shivaji baghwan Kumbharkar				
	At the beginning of the year	150000	0.77	150000	0.77
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year ( or on the date of separation, ifseparated during the year)	150000	0.77	150000	0.77

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9	Bantwal Subraya Baliga				
	At the beginning of the year	133300	0.68	133300	0.68
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, ifseparated during the year)	133300	0.68	133300	0.68

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10	United India Insurance Company				
	At the beginning of the year	120000	0.61	120000	0.61
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, ifseparated during the year)	120000	0.61	120000	0.61



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
11	Hindustan Organic Chemicals Limited				
	At the beginning of the year	11060000	56.43	11060000	56.43
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year ( oron the date of separation, ifseparated during the year)	11060000	56.43	11060000	56.43

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
12	Andhra Pradesh Development Corporation of India				
	At the beginning of the year	870000	4.44	870000	4.44
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year ( oron the date of separation, ifseparated during the year)	870000	4.44	870000	4.44

**v. Shareholding of Directors & KMP**

Sl. No.		Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	For Each of the Directors & KMP				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

**V. INDEBTEDNESS****(Rs. In lacs)**

Indebtedness of the company including interest outstanding/ accrued but not due for payment

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	151.58	3200.49	0.00	3352.07
ii) Interest due but not paid	0.00	558.65	0.00	558.65
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>151.58</b>	<b>3759.14</b>	<b>0.00</b>	<b>3910.72</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	269.29	1680	0.00	1949.29
Reduction	0.00	3.41	0.00	3.41
Net Change	269.29	1676.59	0.00	1945.88
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	420.87	4877.08	0.00	5297.95
ii) Interest due but not paid	0.00	616.2	0.00	616.2
iii) Interest accrued but not due	0.00	63.26	0.00	63.26
<b>Total (i+ii+iii)</b>	<b>420.87</b>	<b>5556.54</b>	<b>0.00</b>	<b>5977.41</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time Director and/or Manager:****(Rs. In lacs)**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
1	Gross salary	Sri. T S Gaikwad
	(a) Salary as per provision contained in section 17(1) of the Income Tax 1961	39.7
	(b) Value of perquisites a/s 17(2) of the Income tax Act.1961	2.31
	© Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	0.00
2	Stock option	0.00
3	Sweat Equity	0.00
4	Commission	0.00
5	As % of profit	0.00
6	Others (specify)	0.00
	Total (A)	42.01
	Ceiling as per the Act	Not applicable

**B. Remuneration to other Directors: (Rs. In lacs)**

Sl. No.	Particulars of Remuneration	Name of the Directors
1	Independent Director	Dr. N J Gaikwad
	(a) Fee for attending Board committee meetings	0.45
	(b) Commission	0.00
	© Others please specify	0.00
	Total (1)	0.45
2	Other Non Executive Directors	
	(a) Fee for attending Board committee meetings	0.00
	(b) Commission	0.00
	© Others please specify	0.00
	Total (2)	0.00
	Total (B)=(1+2)	0.45
	Total Managerial Remuneration	0.45
	Overall ceiling as per the Act.	

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTG (Rs. In lacs)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per Provision contained in section 17(1) of the Income Tax Act.1961	39.7	7.81	2.53	50.04
	(b) Value of perquisites U/s 17(2) of the Income Tax Act.1961	2.31	0	0	2.31
	© Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0



## VII Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>B. DIRECTORS</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0





## Balance Sheet as at 31st March 2015

(Rs. in lacs)

Notes	As at 31 March 2015	As at 31 March 2014
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' FUND</b>		
Share capital	2	1961.46
Reserves and surplus	3	(7216.90)
<b>NON - CURRENT LIABILITIES</b>		
Long-term borrowings	4	2032.88
Long-term provisions	5	482.86
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	6	473.04
Trade payables	7	509.79
Other current liabilities	8	6025.12
Short-term provisions	9	477.63
<b>TOTAL</b>	<b>4745.89</b>	<b>3094.73</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed Assets		
Tangible assets	10A	1894.80
Intangible assets	10B	162.17
Capital work-in-progress		62.19
Long term loans and advances	11	98.95
Other Non-current assets	12	0.00
<b>CURRENT ASSETS</b>		
Inventories	13	932.31
Trade receivables	14	299.23
Cash and bank balances	15	1123.80
Short-term loans and advances	16	172.43
<b>TOTAL</b>	<b>4745.89</b>	<b>3094.73</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: 25.05.2015

Sd/-  
**(A. RAMESH)**  
**CHIEF FINANCIAL OFFICER**

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



## Statement of Profit and loss for the year ended 31.03.2015

(Rs. in lacs)

	Notes	2014-2015	2013-2014
Revenue from operations	17	3274.79	3134.45
Less: Excise Duty		359.72	345.53
Net Sales		2915.07	2788.92
Other income	18	55.08	36.70
<b>Total Revenue</b>		<b>2970.15</b>	<b>2825.62</b>
<b>Expenditure:</b>			
Cost of raw materials consumed	19	1530.55	1138.12
Changes in inventories of finished goods			
Work-in-progress and Stock-in-Trade	20	(194.48)	351.64
Employee benefits expenses	21	1333.97	2415.05
Finance costs	22	209.56	143.89
Depreciation and amortization expenses	10C	110.24	114.68
Other expenses	23	1038.22	1130.47
<b>Total expenses</b>		<b>4028.05</b>	<b>5293.86</b>
Deduct : Prior period items (net)		10.21	14.23
Profit before extra ordinary items and tax		<b>(1068.11)</b>	<b>(2482.47)</b>
Exceptional Items (Sale of Land)	24	690.65	0.00
Profit before extra ordinary items and tax		<b>(377.46)</b>	<b>(2482.47)</b>
Tax Expense		0.00	0.00
Profit/(Loss) for the year from continuing operations		<b>(377.46)</b>	<b>(2482.47)</b>
<b>Earnings per equity share:</b>			
Basic (Rs.)	25	(1.93)	(12.67)
Diluted (Rs.)		(1.93)	(12.67)

**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: 25.05.2015

Sd/-  
**(A. RAMESH)**  
CHIEF FINANCIAL OFFICER

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


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (Rs. in lacs)**

	2014-15		2013 - 14	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before taxation and Extraordinary items	(377.46)		(2482.47)	
Adjustments for :				
Depreciation	110.24		114.68	
Loss on Discarded Asset	0.00		0.24	
Profit on Sale of Land	(690.65)		0.00	
		(957.86)		(2367.55)
<b>Operating Profit before working capital changes</b>				
Adjustments for				
(Increase)/Decrease in Inventories	(235.24)		360.80	
(Increase)/Decrease in Trade receivables	(24.78)		108.10	
(Increase)/Decrease in Loans & Advances	(99.42)		83.14	
Increase/(Decrease) in working capital borrowings	(35.61)		211.45	
Increase/(Decrease) in Current Liabilities & Provisions	88.08		1565.80	
<b>Cash generated from operations</b>		(306.98)		2329.28
<b>Net Cash flow from Operating activities</b>		(1264.84)		(38.27)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(359.93)		(127.36)	
Sale of Fixed assets	700.00	340.07	0.00	(127.36)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase in Secured Loans	323.44		209.29	
Increase in Unsecured Loans	1680.00		0.00	
Net cash used in financing activities		2003.44		209.29
Net increase in cash and cash equivalents		1078.67		43.66
Cash and cash equivalents at the beginning of period		45.13		1.47
Cash and cash equivalents at the ending of period		1123.80		45.13

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: 25.05.2015

Sd/-  
**(A. RAMESH)**  
**CHIEF FINANCIAL OFFICER**

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

**Notes to financial statements for the year ended 31st March 2015****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, 2013. 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) The depreciable amount of an asset is the cost of an asset or other amount substituted for cost less residual value. Depreciation is provided in accordance with Schedule II of the Companies Act, 2013, 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 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 31-03-2015	As at 31-03-2014
<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 at the beginning and at the end of the reporting period**

	Equity Shares 31-03-2015		Equity Shares 31-03-2014	
	Number	Amount	Number	Amount
Shares 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 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 2015		As at 31 March 2014	
		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 2015	As at 31 March 2014
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening balance	(6,812.15)	(4,329.68)
Add: Profit transferred from Statement of Profit and Loss	(377.46)	(2,482.47)
Net Deficit in the Statement of Profit & Loss	<b>(7,189.61)</b>	<b>(6,812.15)</b>
Less: WDV of fixed assets transferred to Reserves as per Companies Act 2013	27.29	
<b>Total</b>	<b>(7,216.90)</b>	<b>(6,812.15)</b>

**NOTE 4 : LONG TERM BORROWINGS**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<b>Secured</b>		
Term loans - State Bank of Hyderabad	296.87	151.58
Hindustan Organics Chemicals Ltd	392.01	784.02
<b>Unsecured</b>		
Government Plan Loan	1344.00	0.00
<b>Total</b>	<b>2032.88</b>	<b>935.60</b>



- 4(A) The Term loan from HOCL is secured by part of the land to the extent of 62 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, 2014-15 amounting to Rs.1960.04 lacs is not paid by the company and current maturities of F Y 2015-16 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 all the instalments due and interest during the F Y 2010-11 to 2014-15 amounting to Rs.456.43 lacs is not paid by the company & 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.616.23 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 corporate guarantee by promotor company Viz., HOCL to this extent. Further, HOCL has given an undertaking that they will not withdraw their investments during the period of loan.
- 4(E) The company has received plan loan from government of India Rs. 3,60,00,000/-for manufacture of MPTFE on 22.8.2014 and Rs. 13,20,00,000/- for refurbishment of the Plant and HFP and FEP related items on 01.01.2015 @ 11.5% p.a. repayable in 5 annual installments commencing from F.Y. 2015-16. The 1st installment due for F.Y. 2015-16 amounting to Rs. 336.00 lakhs shown in Note-8 under the head 'Other Current liabilities being Govt. Plan Loan current maturities of long term debt'.

**NOTE 5: LONG TERM PROVISIONS**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<b>(a) Provision for employee benefits (Refer Note 21)</b>		
Gratuity	401.36	339.69
Leave Encashment	81.50	65.41
<b>Total</b>	<b>482.86</b>	<b>405.11</b>

**NOTE 6: SHORT TERM BORROWINGS**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<b>Secured</b>		
From STATE BANK OF HYDERABAD CASH CREDIT	473.04	508.65
<b>Total</b>	<b>473.04</b>	<b>508.65</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 Acres 126.13 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 PAYABLES**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
Dues to Micro and SSI units	1.00	4.12
Others	508.79	362.59
<b>Total</b>	<b>509.79</b>	<b>366.71</b>

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

Particulars	As at 31 March 2015	As at 31 March 2014
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)

	As at 31 March 2015	As at 31 March 2014
Current maturities of long-term debt (Refer Note 4)	2805.07	2416.47
Interest Accrued and Due (Refer Note 4)	616.20	558.65
Govt. Plan Loan current maturities of long term debt (Refer Note 4)	336.00	0.00
Current maturities of long-term debt SBH Term Loan (Refer Note 4)	124.00	0.00
Interest Accrued but not Due (SBH Term Loan)	5.08	0.00
Creditors for capital goods	5.88	30.71
Others Payables	2132.90	2274.25
<b>Total</b>	<b>6025.12</b>	<b>5280.08</b>

**NOTE 9: SHORT TERM PROVISIONS**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<b>(a) Provision for employee benefits (Refer Note 21)</b>		
P F company contribution	103.65	129.86
Gratuity	53.56	47.54
LTA & Other Provisions	13.50	3.84
Leave Encashment	306.93	268.03
<b>Total</b>	<b>477.63</b>	<b>449.27</b>



Note No. 10 (A) TANGIBLE ASSETS: (Rs. In lacs)

	Gross Block		Accumulated Depreciation				Net Block	
	As at 31 March 2014	Additions/ (Disposals) 2014-15	As at 31 March 2014	Depreciation/ Amortisation for the year	WDV Transfer to Reserves as per Co's Act 2013	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Land	68.42	(9.35)	0.00	0.00	0.00	0.00	59.06	68.42
Buildings	167.49	0.00	109.69	2.98	18.37	131.04	36.45	57.79
Plant and Machinery	6795.60	257.36	5174.09	97.50	0.85	5272.44	1780.52	1621.51
Furniture & Fixtures	84.70	0.00	64.73	5.41	0.00	70.13	14.57	19.97
Computers	39.30	3.15	27.31	2.87	8.08	38.26	4.20	11.99
<b>TOTAL</b>	<b>7155.51</b>	<b>251.16</b>	<b>5375.82</b>	<b>108.75</b>	<b>27.29</b>	<b>5511.86</b>	<b>1894.80</b>	<b>1779.69</b>
<b>Previous Year Figures</b>	7150.67	4.84	5262.59	113.77	0.00	5375.82	1779.69	1888.08
<b>10(B) Intangible Assets:</b>								
Computer Software	5.61	0.00	0.91	1.47	0.00	2.38	3.23	4.70
M-PTFE	0.00	158.97	0.00	0.02	0.00	0.02	158.95	0.00
<b>TOTAL</b>	<b>5.61</b>	<b>158.97</b>	<b>0.91</b>	<b>1.49</b>	<b>0.00</b>	<b>2.40</b>	<b>162.17</b>	<b>4.70</b>

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

	2014-15	2013-14
Depreciation	110.24	114.68
Amortisation	0.00	0.00
<b>Total</b>	<b>110.24</b>	<b>114.68</b>

**10(D)** Company has leased (October 2009) an open area of 3 acres including build up area of 2424 sft to Advanced Fluorine Technologies Private Limited, (AFTPL), Mumbai for 20 years with annual land rent of Rs. 15,38,820 (Rs. 15 per sft per month) for built up area for the purpose of utilization of Monomer Tetrafluoro Ethylene (TFE) manufactured by HFCL as raw material to convert it into telomere products and to be marketed by AFTPL.

**10(E)** Consequent to the applicability of the Companies Act 2013 with effect from 1st April 2014 the company has reassessed the useful life of the fixed assets in accordance with the Schedule-II which resulted in decrease in depreciation for the year by Rs.5.01 lakhs. Further Rs.27.29 lakhs has been adjusted against the Opening balance of retained earnings, representing the carrying amount of assets whose remaining useful life is nil as at 1st April 2014.


**NOTE 11 LONG TERM LOANS AND ADVANCES**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
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)

	As at 31 March 2015	As at 31 March 2014
Trade receivable - Unsecured considered doubtful	329.59	329.59
Less: Provision for doubtful debts	(329.59)	(329.59)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**NOTE 13 : INVENTORIES**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
Raw Materials and components includes materials in transit of Rs.1022165/- (Pr. Year Rs.3989659)	96.54	88.51
Stock-in-process*	191.11	199.30
Finished goods	421.37	193.11
Stores and spares	223.30	216.15
<b>Total</b>	<b>932.31</b>	<b>697.07</b>

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

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
CFM – 22 Product	52.11	84.28
TFE	3.97	7.99
POLY-SUSPENSION	107.37	92.47
POLY-EMULSION	27.66	14.56
<b>Total</b>	<b>191.11</b>	<b>199.30</b>

13(B). Excise duty on closing finished goods in respect of goods manufactured by the company amounting to Rs. 46.82 lacs (previous year Rs.21.24 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.202 (Previous year Rs.202) and there is no difference to charge off during the year.

**NOTE 14: TRADE RECEIVABLES**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<i>Secured, considered good</i>		
Debts overdue for a period exceeding six months	151.07	149.86
Other debts	148.15	124.59
<b>Total</b>	<b>299.23</b>	<b>274.45</b>



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

14(B) Debts overdue 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 2015</b>	<b>As at 31 March 2014</b>
Balances with Banks	0.23	0.27
Corporate Liquid Term Deposit - SBH	1120.52	0.00
Margin Money Deposit	2.78	44.63
Cash on hand	0.27	0.23
<b>Total</b>	<b>1123.80</b>	<b>45.13</b>

15(A). Margin money deposits are subject to first charge/ lien to secure the company's cash credit loan and term loan with a maturity period of 6 to 12 months.

15(B). The company has made a deposit with SBH (Corporate Liquid Term Deposit) for a maturity period of 1 year.

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

(Rs. In lacs)

	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
<b>Others</b>	93.99	59.19
Advance to Suppliers		
Considered good	78.44	13.81
Considered doubtful	0.91	0.91
Less: Provision for Considered doubtful advance	(0.91)	(0.91)
<b>Total</b>	<b>172.43</b>	<b>73.00</b>

**NOTE 17: REVENUE FROM OPERATIONS**

(Rs. In lacs)

	<b>2014-15</b>		<b>2013 - 14</b>	
<b>Revenue From Operations</b>				
(i) Sale of products				
Polytetrafluoroethylene	534.26		1363.97	
Application Development Customer Support	34.78		64.47	
CFM - 22	2358.24		1533.21	
Tetrafluoroethylene	330.55		153.42	
Hydro chloric acid	16.90	3274.73	16.97	3132.04
<b>Gross Sales</b>		<b>3274.73</b>		<b>3132.04</b>
(ii) Other operating revenues:				
Sale of Scrap	0.00		2.38	
Sale of DHF	0.06	0.06	0.03	2.41
<b>TOTAL TURNOVER</b>		<b>3274.79</b>		<b>3134.45</b>

**NOTE 18: OTHER INCOME**

(Rs. in lacs)

	2014-15	2013-14
Interest from Others	30.24	3.31
Other non - operating income - Others	24.85	33.39
<b>Total</b>	<b>55.08</b>	<b>36.70</b>

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

(Rs. in lacs)

	2014-15	2013-14
Inventory at the beginning of the year	39.60	52.06
Add : Purchases	1569.47	1125.66
Less : Inventories at the close of the year	78.52	39.60
Cost of Raw material and packing material consumed	<b>1530.55</b>	<b>1138.12</b>

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

(Rs. in lacs)

	2014-15	2013-14
AHF	764.37	690.51
CHLOROFORM	678.63	322.02
FC - 26	37.60	58.51
OTHERS	40.01	52.96
PACKING MATERIAL	9.94	14.12
<b>TOTAL</b>	<b>1530.55</b>	<b>1138.12</b>

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

(Rs. in lacs)

	2014-15	2013-14
AHF	13.41	11.85
CHLOROFORM	19.89	7.97
FC - 26	20.93	4.17
OTHERS	22.25	14.28
PACKING MATERIAL	2.04	1.34
<b>TOTAL</b>	<b>78.52</b>	<b>39.61</b>


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

(Rs. in lacs)

	2014-15		2013-14	
<b>Opening stock:</b>				
Stock-in-process	199.30		301.77	
Finished products	193.11	392.42	473.08	774.86
Less: Closing Stock				
Stock-in-process	191.11		199.30	
Finished products	421.37	612.47	193.11	392.42
		(220.06)		382.44
Add: Increase/(Decrease) in Excise duty on Finished products		25.58		(30.80)
<b>Total</b>		<b>(194.48)</b>		<b>351.64</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. 652.88 Lacs (previous year Rs. 373.77 Lacs).

**NOTE 21: EMPLOYEE BENEFITS EXPENSES**

(Rs. in lacs)

	2014-15	2013-14
Salaries, wages and Bonus	1161.79	2012.80
Contribution to Provident and other funds	105.46	339.12
Staff Welfare expense	66.71	63.14
<b>Total</b>	<b>1333.97</b>	<b>2415.05</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)

	2014-15	2013-14
Employers Contribution to Provident Fund	8377	131.32
Employers Contribution to ESI	1.90	1.51
Other Contributions	19.80	11.95

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>2014-15</b>	<b>2014-15</b>
Defined Benefit obligation at the beginning of year	476.19	333.44
Current service cost	26.12	16.38
Interest cost	42.86	30.01
Actuarials (gain) / loss	36.42	8.59
Benefits paid	(45.29)	0.00
Defined Benefit obligation at the year end	536.31	388.43

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

	<b>Gratuity (Funded)</b>
	<b>2014-15</b>
Fair value of plan asset at the beginning of year	88.95
Expected return on plan assets	6.84
Actuarial gain / (loss)	0.00
Employer contribution	30.88
Benefits paid	(45.29)
Fair value of plan asset at the year end	81.38
Actual return on plan assets	0.00

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

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2014-15</b>	<b>2014-15</b>
Fair value of plan assets	(81.38)	0.00
Present value of obligation	536.31	333.44
Amount recognised in Balance Sheet	454.92	388.43

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

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2014-15</b>	<b>2014-15</b>
Current service cost	26.12	16.38
Interest cost	42.86	30.01
Expected return on plan assets	(6.84)	0.00
Actuarial gain/(loss)	36.42	(8.59)
<b>Net Cost</b>	<b>98.57</b>	<b>54.98</b>


**v) Actuarial assumptions**

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2014-15 (ultimate) 1994-96</b>	<b>2014-15 (ultimate) 1994-96</b>
Mortality Table (LIC)		
Discount Rate (per annum)	9%	9%
Expected rate of return on plan assets	9%	-
Attrition Rate	10%	10%
Salary Rise	4%	4%

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

**NOTE 22: FINANCE COSTS**

(Rs. in lacs)

	<b>2014-15</b>		<b>2013-14</b>	
Interest on SBH Term Loan - 5 Yrs.	44.10		0.55	
Less: Borrowing cost transferred to Capital Work-in-progress	0.00		0.55	
Less: Borrowing cost capitalised to asset	44.10	0.00	0.00	0.00
Interest on Government Plan Loan		63.23		0.00
Interest on Cash Credit		66.71		68.73
Interest on secured loan-HOC		63.95		64.12
Interest to Others		15.66		11.05
<b>TOTAL</b>		<b>209.56</b>		<b>143.89</b>

**NOTE 23: OTHER EXPENSES**

(Rs. in lacs)

	<b>2014-15</b>		<b>2013-14</b>	
Consumption of stores and spares		68.86		46.43
Power & Fuel		505.76		726.46
Water Charges		233.08		119.34
Rent		8.54		7.84
Rates & Taxes		9.66		10.66
Repairs and Maintenance				
To Building	0.23		0.85	
To Machinery	34.13		24.00	
To Other Assets	2.70	37.05	11.25	36.10
Insurance		9.03		11.86
Payments to auditors:				
Statutory audit fees	1.07		0.95	
Limited Review	0.51	1.57	0.45	1.40
Professional charges		13.96		12.85
Transport charges		63.40		63.94
Provision for doubtful debts		0.00		19.95
Loss on Discarded Asset		0.00		0.24
Misc. Expenditure		87.30		73.41
<b>Total</b>		<b>1038.22</b>		<b>1130.47</b>




**NOTE -24 : EXCEPTIONAL ITEMS**

During the financial year the company has sold 20 acres of land to Central Institute of Plastic and Engineering Technology (CIPET) out of 146.13 acres for a sale consideration of Rs. 700 lakhs. Since, profit on sale of land of Rs. 690.65 lakhs being an exceptional item, the same is being disclosed.

**NOTE - 25 : EARNINGS PER SHARE**

(Rs. in lacs)

	As at 31 March 2015	As at 31 March 2014
Net Profit attributable to equity shareholders		
Profit after tax	(377.46)	(2482.47)
Weighted average number of shares (Nos. in lacs)	195.99	195.99
Basic and Diluted Earnings per share(Rs.)	(1.93)	(12.67)
Face value per share(Rs.)	10.00	10.00

**NOTE - 26 CONTINGENT LIABILITIES AND COMMITMENTS:**

(Rs. In lacs)

	As at 31 March 2015	As at 31 March 2014
<b>(i) Contingent Liabilities</b>		
(a) ESI	13.46	13.46
	<u>13.46</u>	<u>13.46</u>
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	84.79	287.25
	<u>98.25</u>	<u>300.71</u>

**Note - 27 - TAXES ON INCOME:**

27(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 - 28 - DETAILS OF MANUFACTURED GOODS :**

(Rs. in lacs)

Particulars	Sales Value	Closing Inventory	Opening Inventory
CFM - 22	2358.24	52.11	84.09
Tetrafluoroethylene	330.55	3.97	8.52
Polytetrafluoroethylene	534.26	421.37	193.11

**Note- 29**

(Rs. in lacs)

	2014-15	2013-14
CIF value of imports of Raw materials	250.67	0.00

**Note - 30**

(Rs. in lacs)

Expenditure in foreign currency :		
Travelling expenditure	0.00	7.48

**Note - 31**

(Rs. in lacs)

Earning in foreign currency	8.26	0.00
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**Note - 32**

(Rs. in lacs)

	2014-15	2013-14
<b>RELATED PARTIES DISCLOSURE:</b>		
The company is a subsidiary of HOCL (HINDUSTAN ORGANIC CHEMICALS LIMITED)		
Interest payable to HOCL	616.20	558.65
Un-Secured Loan from HOCL	3813.28	3,759.14

**KEY MANAGEMENT PERSONNEL:**

(Rs. in lacs)

Payment of remuneration		
SHRI T S GAIKWAD, Managing Director	42.01	17.16
SHRI E SURYA RAO, CFO	2.53	16.92
MS. K. RAJANI, Compliance Officer	7.81	7.32

**Note - 33**
**LITIGATIONS AT VARIOUS AUTHORITIES:**

AUTHORITIES	NATURE OF LITIGATIONS	QUANTUM	REMARKS
Hon'ble High Court Judicature for the state of Telangana and for A.P., Hyd	Recovery from Debtors	Rs.132.00 lacs	On the order passed by the single judge M/s. Refex refrigent Ltd. got stayed the matter and petitioner co. vacated the stay, finally the matter was reserved for judgement
Before the Board for and Financial reconstruction (BIFR) Bench-II New Delhi	Damages on delayed payments of Provident Fund with interest thereon from 2000 to 2011.	Rs.94.89 lacs	Application filed on 14.05.2014, due to pendency of cases, matter could not reached.

**Note - 34**

The company has prepared these financial statements as per the format prescribed by Schedule III of the Companies Act, 2013 ("the schedule") issued by Ministry of Corporate Affairs. Previous period's figures have been recast/restated to confirm to the classification required by the Schedule - III

**Note - 35**

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

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

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

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

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

Place: Hyderabad  
Date: 25.05.2015

Sd/-  
**(A. RAMESH)**  
**CHIEF FINANCIAL OFFICER**

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

**Form No. MGT-12****Polling Paper**

**[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014] CIN:L25206AP1983PLC004037**

Name of the Company	Hindustan Fluorocarbons Limited		
Registered office	303, Babukhan Estates, Basheerbagh, Hyderabad-500001		
Date of notice : 31.08.2015	Date of AGM: September 25, 2015		
Venue	Press Club, Deshodharaka Bhavan, Bashirbagh, Hyderabad - 500 001	Time:3.00 PM	
<b>BALLOT PAPER</b>			
<b>S.No.</b>	<b>Particulars</b>	<b>Details</b>	
1	Name of the first Named Shareholder (in block letters)		
2	Postal address		
3	Registered Folio No./* Client ID No. (*Applicable to investors in dematerialized form)		
4	Class of share	Equity	

I hereby exercise my vote in respect of ordinary resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Sl. No.	Item No	No of shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31 <sup>st</sup> March, 2015 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 appoint a Director in place of <b>Dr. N J Gaikwad</b> , who retires at this Annual General Meeting of the Company and eligible for re-appointment.			
5	To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.			
6	Alteration of Situation clause of Memorandum of Association:			
7	Authorization under section 180(1)(a) of the Companies Act 2013			

Place: Hyderabad

Date: 25.09.2015

(Signature of the shareholder)

