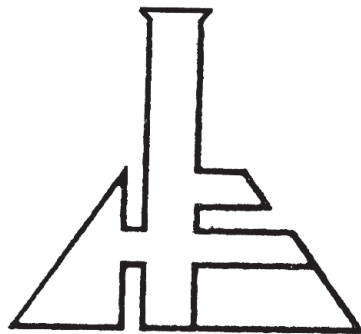


**29<sup>th</sup>**  
**ANNUAL REPORT**  
**2011 - 2012**



**HINDUSTAN FLUOROCARBONS LIMITED**

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### **BOARD OF DIRECTORS**

<b>Shri R N Madangeri</b> Chairman/ Director	HOCL Nominee (From 01.02.2008)
<b>Shri T S Gaikwad</b> Managing Director	From 01.01.2008
<b>Dr.B.D.Kulkarni</b> Director	HOCL Nominee From 30.01.2009
<b>Shri P S Singh</b> Director	Govt. of India Nominee (From 18.10. 2010) (Up to 31.05.2011)
<b>Shri Sanjay Bansal</b> Director	Govt. of India Nominee (From 31.05.2011) (Up to 13.03.2012)
<b>Shri Arun Agarwal</b> Director	Govt. of India Nominee (From 13.03.2012)
<b>Shri M K Mittal</b> Director	HOCL Nominee (From 05.05.2010 Up to 29.07.2011)
<b>Shri J N Suryawanshi</b> Director	HOCL Nominee (From 04.11.2011)
<b>Shri S V Kanaka Seshu</b> Director	APIDC Nominee (From 18.10.2010)
<b>Shri. Suresh Kumar R</b> Director	HOCL Nominee (From 13.07.2012)
<b>Mrs. Rajani. K</b>	Company Secretary (From 19.05.2011)

### **AUDITORS**

**M/s S Daga & Co**  
Chartered Accountants,  
403, Paigah Plaza  
Basherbagh  
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**

Shri S. V. KANAKA SESHU	Director, Chairman A.C
Shri M. K. MITTAL	Director, Member A.C (up to 29.07.2011)
Dr. B. D. KULKARNI	Director, Member A.C
Shri SANJAY BANSAL	Director, Member A.C (From 20.09.2011 to 13.03.2012)
Shri P S SINGH	Director, Member A.C (Up to 31.05.2011)
Shri ARUN AGARWAL	Director, Member A.C (From 13.04.2012)
Shri J N SURAYAWANSHI	Director, Member A.C (From 14.11.2011)
Shri SURESH KUMAR R	Director, Member A.C (From 13.07.2012)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**SHARE TRANSFER COMMITTEE**

Shri R. N. MADANGERI	Chairman, Chairman
Shri M. K. MITTAL	Director, Member (Up to 29.07.2011)
Shri T S GAIKWAD	MD, Member (From 12.08.2011)
Dr. B. D. KULKARNI	Director, Member A.C (From 12.08.2011)
Shri S. V. KANAKA SESHU	Director, Chairman A.C (From 12.08.2011)
Shri J N SURAYAWANSHI	Director, Member A.C (From 14.11.2011)
Shri SURESH KUMAR R	Director, Member A.C (From 13.07.2012)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**MANAGEMENT COMMITTEE**

Shri R. N. MADANGERI	Chairman, Member
Shri ARUN AGARWAL	Director, Member A.C (From 13.04.2012)
Shri T. S. GAIKWAD	MD, Member (From 13.04.2012)
Dr. B D KULKARNI	Director, Member
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**REMUNERATION COMMITTEE**

Shri S. V. KANAKA SESHU	Director, Chairman
Dr. B. D. KULKARNI	Director, Member
Shri M. K. MITTAL	Director, Member (Up to 29.07.2011)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**RECEIVABLE COMMITTEE**

Shri R. N. MADANGERI	Chairman, Member
Shri M. K. MITTAL	Director, Member (Up to 29.07.2011)
Shri T. S. GAIKWAD	MD, Member
Shri J.N SURAYAWANSHI	Director, Member A.C (From 13.04.2012)
Shri S V KANAKASESHU	Director, Member (From 13.04.2012)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**NOTICE**

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Friday, the 21<sup>st</sup> September, 2012 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, 2012 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 B D Kulkarni**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
3. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.

**SPECIAL BUSINESS**

4. To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications:  
"RESOLVED THAT Shri. Suryawanshi J N, who was appointed as an Additional Director Pursuant to Article 77 of the Article of Association of the company read with section 260 of the Companies Act, 1956 w.e.f 4<sup>th</sup> November, 2011 to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.
5. To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications:

"RESOLVED THAT Shri Arun Agarwal, who was appointed as an Additional Director Pursuant to Article 77 of the Article of Association of the company read with section 260 of the Companies Act, 1956 w.e.f 13<sup>th</sup> March, 2012 to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. To consider and if thought fit to pass the following resolution as ordinary resolution with or without modifications:

"RESOLVED THAT Shri Suresh Kumar R, who was appointed as an Additional Director Pursuant to Article 77 of the Article of Association of the company read with section 260 of the Companies Act, 1956 w.e.f 13<sup>th</sup> July, 2012 to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

Sd/-  
(RAJANI.K)  
COMPANY SECRETARY

PLACE: HYDERABAD

DATE : 13.07.2012

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS. BEFORE THE MEETING.
2. Members/Proxies should bring their attendance slip duly filled in at the meeting.
3. The Register of Members and Shares Transfer Books of the company will remain closed from Thursday the 13<sup>th</sup> September, 2012 to Friday the 21<sup>st</sup> September, 2012 (both days inclusive).
4. Members are requested to intimate immediately any change in their addresses registered with the company to the R&T Agents at their office address.
5. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.
6. 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.
7. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

in respect of the Resolution set out against item no. 4,5&6 of the notice is enclosed.

8. 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 53 of the Companies Act, 1956 provides service of documents under "Certificate of Posting" as one of the accepted mode of service where as the Department of Posts has recently discontinued the postal facility under "Certificate of Posting" vide Letter Dated 23.02.2011, the Information Technology Act, 2000 also permits service of documents etc., in electronic mode.

Hence, the service of documents of a company can be made through Electronic mode. So, we request all the members to register their email id's by sending email along with names, DP id's & Folio Number to the following Mail ID:

[hflshareholders@gmail.com](mailto:hflshareholders@gmail.com)

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

Sd/-  
(RAJANI.K)  
COMPANY SECRETARY

PLACE: HYDERABAD  
DATE : 13.07.2012

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.4**

**Shri J N Suryawanshi Director (Mktg) of Hindustan Organic Chemicals Limited was appointed by Hindustan Organic Chemicals Limited in terms of Article 77 of the Articles of Association of the Company as its Nominee on the Board of Directors of the Company w.e.f. 04.11.2011. Shri J N Suryawanshi holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 77 of the Articles of Association of the Company, and is eligible for appointment.**

**In terms of section 257 of the Companies Act, 1956, the Company has received a proposal from a member proposing candidature of Shri J N Suryawanshi for the office of Director of the Company.**

**None of the Directors of the company except Shri J N Suryawanshi in any way, concerned or interested in the resolution.**

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

**Item No.5**

**Shri Arun Agarwal Director of Dept. of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers was appointed by Dept. of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers in terms of Article 77 of the Articles of Association of the Company as its Nominee on the Board of Directors of the Company w.e.f 13.03.2012 till the holding of the next Annual General Meeting of the Company 2012 or until further orders whichever is earlier. By virtue of the above and pursuant to Section 260 of the Companies Act, 1956 Shri. Arun Agarwal holds office till the date of ensuing Annual General Meeting of the Company and is eligible for appointment.**

**In terms of section 257 of the Companies Act, 1956, the Company has received a proposal**

**from a member proposing candidature of Shri. Arun Agarwal for the office of Director of the Company.**

**None of the Directors of the company except Shri. Arun Agarwal in any way, concerned or interested in the resolution.**

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

**Item No.6**

**Shri Suresh Kumar R Director (Finance) of Hindustan Organic Chemicals Limited was appointed by Hindustan Organic Chemicals Limited in terms of Article 77 of the Articles of Association of the Company as its Nominee on the Board of Directors of the Company w.e.f 13.07.2012. Shri Suresh Kumar R holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 77 of the Articles of Association of the Company, and is eligible for appointment.**

**In terms of section 257 of the Companies Act, 1956, the Company has received a proposal from a member proposing candidature of Shri Suresh Kumar R for the office of Director of the Company.**

**None of the Directors of the company except Shri Suresh Kumar R in any way, concerned or interested in the resolution.**

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

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

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

**PLACE: HYDERABAD**

**DATE : 13.07.2012**

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



## CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 29<sup>th</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, 2012 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 Profit of Rs. 252.25 lacs from operations as against the net profit of Rs. 223.47 lacs of the previous year. The quality of your Company's products is continued to be well accepted in the market and resulted in increase in sales turnover (by 50%) to Rs. 5032.53 lacs as against Rs.3352.42 lacs in the previous year. With this improved sales performance Working Capital position has been improved during financial year. During the year under report production of PTFE was 139.19 Metric Tones as against 124.58 Metric Tones in the

previous year. Company has achieved 100% capacity utilization of CFM Plant for this year and produced 1265 Metric Tones. This will enhance revenue earning from Clean Development Mechanism (CDM) for the next year.

### CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT:

Company has successfully implemented the CDM Project and received payment of first issuance. It is expected that during the financial year 2012-13 also, company will get payment of Second and Third issuance.

### 2. FUTURE OUTLOOK.

#### DIVERSIFICATION:

In accordance with long term strategy of diversifying into Fluoro speciality chemicals, the company has successfully commercialized TFE-ETHER. We are the only manufacturers for the product in India. This has helped the company to give competitive edge by entering in the niche Market. This has also resulted in 100% capacity utilization during FY 2011-12.





Vikram Sarabhai Space Centre (VSSC), Thiruvananthapuram has accepted our product and company is in the process of implementing for project to manufacture the resin.

With this initiative management is confident about the sustainable growth of the company.

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

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

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

### **4 INDUSTRIAL RELATIONS**

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

### **5. CORPORATE GOVERNANCE**

Your Company lays emphasis in conducting its affairs with in the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between share

holders, Employees and Customers based on the basic principles of Corporate Governance. The detailed Report on the Corporate Governance as well as Management Discussion Analysis Report is enclosed as a part of the Director's Report. This Report analyses in brief the potentialities of the Company as well as the focus of the Company's business

### **6. ACKNOWLEDGEMENTS :**

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

**Thank you all once again.**

**(R.N.MADANGERI)**  
**Chairman**

**DIRECTORS' REPORT**

Your Directors are glad to present the 29<sup>th</sup> Annual Report of the company together with Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2012.

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

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2012 is summarized below:

Particulars	(Rs. in lacs)	
	Financial Year 2011-12	Financial Year 2010-2011
Revenue from operations (including net sales)	6416.09	3594.16
Sales Turnover(Gross)	5032.53	3352.42
Gross Profit / (Loss) for the year	497.55	658.62
Less: Interest & Financing Charges	128.69	282.66
Cash Profit / (Loss)	368.86	375.96
Less: Depreciation	155.19	155.65
Profit / (Loss) for the year	213.67	220.31
Add: Prior Period Adjustments	(38.58)	(3.16)
Net Profit (Loss)	252.25	223.47

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

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

In view of the accumulated losses at the end of the Financial Year 2011-12 are carried forward, your Directors do not recommend any dividend on equity shares for the year ended 31.03.2012.

**OPERATION AND OVERALL PRODUCTION AND MARKETING PERFORMANCE:**

During the year, the sales turnover was Rs.4557.30 lacs as against Rs.3039.38 lacs in the previous year. During the year under report production of PTFE was 139.19 Metric Tones as against 124.58 Metric Tones in the previous year. During the year, 291.77 Metric Tones of CFM-22 was sold in the market and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 265.17 Metric Tones of Tetra Fluoro Ethylene (TFE) was used to manufacture TFE-ETHER. Quality of all company's products continued to be well accepted by our customers. Company has achieved 100% capacity utilization for this year and produced 1265 Metric Tones. This will enhance revenue earning from Clean Development Mechanism (CDM) for the next year.

**CLEAN DEVELOPMENT MECHANISM (CDM):**

Company has successfully implemented the CDM Project and received payment of first issuance. It is expected that during the financial year 2012-13 also, company will get payment of Second and Third issuance.

**CORPORATE SOCIAL RESPONSIBILITY:**

Recognizing the obligation to the society both in the areas of environment protection and social development, company has taken initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the area around the factory. Company is providing water and first aid facilities in nearby villages and also giving aid to schools by way of paying salaries to two Vidya Volunteers, providing amenities such as tables, chairs, toilets, by making approach roads to the school etc.,

**DIVERSIFICATION INTO FLUORO SPECIALITY CHEMICALS:**

In accordance with long term strategy of diversifying into Fluoro speciality chemicals, the company has successfully commercialized TFE-ETHER. We are the only manufacturers for the product in India. This has helped the company to give competitive edge by entering in the niche