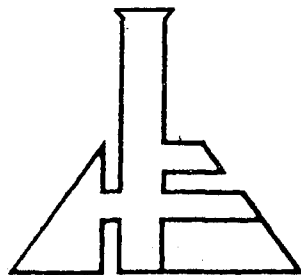
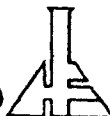


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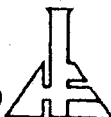


HINDUSTAN FLUOROCARBONS LIMITED



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**BOARD OF DIRECTORS**

Shri A S Didolkar	From 20.5.2002 (HOCL Nominee)	Chairman
Shri U Sarkar	HOCL Nominee (Upto 31.1.2008)	Director
Shri R N Madangeri	From 12.11.2003 (upto 20.6.2007 F/N)	Managing Director
Shri R N Madangeri	HOCL Nominee (from 1.2.2008)	Director
Shri T S Gaikwad	From 1.1.2008	Managing Director
Shri Ramesh Chandra Jha	Govt.of India Nominee (upto 25.9.2007)	Director
Shri N Bhattacharya	Govt.of India Nominee (25.9.2007)	Director
Shri S.W.Oak	BIFR Nominee (From 26.7.2007)	Director
Shri D P Tripathi	BIFR Nominee (upto 1.7.2007)	Director

AUDITORS

M/s V Rao & Gopi,
Chartered Accountants
No.3-5-595, Gr.Floor, Garonda Paul Apartments,
Vittalwadi, 7th street, Narayanguda,
Hyderabad – 500 029.

BANKERS

State Bank of Hyderabad, Gunfoundry, Hyderabad

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt.Ltd.,
Satam Estate, 11th Floor, Chakala, Andheri (E)
Mumbai – 400 099.

REGISTERED OFFICE

1402, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001

WORKS

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

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NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Wednesday 24.9.2008 at 3.00 P.M at J S Krishna Murthy Hall, The Federation of A.P.Chamber of Commerce & Industry, 11-6-841, P B No.14, Red Hills, Hyderabad – 500 004 to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 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 N Bhattacharya who retires at this AGM and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri R N Madangeri who retires at this AGM and being eligible offers himself for re-appointment.

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

Sd/-
(T S GAIKWAD)
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 29.7.2008

Regd.Office

1402, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hrs. before the meeting.
2. The Register of Members and Shares Transfer Books of the company will remain closed from Friday the 19th Sept, 2008 to Wednesday the 24th Sept, 2008 (both days inclusive).
3. 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.

PLACE : HYDERABAD

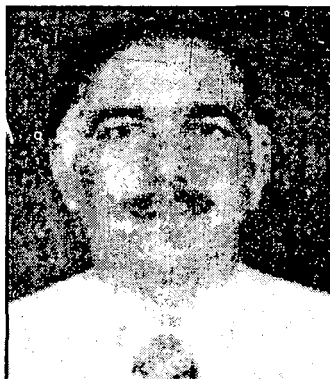
DATE : 29.7.2008

Regd.Office

1402, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001.



Chairman's Speech



Dear Shareholders,

I extend my hearty welcome to you to this 25th Annual General Meeting of the company. I am sure, you must have received 'The Directors' Report and Audited Annual Accounts for the year ended 31st March, 2008 and with your permission I take it as read. At the outset, I wish to inform you that the production of PTFE is decreased compared to the previous year due to constraint of working capital. Domestic market continues to be sluggish in spite of imposition of antidumping duty. Still PTFE is dumped at cheaper rate as compensation is not adequate.

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

1. OPERATIONS AND OVERALL PERFORMANCE:

In spite of several odds, during the year under

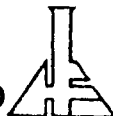
report, your Company registered a sales turnover of Rs.1016 lacs as against Rs. 1657 lacs of previous year.

The quality of our products is continued to be well accepted by domestic processors. Cash management, continued to be under strain and hence your company operated within the limited cash credit of SBH.

2. CONCERN FOR ENVIRONMENT:

The safety of the Environment and Health aspects continue to be of great emphasize for your Company.

The company ensured maintenance of rigorous safety standards and periodic review of safety measures have enabled the company once again to maintain safe operations during the year.

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3. POLICY IMPLICATIONS AND RECESSIONARY TREND :

Consistent reduction in the Customs Tariff and the cheaper imports into India affected the overall realization.

Although the element of anti dumping is highly inadequate it will provide your company atleast a marginal relief on the domestic front. This is expected to further improve the realization for certain grades of your company's products.

4. FUTURE OUTLOOK :

The company is optimistic that the economy will improve during the coming years thereby the demands for the company's products will substantially increase.

The company is actively gearing itself to explore avenues to improve the viability by way of implementing the CDM Project. The technology and the project supplier has been identified and complete project is awarded to M/s SRF on Turnkey basis. The registration of CDM Project with UNFCCC is in progress.

This will provide HFL greater financial and commercial stability and operational flexibility.

In regard to the BIFR status of your company, the Company still remains under BIFR. However, the company has cleared Financial Institutions

dues as one time settlement (OTS) and HOCL has waived interest on unsecured loan. The revival package awarded by BIFR is being implemented.

5. ACKNOWLEDGEMENTS :

I would like to convey my sincere appreciation for the constant support received from our customers, suppliers, HOCL, Central Govt., Govt. of Andhra Pradesh, our employees and Statutory Bodies, Investors, Banks & FIs etc. 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.

Thank you all once again.

(A.S.DIDOLKAR)

Chairman

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DIRECTORS' REPORT

Your Directors hereby present the 25th Annual Report of the company together with Audited Annual Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS.

(Rs. in lacs)

	Financial Year 2007-08	Financial Year 2006-07
Sales Turnover(Net)	1016	1657
Gross Profit	4145	(246)
Interest	64	402
Cash Profit / (Loss)	4081	(648)
Less: Depreciation	76	285
DRE	0	0
Profit / (loss) for the year	4005	(933)
Prior period Adjustments	9	2
Net Profit/(Loss)	3996	(931)
Balance of loss carried to balance sheet	(5262.06)	(9258.46)

Even though the revival of the Indian Economy showed improvements in Financial Year 2007-08, the domestic PTFE market was sluggish and dumping of imported material, particularly from China continued. The company posted a gross profit and net profit for the year due to waiver of interest by Financial Institutions and interest on unsecured loan by holding company Hindustan Organic Chemicals Ltd.,

However in view of the continued accumulated losses incurred by the company in the previous years carried to the balance sheet, your Directors do not recommend any dividend on equity shares for the year ended 31.3.2008.

2. OPERATION AND OVERALL PRODUCTION AND MARKETING PERFORMANCE:

During the year sales turnover of Rs.1016 lacs as against Rs.1657 lacs in the previous year, the reduction in the sales turnover is due to working capital constraint. During the year under report production of PTFE was 114 MTs as against 245MTs in the previous year. The production of CFM-22 is 482 MTs as against 791 MTs in the previous year. Quality of all company's products continued to be well accepted by domestic processors.

3. FUTURE OUTLOOK.

The company is optimistic that the economy will improve during the coming years thereby the demands of the company's products will improve. The company is actively gearing itself to explore avenues to improve the viability by way of implementing the CDM Project. This CDM project is given to M/s SRF as a provider for technology on turnkey basis. It is expected that project is getting

registered shortly and accruing of CERs will start in this financial year.

4. SAFETY AND ENVIRONMENT

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

5. BOARD OF DIRECTORS

The following changes have taken place among the Directors of the Company:

Shri R N Madangeri, MD, HFL has relinquished the charge on 20.6.07 F/N consequent to appointment by the GOI as Director(Tech.) in Hindustan Organic Chemicals Ltd.

Shri D P Tripathi ceased to be Special Director, BIFR w.e.f.1.7.2007 on attaining the age of 65 years.

Shri Ramesh Chandra Jha ceased to be Director w.e.f.25.09.2007. In his place Shri N.Bhattacharya, is appointed as a Govt. Nominee Director w.e.f.25.9.2007. He is Dy.Secretary to the Govt. of India from the Ministry of Chemicals & Fertilizers, Deptt. of Chemicals & Petrochemicals, Govt.of India.

Shri U Sarkar, Nominee Director-HOCL, is ceased to be Director of HFL w.e.f.1.2.2008 on attaining the age of superannuation.

Shri S W Oak is appointed as Special Director, BIFR w.e.f. 26.7.2007.

Shri T S Gaikwad is appointed as Managing Director w.e.f.1.1.2008 prior to his appointment he was Chief Engineer in HOCL.

Shri R N Madangeri, Director(Tech.), HOCL is appointed as HOCL-Nominee Director w.e.f. 1.2.2008.

Government Nominee Director Shri N Bhattacharya, Dy.Secretary to Govt. of India from Department of Chemicals and Petrochemicals and Shri R N Madangeri, Director(Tech.), HOCL will retire at this AGM and being eligible now offered themselves for reappointment.

6. INDUSTRIAL RELATIONS

Employee relation continued to be cordial through out the year. The whole-hearted support extended by the employees in augmenting production, improving operational efficiencies etc., amply demonstrated the mutual trust and cooperation between the employees and the management.

Company continued to follow Govt. policy of reservation in recruitment of SC/ST/OBC. Analysis relating to SC/ST/

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OBC/WOMEN personnel in the company is given at Annexure-II.

7. PARTICULARS OF EMPLOYEES:

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

8. DISCLOSURES-CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO.

Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in so far as they relate to the company are furnished in the annexure.

9. 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 periodical checks. The instructions of the Central Vigilance Commission received from time to time have been implemented to strengthen the vigilance machinery in the company.

10. AUDITORS

Company continues to attract the provisions of Section 619(2) of the Companies Act, 1956. The comptroller and Auditor General of India has appointed M/s.V Rao & Gopi, Chartered Accountants, Hyderabad as Auditors of the Company to Audit the accounts for the year ended 31st March, 2008.

The comments of the Comptroller and Auditor General of India u/s.619(4) of the Companies Act, 1956 on the Accounts of the company for 2007-2008 has been annexed to the Annual Report for the period 2007-08.

11. TRADING AND DEMAT FACILITIES FOR SHARES:

The company has received during the year in principle approval from the Mumbai Stock Exchange (BSE) for revocation of suspension in trading and reinstated the trading in equity shares of the company. Company is in the process of obtaining ISIN and demat facilities with Central Depository Services (India) Limited, (CDSL) for the equity shares of the company.

12. CORPORATE GOVERNANCE

All the members are aware; the company shares are listed at Stock Exchanges of Hyderabad, Mumbai and as per Clause 49 of the listing agreement. Corporate Governance report is annexed hereto and forms part of the Director Report.

13. RESPONSIBILITY STATEMENT

The Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- That they have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the company for the period.
- That they have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That they have prepared the annual accounts on a going concern basis.

14. ACKNOWLEDGEMENTS

Your directors wish to acknowledge the sustained efforts and dedications of the company's employees who have contributed to a large extent against odds towards including the company's operations during the year.

The substantial and timely assistance from the holding company, Hindustan Organic Chemicals Limited in all respects is gratefully acknowledged. Your Directors also wish to thank State Bank of Hyderabad, the company's bankers and the financial institutions for their valuable support. We also wish to place on record our gratitude for the assistance received from Govt. of India, Govt. of Andhra Pradesh, APIDC, Raw Material suppliers and our valued customers.

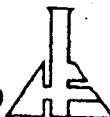
For and on behalf of the Board of Directors

(T.S. GAIKWAD)

Managing Director

Place: Hyderabad

Date: 29.7.2008.

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**ANNEXURE-I
(FORM A)****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

A.	POWER AND FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
1.	Electricity		
	Purchased units	53,78,085 KWH	67,83,290 KWH
	TOTAL AMOUNT	Rs.2,05,14,727	Rs.2,39,29,341.73
	Rate/Unit	Rs.3.81	Rs.3.53
b)	OWN GENERATION		
i)	Through Diesel Generator	52,156 KWH	12,270 KWH
	Units per Liter of Diesel Oil	3.08 KWH	2.27 KWH
	Cost per unit	Rs.9.54	Rs.15.20
ii)	Through Steam Turbine	-	-
	Generator Units	-	-
3.	FURNACE OIL		
	Quantity	351.50 KL	474.50 KL
	Total Amount	Rs.67,30,281	Rs.80,13,256.44
	Average rate per KL	Rs.19,147.31	Rs.16,887.79
B.	CONSUMPTION FOR UNIT OF PRODUCTION		
	Product PTFE (MT)		
	Electricity per MT of PTFE	47,179.00 KWH	27,737 KWH
	Furnace oil per MT of PTFE	3.08 KL	1.94 KL
	HSD rate per KL	Rs.29,424.94	Rs.34,544.84

ANNEXURE-II

Consolidated report as on 31-03-2008 (SC/ST/OBC/WOMEN)

Group	Total Strength	SC	ST	OBC	WOMEN
A	58	6	2	16	1
B	-	-	-	-	-
C	102	16	5	21	5
D	33	9	14	8	1
TOTAL	193	31	21	48	7

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CORPORATE GOVERNANCE REPORT AS ON 31.3.2008
(Annexure to Directors' Report)

The Company is committed to sound corporate governance practices. 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 on going 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.

BOARD OF DIRECTORS – COMPOSITION

Your company feels that Board of Directors must be an optimum combination of executive and non-executive directors representing the different fields. The present strength of Board of Directors as on 31.3.2008 is five and as on 1.6.2008 is five. It has a mix of executive and non-executive directors. The Board comprises of two directors nominated by HOCL of which one Director is Chairman of the Board. The other non-executive directors are representing the Department of Chemicals & Fertilizers and BIFR.

Sl.No	Director S/Shri	Category of Director (ED,NED,NEID)	Date of appointment	Date of Ceasure	No.of other Director ships	Membership in other Board Committees	ChairmanShip in other Board Committees
1	ASDidolkar	Chairman NED	19.1.2001	-	2	3	3
2	Ravi Madangeri	ED	12.11.2003	20.6.2007	-	-	-
3	U Sarkar	NED	24.9.2004	31.1.2008	-	1	-
4	D.P.Tripathi	NED	24.11.2005	1.7.2007	2	1	-
5.	Ramesh Chandra Jha	NED	10.4.2006	25.9.2007	-	-	-
6.	S.W.Oak	NED	26.7.2007	-	1	1	-
7.	N.Bhattacharya	NED	25.9.2007	-	1	1	-
8.	T S Gaikwad	ED	1.1.2008	-	-	-	-
9.	Ravi Madangeri	NED	1.2.2008	-	3	2	-

CHANGES IN THE BOARD OF DIRECTORS:

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Shri D P Tripathi ceased to be Special Director, BIFR w.e.f.1.7.2007 on attaining the age of 65 years.

Shri Ramesh Chandra Jha ceased to be Director w.e.f.25.09.2007 in his place Shri N.Bhattacharya, is appointed as a Govt. Nominee Director w.e.f.25.9.2007. He is Dy.Secretary to the Govt. of India from the Ministry of Chemicals & Fertilizers, Deptt. of Chemicals & Petrochemicals, Govt.of India.