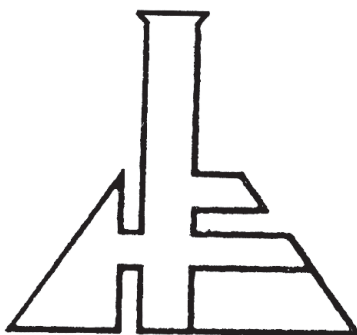


30th
ANNUAL REPORT
2012 - 2013



HINDUSTAN FLUOROCARBONS LIMITED

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BOARD OF DIRECTORS

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

AUDITORS

M/s S Daga & Co
Chartered Accountants,
403, Paigah Plaza
Basheerbagh
Hyderabad - 500 063.

BANKERS

State Bank of Hyderabad,
Gunfoundry, Hyderabad.

REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

303, Babukhan Estate,
Basheerbagh,
Hyderabad – 500 001

WORKS

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

AUDIT COMMITTEE (A.C) OF THE BOARD

Dr. B. D. KULKARNI	Director, Chairman
Shri S. V. KANAKA SESHU	Director, Member
Shri ARUN AGARWAL	Director, Member (From 13.04.2012)
Shri J N SURYAWANSHI	Director, Member (From 14.11.2011)
Shri SURESH KUMAR R	Director, Member (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 (Up to 30.04.2013)
Shri J.N. SURYAWANSHI	Director, Member (From 14.11.2011)
	Chairman (From 23.05.2013)
Shri V.B. RAMACHANDRAN NAIR	Chairman, Chairman (From 12.08.2013)
Shri T S GAIKWAD	MD, Member (From 12.08.2011)
Dr. B D KULKARNI	Director, Member (From 12.08.2011)
Shri S V KANAKA SESHU	Director, Chairman (From 12.08.2011)
Shri SURESH KUMAR R	Director, Member (From 13.07.2012)
Shri S B BHIDE	Director, Member (From 07.09.2012)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

Dissolved in 158th Board Meeting vide item No.158/28 held on 13.07.2012.

RECEIVABLE COMMITTEE

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

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

Dr. B D KULKARNI	Director, Chairman
Shri J N SURYAWANSHI	Director, Member
Shri T S GAIKWAD	Director, Member
Shri SURESH KUMAR R	Director, Member

**NOTICE**

Notice is hereby given that the 30th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Saturday, the 7th September, 2013 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 31st March, 2013 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. S V Kanaka Seshu**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
3. To appoint a Director in place of **Shri. S B Bhide**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.

PLACE: HYDERABAD**DATE : 12.08.2013****Regd.Office****303, Babukhan Estate,****Basheerbagh, Hyderabad – 500 001.**

4. 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.
5. 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.
6. To appoint a Director in place of **Dr. B D Kulkarni**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
7. To appoint a Director in place of **Shri.J N Suryawanshi**, who retires at this Annual General Meeting of the Company and eligible for re-appointment.
8. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.

**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 attendance slip duly filled in at the meeting.
3. The Register of Members and Shares Transfer Books of the company will remain closed from Friday the 30th August, 2013 to Saturday the 7th September, 2013 (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. 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 21st 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

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

Sd/-
(RAJANI.K)
COMPANY SECRETARY

PLACE: HYDERABAD
DATE : 12.08.2013

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



CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 30th 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 31st March, 2013 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. 94.88 lacs from operations as against the net profit of **Rs.252.24** lacs of the previous year. During the year, the sales turnover (net) was Rs.4080.31 lacs as against Rs.6282.93 lacs in the previous year. During the year under report production of PTFE was 154.78 Metric Tones as against 143.83 Metric

Tones in the previous year. During the year, 244.73 Metric Tones of CFM-22 was sold in the market against 291.77 Metric Tones in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 156.14 Metric Tones of Tetra Fluoro Etylene (TFE) was used to manufacture TFE-ETHER. Quality of all company's products continued to be well accepted by our customers. Company has achieved 82% capacity utilization for CFM-22 for this year.

CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT:

Company has received payment of second and Third issuance during the financial year. Main customer for CERs was European Union, but due to various reasons they have banned the trading of CERs generated from



R-23 Project due to this ban CERs prices have come down drastically, hence it is not economically viable to generate CERs from R-23 Project.

2. FUTURE OUTLOOK.

DIVERSIFICATION:

In accordance with long term strategy of diversifying into Fluoro speciality chemicals. the company has successfully commercialized TFE-ETHER. Commercialization of new product is in process.

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 within the frame work of policies

and guidelines set by the Government in a transparent manner. It is the endeavour 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 Directors' 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.

Sd/-

(V B RAMACHANDRAN NAIR)

Chairman

**DIRECTORS' REPORT**

Your Directors are glad to present the 30th Annual Report of the company together with Audited Annual Accounts for the year ended 31st March, 2013.

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

The financial performance of the Company for the year ended 31st March, 2013 is summarized below:
(Rs. in lacs)

Particulars	Financial Year 2012-13	Financial Year 2011-2012
Revenue from operations (including net sales)	4447.51	6758.16
Sales Turnover(Net)	4080.31	6282.93
Gross Profit / (Loss) for the year	369.89	497.55
Less: Interest & Financing Charges	105.81	128.69
Cash Profit / (Loss)	264.08	368.86
Less: Depreciation	167.88	155.19
Profit / (Loss) for the year	96.20	213.67
Add: Prior Period Adjustments	1.32	(38.58)
Net Profit (Loss)	94.88	252.25

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

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

In view of the accumulated losses at the end of the Financial Year 2012-13 are carried forward, your Directors do not recommend any dividend on equity shares for the year ended 31.03.2013.

OPERATION AND OVERALL PRODUCTION AND MARKETING PERFORMANCE:

During the year, the sales turnover (net) was Rs.4080.31 lacs as against Rs.6282.93 lacs in the previous year. During the year under report production of PTFE was 154.78 Metric Tones as against 143.83 Metric Tones in the previous year. During the year, 244.73 Metric Tones of CFM-22 was sold in the market against 291.77 Metric Tones in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 156.14 Metric Tones of Tetra Fluoro Etylene (TFE) was used to manufacture TFE-ETHER. Quality of all company's products continued to be well accepted by our customers. Company has achieved 82% capacity utilization for CFM-22 for this year.

CLEAN DEVELOPMENT MECHANISM (CDM):

Company has received payment of second and Third issuance during the financial year. Main customer for CERs was European Union, but due to various reasons they have banned the trading of CERs generated from R-23 Project due to this ban CERs prices has come down drastically, hence it is not economically viable to generate CER from R-23 Project.

THE RIGHT TO INFORMATION ACT, 2005

In consonance with the provisions of the Right to information Act, 2005, Company has appointed Appellate Authorities/ Public Information officers at all the units/ offices of the company to respond effectively to the request of the applicants under the acts in synchronization with the direction of Central Information Commission(CIC), for promotion of Institutional transparency with in the public authority through proactive and effective implementation of section 4 of the RTI Acts, 2005, the company has also appointed a transparency officer that company has created necessary mechanism to meet the objective to bring out transparency in the functioning of organization as envisaged by RTI Act.

**CORPORATE SOCIAL RESPONSIBILITY:**

Recognizing the obligation to the society both in the areas of environment protection and social development, company has taken initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the area around the factory. Company is 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, Drinking water, by making approach roads to the school etc.,

Medical camps were conducted in peripheral areas near to Rudram and its surrounding villages.

DIVERSIFICATION INTO FLUORO SPECIALITY CHEMICALS:

In accordance with long term strategy of diversifying into Fluoro speciality chemicals. the company has successfully commercialized TFE-ETHER. Commercialization of new product is in process.

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 and these employees are certified for the fitness to work in hazardous process by the certifying Surgeon for the year 2013 as per statutory requirement of Director of Industries Health and Safety, Govt. of Andhra Pradesh.

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 2012-13 was a zero accident year.

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

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

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

BOARD OF DIRECTORS

Shri J N Suryawanshi, Nominee Director (HOCL) was appointed as Nominee Director with effect from 04.11.2011.

Shri Sanjay Bansal, Nominee Director (Govt) ceased to be Director of the Company with effect from 13.03.2012. and in his place Shri Arun Agarwal, appointed as Nominee Director with effect from 13.03.2012.

Shri. Suresh Kumar R, Nominee Director (HOCL) was appointed as Nominee Director with effect from 13.07.2012.

Shri. S B Bhide, Nominee Director (HOCL) was appointed as Nominee Director with effect from 07.09.2012.

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

Six Directors viz. Shri. S V Kanaka Seshu Nominee Director (APIDC), Dr.B D Kulkarni,