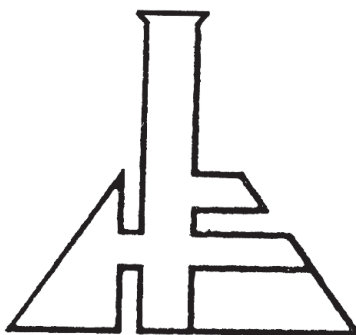


**33<sup>rd</sup>**  
**ANNUAL REPORT**  
**2015 - 2016**



**HINDUSTAN FLUOROCARBONS LIMITED**

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## **BOARD OF DIRECTORS**

<b>Shri S B Bhide</b> Chairman	HOCL Nominee (From 08.03.2016)
<b>Shri V B Ramchandran Nair</b> Chairman	HOCL Nominee (From 12.08.2013 up to 22.02.2016)
<b>Shri T S Gaikwad</b> Managing Director	From 01.01.2008
<b>Shri J N Suryawanshi</b> Director	HOCL Nominee (From 03.09.2015 up to 03.08.2016)
<b>Shri Arun Agarwal</b> Director	Govt. of India Nominee (From 13.03.2012 up to 25.09.2015)
<b>Shri. Suresh Kumar R</b> Director	HOCL Nominee (From 13.07.2012 up to 03.09.2015 )
<b>Dr. N J. Giakwad</b> Independent Director	HOCL Nominee (From 21.02.2014 up to 03.09.2015)
<b>Shri.Sanjeeva Narayan</b> Special Director	BIFR Nominee (From 04.02.2015)
<b>Shri.Dinesh Kumar</b> Director	Govt. of India Nominee (From 24.06.2016)
<b>Mrs. Rajani. K</b> Company Secretary	(From 19.05.2011)

## **AUDITORS**

**M/s SPAD & Associates**  
Chartered Accountants  
6-3-609/195, Anand Nagar, Khairatabad,  
Hyderabad - 500 004.

## **BANKERS**

State Bank of Hyderabad,  
Gunfoundry, Hyderabad.

## **REGISTRARS & SHARE TRANSFER AGENTS**

**M/s. Karvy Computershare Private Limited**  
Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032.

## **REGISTERED OFFICE**

303, Babukhan Estate,  
Basheerbagh, Hyderabad – 500 001

## **WORKS**

Rudraram P O, Sangareddy Tq.  
Medak Dist – 502 329. Telangana State

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

Dr. N J GAIKWAD	Director, Chairman (From 15.03.2014 up to 03.09.2015)
Shri ARUN AGARWAL	Director, Member (From 13.04.2012 up to 25.09.2015)
Shri SURESH KUMAR R	Director, Member (From 13.07.2012 up to 03.09.2015)
Shri V B RAMACHANDRAN NAIR	Director, Member (From 09.11.2015 up to 22.02.2016)
Shri J N SURYAWANSHI	Director, Member (From 09.11.2015 up to 03.08.2016)
Shri SANJEEVA NARAYAN	Director, Member (From 25.05.2015)
Shri S B BHIDE	Chairman, Member (From 08.03.2016)
Shri DINESH KUMAR	Director, Member (From 08.08.2016)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

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

Dr. N J GAIKWAD	Director, Chairman (from 19.05.2014 up to 03.09.2015)
Shri SURESH KUMAR R	Director, Member (from 23.05.2013 up to 03.09.2015)
Shri J N SURYAWANSHI	Director Member (From 09.11.2015 up to 03.08.2016)
Shri T S GAIKWAD	Director, Member (from 23.05.2013)
Shri SANJEEVA NARAYANA	Director Member (From 09.11.2015)
Shri DINESH KUMAR	Director, Member (From 08.08.2016)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**SHARE TRANSFER COMMITTEE**

Shri V B RAMCHANDRAN NAIR	Chairman, Chairman (from 12.08.2013 up to 22.02.2016)
Shri SURESH KUMAR R	Director, Member (From 13.07.2012 up to 03.09.2015)
Shri J N SURYAWANSHI	Director Member (From 09.11.2015 up to 03.08.2016)
Shri S B BHIDE	Chairman, Chairman (From 08.03.2016)
Shri T S GAIKWAD	MD, Member (From 12.08.2011)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**NOMINATION AND REMUNERATION COMMITTEE:**

Dr. N J GAIKWAD	Director, Chairman (from 19.05.2014 up to 03.09.2015)
Shri ARUNAGARWAL	Director, Member (from 19.05.2014 up to 25.09.2015)
Shri SURESH KUMAR R	Director, Member (from 19.05.2014 up to 03.09.2015)
Shri SANJEEVA NARAYANA	Director Member (From 09.11.2015)
Shri S B BHIDE	Director Member (From 08.03.2016)
Shri DINESH KUMAR	Director, Member (From 08.08.2016)
Mrs. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**NOTICE**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Monday the 26<sup>th</sup> September, 2016 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, 2016 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.
2. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.

**SPECIAL BUSINESS**

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

“RESOLVED THAT Shri. Dinesh Kumar, Director of Department of Chemicals and Petro Chemicals who was appointed as GOI Nominee Director under Article 77 of the Article of Association on 24<sup>th</sup> June, 2016 and who holds office up to the date of this Annual General Meeting be and is hereby appointed Director of the Company.

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.”

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

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

**PLACE: HYDERABAD**

**DATE : 08.08.2016**

**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 admission slip duly filled in at the meeting.
  3. The Register of Members and Shares Transfer Books of the company will remain closed from Tuesday the 20<sup>th</sup> September, 2016 to Monday the 26<sup>th</sup> September, 2016 (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. 3 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. **Procedure and instructions for e-voting:**
    - I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:**
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your



- password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Name of the Company"
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email csraghavad@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "**Corporate Name\_Event No.**"
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/ Depository Participants (s)]:**
- i. E-Voting Event Number, User ID and Password is provided in the Attendance Slip.
  - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM:** The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.
- A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- Other instructions:**
- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently



- Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Ms. Rajitha Cholletti, (Unit: XXXXXXXXXX) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 - 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 23<sup>rd</sup> September, 2016 (9.00 A.M. IST) and ends on 25<sup>th</sup> September, 2016 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19<sup>th</sup> September, 2016, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 19<sup>th</sup> September, 2016.
- e. In case a person has become a Member of the Company after 19<sup>th</sup> August, 2016 i.e., the date considered for dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 19<sup>th</sup> September, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL:  
MYEPWD <SPACE> IN12345612345678
- Example for CDSL:  
MYEPWD <SPACE> 1402345612345678
- Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).
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](mailto:hflshareholders@gmail.com)
- By order of the Board of Directors  
Of Hindustan Fluorocarbons Ltd.,**
- Sd/-  
(RAJANI.K)  
COMPANY SECRETARY**
- PLACE: HYDERABAD  
DATE : 08.08.2016**
- Regd.Office  
303, Babukhan Estate,  
Basheerbagh, Hyderabad – 500 001.**



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2)(a) OF THE COMPANIES ACT, 2013.****Item No. 3**

Shri. Dinesh Kumar, Director of Department of Chemicals and Petrochemicals was appointed by Gol 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. 24.06.2016. Shri. Dinesh Kumar holds office till the date of ensuing Annual General Meeting by virtue of Section 161 of the Companies Act, 2013 read with Article 77 of the Articles of Association of the Company, and is eligible for appointment.

None of the Directors of the company except Shri. Dinesh Kumar 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 : 08.08.2016**

**Regd.Office**

**303, Babukhan Estate,**

**Basheerbagh, Hyderabad – 500 001.**



## CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 33<sup>rd</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, 2016 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 incurred a net loss of Rs.1111.39 lacs from operations as against the net loss of Rs. 377.46 lacs of the previous year. During the year, the sales turnover (net) was Rs.3527.38 lacs as against Rs.2915.06 lacs in the previous year. CFM-22 sale quantity was 1116 MT as against 726.58 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 96% capacity utilization as against 88% in the previous financial year. In spite of better physical performance, financial performance was badly affected in spite of increase in sales loss was more mainly due to non-operational income in the financial year 2014-15.

### 2. FUTURE OUTLOOK. DIVERSIFICATION:

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

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

Company has developed Benzotrifluoride (BTF) & same was accepted by the customer. Commercialization of the product depends on viability of the product.

**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 throughout 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 of India. especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals the Finance Ministry, Ministry of Environment & Forestry Govt. of India, Govt 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/-**  
**(S B BHIDE)**  
Chairman



**DIRECTORS' REPORT**

Your Directors are glad to present the 33<sup>rd</sup> Annual Report of the company together with Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2016.

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

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2016 is summarized below:

(Rs. in lacs)

Particulars	Financial Year 2015-16	Financial Year 2014-2015
Revenue from operations	3963.29	3274.79
Sales Turnover(net)	3527.38	2915.07
Gross Profit / (Loss) for the year	(629.38)	(47.45)
Less: Interest & Financing Charges	345.36	209.56
Cash Profit / (Loss)	(974.74)	(257.01)
Less: Depreciation	136.57	110.24
Profit / (Loss) for the year	(1111.31)	(367.25)
Add: Prior Period Adjustments	0.08	10.21
Net Profit (Loss)	(1111.39)	(377.46)

**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 2015-16 are carried forward, no dividend was declared on equity shares for the year ended 31.03.2016.

**OPERATIONS AND OVERALL PERFORMANCE**

Your Company has incurred a net loss of Rs.1111.39 lacs from operations as against the net loss of Rs. 377.46 lacs of the previous year. During the year, the sales turnover (net) was Rs.3527.38 lacs as against Rs.2915.06 lacs in the previous year. CFM-22 sale quantity was 1116 MT as against 726.58 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 96% capacity utilization as against 88% in the previous financial year. In spite of better physical performance, financial performance was badly affected in spite of increase in sales loss was more mainly due to non-operational income in the financial year 2014-15.

**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 2015-16.

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 sparing two Vidya Volunteers to the surrounding areas.

**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. Company is following all pollution norms.

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 in the financial year 2015-16.

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**

Dr. N J. Giakwad was ceased as a HOCL Independent Nominee Director with effect from 03.09.2015.

Shri. Suresh Kumar R was ceased as a HOCL Nominee Director with effect from 03.09.2015.

Shri J N Suryawanshi was appointed as a HOCL Nominee Director of the Company with effect from 03.09.2015 and ceased as a Nominee Director of the Company with effect from 03.08.2016.

Shri Arun Agarwal was ceased as a Govt Nominee Director with effect from 25.09.2015.

Shri V B Ramchandran Nair was ceased as Chairman of the Company with effect from 22.02.2016.

Shri. S B Bhide was appointed as Chairman of the Company with effect from 08.03.2016.

Shri. Dinesh Kumar was appointed as Gol Nominee Director with effect from 24.06.2016.

**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. Company is actively involved in partial conversion of Telomar.
- 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.SPAD & Associates, Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2015-16 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, 2016 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 2015-16 has been annexed to the Annual Report for the period 2015-16 and forms part of the Annual Report.

**LEGAL COMPLAINE**

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.

84.70% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2016- total accounts Dematerialized is 1850 involving 16599950 shares (which constitutes 84.70% of the share capital) .

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

In accordance with the Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements)



Regulations, 2015, the Management discussion and analysis report is annexed hereto in Annexure – IV and forms part of the Directors' Report.

**RISK MANAGEMENT**

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.
- Refurbishment of old plant.
- PTFE Prices are continuously reducing.

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

Company has spent about Rs.15 Cr for refurbishment of the plant and additional facility for manufacturing of Fluoro Special Chemicals (FSC) this will help to reduce the energy cost and it will help to develop new Fluoro Specialty product.

Additional facility for FSC will reduce the dependency on PTFE product because margins are less in PTFE as compared to FSC.

Successful trials were taken for partial conversion of this new facility.

**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 2015-16.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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, 2016.

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, 2016.

**MISSION/ VISION:**

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

**OBJECTIVES:**

1. To increase the capacity utilization from 95% to 98% during the financial year 2016-17.
2. To Endeavour to convert entire quantity of TFE into various Fluoro Speciality Chemicals by 2017-18.

**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. of India especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals the Finance Ministry, Ministry of Environment & Forestry Govt. of India, Govt 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/-  
(S B BHIDE)  
Chairman**

**PLACE : Mumbai  
DATE : 08.08.2016**





### Annexure-I to Directors' Report

#### ENERGY CONSERVATION MEASURES TAKEN:

The following Energy conservation measures were taken in the financial year 2015-16:

SI.No.	PARTICULARS	Investment	Savings Per Annum
1	Optimization of chilled water system for CFM Plant.	Rs.8.85 lacs	Rs.8 lacs
2	Replacement of existing (50 no.s) of GLC Emergency Lights with CFL lights.	Rs.0.13 Lacs	Rs.1.26 Lacs

#### FUTURE PLANS:

Future plans for energy conservation for the financial year 2016-17 is as follows:

SI No	PARTICULARS	Expected Investment	Expected Savings Per Annum
1.	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. 15 Lakhs
2.	Replacement of existing cooling tower water circulation pumps with New Energy efficient cooling water pump.	Rs.6.50 Lakhs	Rs. 10 Lakhs
3	Automation with Digitalisation of pneumatic circuits for ball valves in poly area.	Rs.10 Lacs	Rs.5 Lacs
4	Replacement of existing lighting system with LED lighting systems in phased manner.	Rs. 4.25 Lacs	Rs.1.95 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	3604450 KWH	6080430 KWH
Total Amount	Rs. 25215288.99	Rs. 39857766.40
Rate/Unit	Rs. 7.00	Rs. 6.56
b) Own Generation		
i) Through Diesel Generator	33150 KWH	35160 KWH
Units per Liter of Diesel Oil	2.57 KWH	2.91 KWH
Cost per unit	Rs.20.69	Rs.21.41
ii) Through Steam Turbine Generator Units	-	-
<b>2. Fuel</b>		
i) Briquette		
Quantity	930.84 MT	984.85 MT
Total Amount	Rs. 4975609.76	Rs. 5266743.57
Average rate per MT	Rs.5345.29	Rs. 5347.76
Technology Absorption	Nil	Nil
Foreign Exchange earnings	Rs. 33.03 lacs	Rs.8.26 lacs
Foreign Exchange outgo	Rs. 74.20 lacs	Rs.250.67 lacs

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

- i. Company has developed Benzotrifluoride (BTF) i.e FSC on lab scale. This is used a drug intermediatet. BTF is a fluoro Chemical used as drug intermediate. We have developed on lab scale.

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

- ii. Benzotrifluoride (BTF) samples were submitted for evaluation and same was accepted by the customer. This will help to generate additional income for the Company.

**3. FUTURE PLANS**

- a. Development of filled grades with modified PTFE.

**Annexure-II to Directors' Report****Consolidated report as on 31-03-2016 (SC/ST/OBC/WOMEN/MINORITY)**

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	94	07	01	16	01	04
B	-	-	-	-	-	-
C	22	07	04	15	00	-
D	25	06	11	07	-	-
<b>TOTAL</b>	<b>141</b>	<b>19</b>	<b>16</b>	<b>38</b>	<b>01</b>	<b>04</b>



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

### **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 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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.

### **Auditor's Responsibility**

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

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 the Rules made there under.

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.

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. 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.

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**

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, 2016, and its Loss and its Cash Flow for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. 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 March 31, 2016 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. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. We are enclosing our report in terms of Section 143 (5) of the Act, 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, in the "**Annexure C**" on the directions and sub-directions issued by Comptroller and Auditor General of India.
4. In pursuance with CAG comments, we revised point no: 3 of the audit report and point no: 8 and 9 of annexure A to the audit report.

For and on behalf of **SPAD & Associates** Chartered Accountants FRN: 011569S

**CA Amrit Kumar Kota**  
Partner  
M.No:200605

Place: Hyderabad  
Date: 28.06.2016

**“ANNEXURE A” TO THE  
INDEPENDENT AUDITORS’ REPORT**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained 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 no material discrepancies between the books records and the physical fixed assets have been noticed. 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.
  - (c) The title deeds of immovable properties are held in the name of the company.
  - 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
  - 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a) to (C) of the Order are not applicable to the Company and hence not commented upon.
  - 4) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions regarding the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- Therefore, the provisions of clause 3 (iv) of the Order are not applicable to the Company.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company and hence not commented upon.
  - 6) 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.
  - 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. However, company contribution to Provident fund and employee’s contribution to Provident fund amounting to Rs.329.38 Lakhs (Pr. Year Rs.233.20 Lakhs) is not paid by the company of the period 2015-16.
  - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service



- tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute as on 31st March 2016 for a period more than six months from the date they become payable except Company and Employees contribution to Provident Fund for the period from march 2015 of amounting to Rs.214.15 Lakhs (Pr. Year Rs.73.68 Lakhs)
- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Government of India, Ministry of chemical & fertilizers (DCPC). Company has not paid Government Plan Loan installment amount of Rs.398.61 Lakhs during the current financial year (one installment of Rs.97.18 lakh for 7 months and another of Rs.301.43 lakh for 4 months).
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the current year. The company has utilized Rs.8.81 crores out of the government plan loan during the current financial year for the same purpose they were raised.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, company has not entered into any transactions with the related parties under section 187 and 188 of Companies Act, 2013. Therefore, the provisions of clause 3 (xiii) of the Order are not applicable to the Company.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of **SPAD & Associates**  
Chartered Accountants FRN: 011569S

**CA Amrit Kumar Kota**  
Partner  
M.No:200605

Place: Hyderabad  
Date: 28.06.2016



**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of HINDUSTAN FLUOROCARBONS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **HINDUSTAN FLUORO CARBONS LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively 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, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of

internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;





- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For and on behalf of **SPAD & Associates**  
Chartered Accountants FRN: 011569S

**CA Amrit Kumar Kota**  
Partner  
M.No:200605

Place: Hyderabad  
Date: 28.06.2016



**“Annexure C” to the Independent Auditor’s Report of even date on the Financial Statements of HINDUSTAN FLUOROCARBONS LIMITED**

Sl. No.	Directions / Sub-Directions	Action Taken	Impact on Financial Statements
<b>A. Directions</b>			
1.	Whether the Company has the clear title / lease deeds for freehold and lease hold respectively? If not please state the area of freehold and the leasehold land for which title /lease deeds are not available?	As per the information, explanations and records produced for our verification, Company has clear title deeds for freehold land existing as on balance sheet date. Further the Company has not taken any land on lease.	Nil
2.	Whether there any cases of waiver/write off of bad debts/loans/interest and etc., if yes, the reasons there for and amount involved.	There are no cases of waiver /write off of bad debts/loans/interest etc., during the current financial year.	Nil
3.	Whether the proper records are maintained for inventories lying with the third parties and assets received as gifts/grants from the governments or the other authorities.	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.	Nil
<b>B. Sub-Directions</b>			Nil

For and on behalf of **SPAD & Associates**  
Chartered Accountants FRN: 011569S

**CA Amrit Kumar Kota**  
Partner  
M.No:200605

Place: Hyderabad  
Date: 28.06.2016



## 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, 2016.

#### 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.

Company has successfully developed Benzotrifluoride (BTF) and samples were accepted by the customer. Commercialization of the product is not done due to costing.

#### KEY OPPORTUNITIES:

Development of superior grades of PTFE and Fluoro Speciality Chemicals.

#### KEY THREATS INCLUDE:

PTFE Prices are continuously decreasing from last two years.

#### SEGMENT WISE PERFORMANCE:

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

Production (MT)	Year ended 31/03/2016	Year ended 31/03/2015
PTFE	41	107

#### 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 Specialty Chemicals, where in margins are better than PTFE. These products are sold in niche market. It is expected that Tetra Fluoro Ethylene

(TFE) market will increase in the financial year 2015-16 because more quantity will be utilized to manufacture of Telomar

It is expected that TFE will increase for manufacturing of Telomar in the financial year 2016-17.

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 3527.38 lacs against Rs.2915.07 lacs for the previous year and operating loss for the year Rs.1111.39 lacs as against operating loss Rs.1068.11 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 31.03.2016

### 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 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### 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, 2016, 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 31.03.2016 is four. The Board comprises of one Executive Director, two Non Executive directors nominated by HOCL of which one Director is Chairman of the Board and One Special Director Nominated by BIFR,



SlNo	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	22.02.2016	-	-	-
2	S B Bhide	Chairman, HOCL Nominee, NED	08.03.2016	-	2	4	5
3	T S Gaikwad	MD,ED	01.01.2008	-	-	2	-
4	Sanjeeva Narayan	BIFR Nominee SD	04.02.2015	-	5	-	-
5	Shri. J N Suryawanshi	HOCL Nominee NED	03.09.2015	03.08.2016	2	7	
6	Suresh Kumar R	HOCL Nominee, NED	13.07.2012	03.09.2015	-	-	-
7	N J Gaikwad	HOCL Nominee, NEID	21.02.2014	03.09.2015	-	-	-
8	Arun Agarwal	Govt Nominee, NED	13.03.2012	25.09.2015	-	-	-
9	Dinesh Kumar	Govt Nominee, NED	26.04.2016	-	1	-	-

**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' and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Corporate Governance standards.

**CHANGES IN THE BOARD OF DIRECTORS:**

1. Dr. N.J. Giakwad was ceased as a HOCL Independent Nominee Director with effect from 03.09.2015.
2. Shri. Suresh Kumar R was ceased as a HOCL Nominee Director with effect from 03.09.2015.
3. Shri J N Suryawanshi was appointed as a HOCL Nominee Director of the Company with effect from 03.09.2015 and ceased as a Nominee Director with effect from 03.08.2016.
4. Shri Arun Agarwal was ceased as a Govt Nominee Director with effect from 25.09.2015.
5. Shri V B Ramchandran Nair was ceased as Chairman of the Company with effect from 22.02.2016
6. Shri. S B Bhide was appointed as Chairman of the Company with effect from 08.03.2016.
7. Shri Dinesh Kumar was appointed as a Govt. Nominee Director with effect from 24.06.2016.

**b) PROFILE OF DIRECTOR****1. Shri. J N Suryawanshi, : (From 03.09.2015 up to 03.08.2016)****Qualification:** B.S.C, Master in Management Studies (MMS)**Business/Occupation:** Director (Mktg) of HOCL**Experience:** He underwent two months business Management Course organized by JICA, Japan Government, TOKYO under colombo Plan in Oct - November, 1989 and he carries with him rich experience of over 35 years in Marketing**2. Shri. S B Bhide: (From 08.03.2016)****Qualification:** B.E (Mechanical)**Business/Occupation:** Director (Technical) and acting Chairman and Managing Director of HOCL**Experience:**

1. Operation and maintenance of utilities.
2. Operation and maintenance of continuous process plant.
3. Execution of project Formaldehyde, JNPT Tank terminal, revamping and restart up of caustic soda.
4. Head of Mechanical Department for 10 years. Head of production and engineering division.
5. Acted as Factory Manager for HOCL's Rasayani Unit.
6. Undergone process training for four weeks at Sweden.
7. Member of the Board of Examiners for Maharashtra State boiler proficiency and competency. Overall 35 years of experience in HOCL, Manufacturing of Organic Chemical and Intermediates.

**3. Shri. Dinesh Kumar (From 24.06.2016)****Qualification:** M.A in Public Policy & Management, M. A. (Statistics), B. A. (Statistics), H.S (Science).**Business/Occupation:** Director of Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers.**Experience:**

1. Joined the Min. of Statistics & Programme Implementation as a Probationer of Indian Statistical Service (ISS) (from 01.12.1998 to 01.09.2000).
2. Worked as Assistant Director in the National Sample Survey Organization, Min. of Statistics & Programme Implementation after successfully completing the Probation (from 01.09.2000 to 29.09.2003).
3. Worked as Deputy Director in the Directorate General of Civil Aviation, Min. of Civil Aviation (from 29.09.2003 to 30.06.2008).
4. Worked as Joint Director in Central Statistical Organization, Min. of Statistics & Programme Implementation (from 30.06.08 to 05.01.2010).
5. Worked as Deputy Secretary in the Union Public Service Commission (from 05.01.2010 to July 2012.)
6. Worked as Joint Secretary in the Union Public Service Commission (from July 2012 to February, 2015)
7. Presently working as Director in the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers (from February, 2015 to till date)



**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 25.05.2015, 14.08.2015, 09.11.2015, 12.02.2016 and 11.03.2016.

**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	02	YES
2	Shri T S Gaikwad, Managing Director	05	05	YES
3	Shri Arun Agarwal, Govt Nominee Director	05	00	NA
4	Shri Suresh Kumar R, HOCL Nominee Director	05	00	NA
5	Dr. N J Gaikwad, Independent Director	05	02	NA
6	Sri.Sanjeeva Narayan, BIFR Special Director	05	02	NO
7	Shri. J N Suryawanshi	05	02	YES
8	Shri. S B Bhide	05	01	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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 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, 2016 comprised of three non Executive Directors. The Committee met four times during the year 2015-16 i.e., 25.05.2015, 14.08.2015, 09.11.2015 and 11.02.2016.

The Audit Committee was reconstituted at the Board Meeting held on 08.08.2016 comprising of Shri. Sanjeeva Narayan, BIFR Special Director, Shri.S B Bhide, Chairman and Shri. Dinesh Kumar, Govt Nominee Director as Members 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	02
2.	Shri Arun Agarwal	Member	00
3.	Shri Suresh Kumar R	Member	00
4.	Shri V B Ramachandran Nair	Member	02
5.	Shri J N Suryawanshi	Member	02
6.	Shri.Sanjeeva Narayana	Member	03
7.	Shri. S B Bhide (w.e.f.08.03.2016)	Member	Not applicable
8.	Shri.Dinesh Kumar (w.e.f.08.08.2016)	Member	Not applicable

**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 08.08.2016 comprising of Shri.S B Bhide, Chairman as Chairman of the Committee and Shri.T S Gaikwad, Managing Director as a 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 15 times and the details are as under: 25.05.2015, 04.07.2015, 01.07.2015, 25.09.2015, 09.11.2015, 19.11.2015, 08.12.2015, 24.12.2015, 08.01.2016, 20.01.2016, 17.02.2016, 11.03.2016, 16.03.2016, 23.03.2016 and 29.03.2016.

Summarized information on complaints received and resolved during 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016:

Sl. No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2016
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 08.08.2016 comprising of Shri. Dinesh Kumar, Govt Nominee Director, Shri.T.S.Gaikwad, Managing Director and Shri Sanjeeva Narayan, BIFR Special Director as Members of the Committee.

**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 08.08.2016 comprising of Shri. S B Bhide, Chairman, Shri. Sanjeeva Narayan, BIFR Special Director and Shri. Dinesh Kumar, Govt Nominee Director as Members of the Committee.

The Committee met one time during the year 2015-16 i.e., 14.08.2015.

**The attendance of the members of the meeting was as follows:**

No.	Name of the Member	Status	No. of Meetings attended
1.	Dr. N J Gaikwad	Chairman	01
2.	Shri Arun Agarwal	Member	00
3.	Shri Suresh Kumar R	Member	00
4.	Sanjeeva Narayana	Member	01


**DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2015-2016:**
**Amount (Rs.lacs)**

Name	Salary including perks & encashment of leaves	Arrears	Retirement benefits	Total
1. T S Gaikwad	14.46	0	0	14.46

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 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 2015-16 are as follows:

SI No.	Name of the Director	Sitting fees	Amount (Rs.)
1	Dr. N J Gaikwad, Independent Director	Rs.25000.00	
2	Shri Sanjeeva Narayana	Rs.30000.00	

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-2012-2013	FY-2013-2014	FY-2014-15
Date	07.09.2013	19.09.2014	25.09.2015
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 30<sup>th</sup> and 31<sup>st</sup> AGM. Two special resolutions were passed in the 32<sup>nd</sup> AGM to alter the situation clause of the Memorandum of Association from Andhra Pradesh to Telangana State and pursuant to Section 180 (1)(a) of the Companies Act, 2013 to use the unused / vacant land for lease or lending.

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

**5. DISCLOSURES:**

- i. There was no materially significant related party transaction with its Directors/or the management of Subsidiary or relatives that may have potential conflict with the interests of Company of large.
- ii. 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.
- iii. **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.



- iv. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause are provided in this report.

**6. MEANS OF COMMUNICATION:**

The Board Meeting, General Meeting and postal ballot Notices, quarterly audited/unaudited Financial Results, General Meeting and Postal Ballot results are published in the financial express (English) and Andhra Prabha (Telugu) Daily News Papers.

Results are also posted on Company's website: www.hfl.co.in. The Company's website also contains a dedicated section on 'Investors' where shareholders information is available viz. Annual Reports, Financial Details and Shareholders Meeting Results etc.

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

Mrs.Rajani.K, Company Secretary of the Company is the Compliance Officer of the Company under Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Registered Office	303, Babukhan Estate, Basheerbagh, Hyderabad – 500 001.
Annual General Meeting	Date & Time : 26 <sup>th</sup> September, 2016 at 3.00 p.m Venue : at Press Club, Deshodharaka Bhavan, Bashirbagh, Hyderabad-500 001.
Tentative Financial Calendar	1 <sup>st</sup> unaudited Quarter Results on or before 14 <sup>th</sup> August of the year. 2 <sup>nd</sup> unaudited Quarter Results on or before 15 <sup>th</sup> November of the year. 3 <sup>rd</sup> unaudited Quarter Results on or before 15 <sup>th</sup> February of the following year. 4 <sup>th</sup> unaudited Quarter Results on or before 15 <sup>th</sup> May of the following year / or Annual Audited Results on or before 30 <sup>th</sup> May of the following year.
Date of book closure	(For the purpose of Annual General Meeting) 20.09.2016 to 26.09.2016 (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. Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, <b>HYDERABAD- 500 032</b> Tel: +9140-67161541, 67161505, Fax : +9140-23420814 e-mail: damodar.kedlaya@karvy.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-15	6.60	9.19	5.65	7.34
May-15	7.00	7.23	5.62	6.00
Jun-15	5.71	6.37	5.66	6.37
Jul-15	6.06	6.60	5.43	6.00
Aug-15	5.70	6.19	4.99	5.25
Sep-15	5.42	5.92	4.48	5.92
Oct-15	5.92	6.70	5.55	6.16
Nov-15	5.91	6.29	5.26	5.98
Dec-15	5.70	6.66	5.45	5.75
Jan-16	5.75	6.60	5.75	6.20
Feb-16	5.89	6.50	5.25	6.14
Mar-16	5.91	5.91	5.34	5.68

**DISTRIBUTION OF SHAREHOLDING**

 The Distribution of holdings as on 31<sup>st</sup> March, 2016 was as follows:

Description	Holders(s)		Holdings(s)	
	Folios	%	Shares	%
Less than 500	13989	92.23	2391104	12.20
501-1000	723	4.77	614375	3.13
1001-2000	236	1.56	359262	1.83
2001-3000	73	0.48	186236	0.95
3001-4000	25	0.16	92570	0.47
4001-5000	34	0.22	160581	0.82
5001-10000	45	0.30	324544	1.66
Above 10000	42	0.28	15470428	78.93
<b>Total</b>	<b>15167</b>	<b>100.00</b>	<b>19599100</b>	<b>100.00</b>


**Share Holding Pattern as on 31<sup>st</sup> March, 2016 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	5769282	29.44
2. Indian Corp.Bodies/Trustees/Partnership	558495	2.84
3. Independent Directors & Relatives	0.00	0.00
4. Present employees	60600	0.31
5. Banks/Financial Institutions	659400	3.37
6. Insurance companies	296417	1.51
7. Mutual funds	1200	0.11
<b>SUB-TOTAL</b>	<b>7345394</b>	<b>37.48</b>
<b>B. BASED OVERSEAS:</b>		
1. Non-Resident Indians (Non-Rep)	318100	1.63
2. Non-Resident Indians (Rep)	5606	0.02
<b>SUB-TOTAL</b>	<b>323706</b>	<b>1.65</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.

84.70% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31<sup>st</sup> March, 2016- total accounts Dematerialized is 1850 involving 16599950 shares (which constitutes 84.70% 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, 2016 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 2015-16 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 2015-16;
  - ii) significant changes in accounting policies during the year 2015-16 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/-  
(D N V SRINIVASA RAJU)  
CHIEF FINANCIAL OFFICER**

Place: Hyderabad  
Date: 08.08.2016

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. Rajani K,) confirms as on 31<sup>st</sup> March, 2016 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 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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.

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

**PLACE: HYDERABAD**

**DATE : 08.08.2016**

**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 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges for the period 1 April 2015 to 30<sup>th</sup> November 2015 and as per the relevant provisions of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016

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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations as applicable, However it has been observed Company yet to appoint Woman Director and Independent Directors on the Board.

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: 30.07.2016

Sd/-

**RAGHAVENDAR RAO .D**

Company Secretary in Practice

CP No. 13407



**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 2016**

The preparation of financial statements of Hindustan Fluorocarbons Limited, Hyderabad for the year ended on 31<sup>st</sup> March 2016 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 28<sup>th</sup> June 2016.

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 2016. 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: 01.07.2016**



## Annexure-VI

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2016

*[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, 2016, 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, 2016, 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)**
- ii) The Listing Agreements entered into by the Company with the BSE Limited from 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015
- iii) The Securities Exchange Board of India (Listing obligations & Disclosure Requirements) Regulations, 2015 for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016

**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
  3. The Sick Industrial Companies (Special Provisions) Act, 1985

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 2016, 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 and SEBI (LODR) Regulations.

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

- i) Secretarial Standards issued by Institute of Company Secretaries of India



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.

**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 32<sup>nd</sup> Annual General Meeting of the Company held on 25<sup>th</sup> September 2015;
- 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 report further that:**

1. 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.
2. 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 refrigerant Ltd. Stayed the matter and it was finally reserved for judgement.
3. During the period under review SEBI vide SEBI Order No. WTM/RKAMIRSD2/41/2016 Dated 22.03.2016, BSE Letter LC/SEBI /VK/272/

2015-16 Dated 31.03.2016 directed the company to conduct an Audit of Records & Systems of Sharepro Services (India) Private Limited (previous RTA Agent) with respect to dividends paid and Transfer of Securities for the period of preceeding 10 years.

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

**Sd/-  
MADASUDHAN REDDY  
M. No: 33355  
C.P No: 14500**

**Place: Hyderabad  
Date: 30.07.2016**

**ANNEXURE-VII****FORM NO MGT 9****EXTRACT OF ANNUAL RETURN**As on financial year ended on **31.03.2016**

*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: 040-23240047, 23241051, 23237125, 23297160 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	M/s. KARVY COMPUTERSHARE PRIVATE LIMITED Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial Dist., Nanakramguda, HYDERABAD - 500 032. Tel: +9140-67161541, 67161505, Fax: +9140-23420814 e-mail: damodar.kedlaya@karvy.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	11.83 %
2	CFM-22	20111	86.47 %
3	TFE	20111	1.7 %

**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 & Rasayani, Raigad (Dist.), Maharashtra.	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 end 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	0.00
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	11060000	0	11060000	56.43	11060000	0	11060000	56.43	0.00
d) Bank/FI	870000	0	870000	4.44	870000	0	870000	4.44	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	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>0.00</b>
(2) Foreign									
a) NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	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>0.00</b>
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.87	11930000	0	11930000	60.87	0.00
<b>(B) PUBLIC SHARE HOLDING</b>									
(1) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	0	1200	1200	0.01	0	1200	1200	0.01	0.00
b) Banks/FI	658700	0	658700	3.36	658700	000	658700	3.36	0.00
c) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	296417	0	296417	1.51	296417	0	296417	1.51	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i) Others((specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>955117</b>	<b>1200</b>	<b>956317</b>	<b>4.88</b>	<b>955117</b>	<b>1200</b>	<b>956317</b>	<b>4.88</b>	<b>0.00</b>
(2) Non-Institutions									
a) Bodies corporate	548113	78000	626113	3.19	478595	77900	556495	2.83	0.36
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakhs	1044581	2846250	3890831	19.86	1057169	2811250	3868419	19.74	0.11
ii) Individuals Share holders holding nominal share capital in excess of Rs.1 lakhs	1848823	0	1848823	9.43	1961463	0	1961463	10.01	-0.57
c) Others (specify)	0	0	0	0.00	500	0	0	0.00	0.00
i) NRI(Rep)	228716	900	229616	1.17	208906	0	208906	1.07	0.11
ii) NRI(Non-Rep)	400	114800	115200	0.59	0	114800	114800	0.59	0.00
iii) Trust	2200	0	2200	0.01	2200	0	2200	0.01	0.00
<b>SUB TOTAL (B)(2):</b>	<b>3672833</b>	<b>3039950</b>	<b>6712783</b>	<b>34.25</b>	<b>3708833</b>	<b>3003950</b>	<b>6712783</b>	<b>34.25</b>	<b>0.00</b>
Total Public shareholding (B) = (B) (1) + (B) (2)	4627950	3041150	7669100	39.13	4663950	3005150	7669100	39.13	0.00
<b>(C) Shares held by custodian for GDRs. &amp; ADRs</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>0.00</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>16557950</b>	<b>3041150</b>	<b>19599100</b>	<b>100.00</b>	<b>16593950</b>	<b>3005150</b>	<b>19599100</b>	<b>100</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
	Total	11930000	60.87	0.00	11930000	60.87	0.00	0.00

**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, ifseparated 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	335764	1.71	335764	1.71
	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)	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	Udayan Kumar N Kothari				
	At the beginning of the year	249183	1.27	249183	1.27
	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)	396-31/07/2015	0.01	249579	1.28
		1800-11/09/2015	0.01	251379	1.29
		4600-18/09/2015	0.02	255979	1.31
At the End of the year (or on the date of separation, if separated during the year)	255979	1.31	255979	1.31	

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	Amit Kumar 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	235319	1.2	235319	1.2
	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)	500-10.04.2015	0.01	235819	1.21
		11386-17.04.2015	0.05	247205	1.26
		4179-16.10.2015	0.02	251384	1.28
		479-05.02.2016	0.00	251863	1.28
		1751-12.02.2016	0.01	253614	1.29
	5890-19.02.2016	0.03	259504	1.32	
	At the End of the year (or on the date of separation, if separated during the year)	259504	1.32	259504	1.32

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	196266	1.00	196266	1.00
	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)	231-25.09.2015	0.00	196497	1.00
	At the End of the year ( or on the date of separation, if separated during the year)	196497	1.00	196497	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, if separated 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, if separated 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, if separated during the year)	120000	0.61	120000	0.61

**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	420.00	4877.08	0.00	5297.08
ii) Interest due but not paid	0.00	616.20	0.00	616.20
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>5556.64</b>	<b>0.00</b>	<b>5977.41</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0.00	0.00	0.00	0.00
Reduction	400.68	0.00	0.00	400.68
Net Change	400.68	0.00	0.00	400.68
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	20.19	4877.08	0.00	4897.27
ii) Interest due but not paid	0.00	673.47	0.00	673.47
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>20.19</b>	<b>5550.55</b>	<b>0.00</b>	<b>5570.74</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	14.46
	(b) Value of perquisites a/s 17(2) of the Income tax Act.1961	0.00
	(c) 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)	14.46
	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	0.25
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (1)	0.25
2	Other Non Executive Directors	Shri. Sanjeeva Narayan
	(a) Fee for attending Board & Committee meetings	0.30
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (2)	0.00
	Total (B)=(1+2)	0.30
	Total Managerial Remuneration	0.55
	Overall ceiling as per the Act.	


**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (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	14.46	8.27	10.42	33.15
	(b) Value of perquisites U/s 17(2) of the Income Tax Act.1961	0	0	0	0
	(c) 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 2016

(Rs. in lacs)

Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' FUND</b>		
Share capital	2	1961.46
Reserves and surplus	3	(8328.29)
<b>NON - CURRENT LIABILITIES</b>		
Long-term borrowings	4	1028.19
Long-term provisions	5	635.43
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	6	446.83
Trade payables	7	435.93
Other current liabilities	8	7105.85
Short-term provisions	9	546.33
<b>TOTAL</b>	<b>3831.73</b>	<b>4745.89</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed Assets		
Tangible assets	10A	2212.59
Intangible assets	10B	212.35
Capital work-in-progress		8.99
Long term loans and advances	11	98.96
Other Non-current assets	12	0.00
<b>CURRENT ASSETS</b>		
Inventories	13	741.24
Trade receivables	14	228.91
Cash and bank balances	15	240.95
Short-term loans and advances	16	87.74
<b>TOTAL</b>	<b>3831.73</b>	<b>4745.89</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 **SPAD & Associates,**  
**Chartered Accountants**  
(FRN 011569S)

Sd/-  
**(AMRIT KUMAR KOTA)**  
**PARTNER**  
M No. 200605

Sd/-  
**(SB BHIDE)**  
**CHAIRMAN**

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

Place: Mumbai  
Date: 19.05.2016

Sd/-  
**(DNV SRINIVASA RAJU)**  
**CHIEF FINANCIAL OFFICER**

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


**Statement of Profit and loss for the year ended 31.03.2016**

(Rs. in lacs)

	Notes	2015-2016	2014-2015
Revenue from operations	17	3963.29	3274.79
Less: Excise Duty		435.91	359.72
Net Sales		3527.38	2915.07
Other income	18	60.93	55.08
<b>Total Revenue</b>		<b>3588.31</b>	<b>2970.15</b>
<b>Expenditure:</b>			
Cost of raw materials consumed	19	1700.93	1530.55
Changes in inventories of finished goods			
Work-in-progress and Stock-in-Trade	20	251.47	(194.48)
Employee benefits expenses	21	1396.43	1333.97
Finance costs	22	345.36	209.56
Depreciation and amortization expenses	10C	136.57	110.24
Other expenses	23	868.86	1038.22
<b>Total expenses</b>		<b>4699.62</b>	<b>4028.05</b>
Deduct : Prior period items (net)		0.08	10.21
Profit before exceptional items and tax		<b>(1111.39)</b>	<b>(1068.11)</b>
Exceptional Items (Sale of Land)	24	0.00	690.65
Profit before extra ordinary items and tax		<b>(1111.39)</b>	<b>(377.46)</b>
Tax Expense		0.00	0.00
Profit/(Loss) for the year from continuing operations		<b>(1111.39)</b>	<b>(377.46)</b>
<b>Earnings per equity share:</b>			
Basic (Rs.)	25	(5.67)	(1.93)
Diluted (Rs.)		(5.67)	(1.93)

**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 **SPAD & Associates,**  
**Chartered Accountants**  
(FRN 011569S)

Sd/-  
**(AMRIT KUMAR KOTA)**  
**PARTNER**  
M No. 200605

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

Place: Mumbai  
Date: 19.05.2016

Sd/-  
**(DNV SRINIVASA RAJU)**  
**CHIEF FINANCIAL OFFICER**

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




**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016 (Rs. in lacs)**

	2015-16		2014 - 15	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before taxation and Extraordinary items	(1111.39)		(377.46)	
Adjustments for :				
Depreciation	136.57		110.24	
Profit on Sale of Land	0.00		(690.65)	
		(974.82)		(957.86)
<b>Operating Profit before working capital changes</b>				
Adjustments for				
(Increase)/Decrease in Inventories	191.07		(235.24)	
(Increase)/Decrease in Trade receivables	70.32		(24.78)	
(Increase)/Decrease in Loans & Advances	84.69		(99.42)	
Increase/(Decrease) in working capital borrowings	(26.21)		(35.61)	
Increase/(Decrease) in Current Liabilities & Provisions	1075.56		88.08	
<b>Cash generated from operations</b>		1395.43		(306.98)
<b>Net Cash flow from Operating activities</b>		420.61		(1264.84)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Changes in Fixed Assets	(451.33)		(359.93)	
Sale of Fixed Assets	0.00	(451.33)	700.00	340.07
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase / Decrease in Secured Loans	(668.70)		323.44	
Increase / Decrease in Unsecured Loans	(183.43)		1680.00	
Increase / Decrease in Loans & Advances	(0.01)		0.00	
Net cash used in financing activities		(852.14)		2003.44
Net increase in cash and cash equivalents		(882.85)		1078.67
Cash and cash equivalents at the beginning of the period		1123.80		45.13
Cash and cash equivalents at the end of the period		240.95		1123.80

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 **SPAD & Associates,**  
**Chartered Accountants**  
(FRN 011569S)

Sd/-  
**(AMRIT KUMAR KOTA)**  
**PARTNER**  
M No. 200605

Sd/-  
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**CHAIRMAN**

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

Place: Mumbai  
Date: 19.05.2016

Sd/-  
**(DNV SRINIVASA RAJU)**  
**CHIEF FINANCIAL OFFICER**

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



**Notes to financial statements for the year ended 31st March 2016**

**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 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.

**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 realisable 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 31-03-2016	As at 31-03-2015
<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 31-03-2016		Equity Shares 31-03-2015	
	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 2016		As at 31 March 2015	
		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 2016	As at 31 March 2015
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening balance	(7,216.90)	(6,812.15)
Add: Profit / (Loss) transferred from Statement of Profit & Loss	<u>(1,111.39)</u>	<u>(377.46)</u>
Net Deficit in the Statement of Profit & Loss	<b>(8,328.29)</b>	<b>(7,189.61)</b>
Less: WDV of fixed assets transferred to Reserves as per Companies Act 2013	0.00	27.29
<b>Total</b>	<b><u>(8,328.29)</u></b>	<b><u>(7,216.90)</u></b>

**NOTE 4 : LONG TERM BORROWINGS**

(Rs. In lacs)

	As at 31 March 2016	As at 31 March 2015
<b>Secured</b>		
Term loans - State Bank of Hyderabad	20.19	296.87
Hindustan Organics Chemicals Ltd	0.00	392.01
<b>Unsecured</b>		
Government Plan Loan	1,008.00	1,344.00
<b>Total</b>	<b>1,028.19</b>	<b>2,032.88</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 & 2015-16 amounting to Rs.2352.05 lacs is not paid by the company. and current maturities of F Y 2016-17 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 2015-16 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.673.46 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 promoter 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 instalment due for F.Y. 2015-16 & 2016-17 amounting to Rs.672.00 lacs 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)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Gratuity	535.05	401.36
Leave Encashment	100.38	81.50
<b>Total</b>	<b><u>635.43</u></b>	<b><u>482.86</u></b>

**NOTE 6: SHORT TERM BORROWINGS**

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>Secured</b>		
From STATE BANK OF HYDERABAD CASH CREDIT	446.83	473.04
<b>Total</b>	<b><u>446.83</u></b>	<b><u>473.04</u></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 @ 12.75% p.a

**NOTE 7: TRADE PAYBLES**

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Dues to Micro and SSI units	22.01	1.00
Others	413.92	508.79
<b>Total</b>	<b>435.93</b>	<b>509.79</b>

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

<b>Particulars</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Principal amount remaining unpaid and interest due thereon	Nil	Nil
Interest paid in terms of Section 16	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil

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

**NOTE 8: OTHER CURRENT LIABILITIES**

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Current maturities of long-term debt (Refer Note 4 (B))	3,197.08	2,805.07
Interest Accrued and Due (Refer Note 4 (C))	673.47	616.20
Govt. Plan Loan current maturities of long term debt (Refer Note 4 (E))	672.00	336.00
Current maturities of long-term debt SBH Term Loan	0.00	124.00
Interest Accrued but not Due (SBH Term Loan)	0.00	5.08
Creditors for capital goods	16.08	5.88
Others Payables	2,547.23	2,132.90
<b>Total</b>	<b>7,105.85</b>	<b>6,025.12</b>

**NOTE 9: SHORT TERM PROVISIONS**

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>(a) Provision for employee benefits (Refer Note 21)</b>		
P F company contribution	128.07	103.65
Gratuity	59.81	53.56
LTA & Other Provisions	12.96	13.50
Leave Encashment	345.50	306.93
<b>Total</b>	<b>546.33</b>	<b>477.63</b>



**Note No. 10 (A) TANGIBLE ASSETS:**

(Rs. In lacs)

	Gross Block		Accumulated Depreciation		Net Block	
	As at 31 March 2015	Additions/ (Disposals) As at 31 March 2016	As at 31 March 2015	Depreciation/ Amortisation for the year	As at 31 March 2016	As at 31 March 2015
Land	59.06	0.00	0.00	0.00	59.06	59.06
Buildings	167.49	138.84	131.04	6.75	168.54	36.45
Plant and Machinery	7052.96	305.32	5272.44	115.96	1969.88	1780.52
Furniture & Fixtures	84.70	0.10	70.13	2.53	12.13	14.57
Computers	42.45	0.00	38.26	1.23	2.97	4.20
<b>TOTAL</b>	<b>7406.67</b>	<b>444.25</b>	<b>5511.86</b>	<b>126.47</b>	<b>2212.59</b>	<b>1894.80</b>
10(B) Intangible Assets:						
Computer software	5.61	0.00	2.38	1.47	1.75	3.23
M-PTFE	158.97	60.28	0.02	8.63	210.60	158.95
<b>TOTAL</b>	<b>164.58</b>	<b>60.28</b>	<b>2.40</b>	<b>10.11</b>	<b>212.35</b>	<b>162.17</b>

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

	2015-16	2014-15
Depreciation	126.47	108.75
Amortisation	10.11	1.49
<b>Total</b>	<b>136.57</b>	<b>110.24</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 telomer 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 for the FY 2014-15. 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)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Unsecured, considered good Security Deposits	98.96	98.95
<b>Total</b>	<b>98.96</b>	<b>98.95</b>

**NOTE 12 OTHER NON CURRENT ASSETS**

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
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)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Raw Materials and components {includes materials in transit of Rs.44,71,692/- (Pr. Year Rs.10,22,165)}	118.01	96.54
Stock-in-progress*	101.50	191.11
Finished goods	239.27	421.37
Stores and spares	282.46	223.30
<b>Total</b>	<b>741.24</b>	<b>932.31</b>

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

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
CFM – 22 Product	23.08	52.11
TFE	0.36	3.97
POLY-SUSPENSION	70.55	107.37
POLY-EMULSION	7.51	27.66
<b>Total</b>	<b>101.50</b>	<b>191.11</b>

13(B). Excise duty on closing finished goods in respect of goods manufactured by the company amounting to Rs.20.23 lacs (previous year Rs.46.82 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)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Secured, considered good	0.00	0.00
Debts overdue for a period exceeding six months	145.13	151.07
Other debts	83.78	148.15
<b>Total</b>	<b>228.91</b>	<b>299.23</b>



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

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

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

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Balances with Banks	0.20	0.23
Corporate Liquid Term Deposit - SBH	239.06	1120.52
Margin Money Deposit	1.40	2.78
Cash on hand	0.29	0.27
<b>Total</b>	<b>240.95</b>	<b>1123.80</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 2016</b>	<b>As at 31 March 2015</b>
<b>Others</b>	75.24	93.99
Advance to Suppliers		
Considered good	12.49	78.44
Considered doubtful	0.91	0.91
Less:Provision for Considered doubtful advance	(0.91)	(0.91)
<b>Total</b>	<b>87.74</b>	<b>172.43</b>

**NOTE 17: REVENUE FROM OPERATIONS**

(Rs. In lacs)

	<b>2015-16</b>		<b>2014 - 15</b>	
<b>Revenue From Operations</b>				
(i) Sale of products				
Polytetrafluoroethylene	422.04		534.26	
Application Development Customer Support	41.58		34.78	
CFM - 22	3414.83		2358.24	
Tetrafluoroethylene	67.37		330.55	
Hydrogenchloride	10.86	3956.68	16.90	3274.73
<b>Gross Sales</b>		<b>3956.68</b>		<b>3274.73</b>
(ii) Other operating revenues:				
Jobwork conversion, material, handling charges	6.61		0.00	
Sale of DHF	0.00	6.61	0.06	0.06
<b>TOTAL TURNOVER</b>		<b>3963.29</b>		<b>3274.79</b>


**NOTE 18: OTHER INCOME**

(Rs. in lacs)

	<b>2015-16</b>	<b>2014-15</b>
Interest from Others	33.64	30.24
Other non - operating income - Others	27.29	24.85
<b>Total</b>	<b>60.93</b>	<b>55.08</b>

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

(Rs. in lacs)

	<b>2015-16</b>	<b>2014-15</b>
Inventory at the beginning of the year	78.52	39.60
Add : Purchases	1680.56	1569.47
Less : Inventories at the close of the year	58.15	78.52
Cost of Raw material and packing material consumed	<u><b>1700.93</b></u>	<u><b>1530.55</b></u>

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

(Rs. in lacs)

	<b>2015-16</b>	<b>2014-15</b>
AHF	822.96	764.37
CHLOROFORM	812.11	678.63
FC - 26	20.93	37.60
OTHERS	40.31	40.01
PACKING MATERIAL	3.88	9.94
<b>TOTAL</b>	<b>1700.93</b>	<b>1530.55</b>

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

(Rs. in lacs)

	<b>2015-16</b>	<b>2014-15</b>
AHF	7.71	13.41
CHLOROFORM	21.34	19.89
FC - 26	0.00	20.93
OTHERS	28.35	22.25
PACKING MATERIAL	1.82	2.04
<b>TOTAL</b>	<b>58.15</b>	<b>78.52</b>


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

(Rs. in lacs)

	2015-16		2014-15	
<b>Opening stock:</b>				
Stock-in-process	191.11		199.30	
Finished products	421.37	612.47	193.11	392.42
Less: Closing Stock				
Stock-in-process	101.50		191.11	
Finished products	239.27	340.77	421.37	612.47
		271.70		(220.06)
Add: Increase/(Decrease) in Excise duty on Finished products		(20.23)		25.58
<b>Total</b>		<b>251.47</b>		<b>(194.48)</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. 695.02 Lacs (previous year Rs. 652.88 Lacs)

**NOTE 21: EMPLOYEE BENEFITS EXPENSES**

(Rs. in lacs)

	2015-16	2014-15
Salaries, wages and Bonus	1248.25	1161.79
Contribution to Provident and other funds	111.17	105.46
Staff Welfare expense	37.01	66.71
<b>Total</b>	<b>1396.43</b>	<b>1333.97</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)

	2015-16	2014-15
Employers Contribution to Provident Fund	84.02	83.77
Employers Contribution to ESI	2.32	1.90
Other Contributions	24.83	19.80

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>2015-16</b>	<b>2015-16</b>
Defined Benefit obligation at the beginning of year	536.31	388.43
Current service cost	27.90	17.15
Interest cost	48.27	34.96
Actuarials (gain) / loss	66.05	5.37
Benefits paid	(79.89)	0.00
Defined Benefit obligation at the year end	598.64	445.88

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

	<b>Gratuity (Funded)</b>
	<b>2015-16</b>
Fair value of plan asset at the beginning of year	81.38
Expected return on plan assets	2.28
Actuarial gain / (loss)	0.00
Employer contribution	0.00
Benefits paid	(79.89)
Fair value of plan asset at the year end	3.78
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>2015-16</b>	<b>2015-16</b>
Fair value of plan assets	(3.78)	0.00
Present value of obligation	598.64	388.43
Amount recognised in Balance Sheet	594.86	445.88

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

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2015-16</b>	<b>2015-16</b>
Current service cost	27.90	17.15
Interest cost	48.27	34.96
Expected return on plan assets	(2.28)	0.00
Actuarial gain/(loss)	66.05	(5.37)
<b>Net Cost</b>	<b>139.94</b>	<b>57.48</b>


**v) Actuarial assumptions**

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Unfunded)</b>
	<b>2015-16 (ultimate) 1994-96</b>	<b>2015-16 (ultimate) 1994-96</b>
Mortality Table (LIC)		
Discount Rate (per annum)	9.00	9.00
Expected rate of return on plan assets	9.00	-
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00

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

**NOTE 22: FINANCE COSTS**

(Rs. in lacs)

	<b>2015-16</b>		<b>2014-15</b>	
Interest on SBH Term Loan - 5 Yrs.	8.56		44.10	
Less: Borrowing cost transferred to Capital Work-in-progress	0.00		0.00	
Less: Borrowing cost capitalised to asset		8.56	44.10	0.00
Interest on Government Plan Loan		193.20		63.23
Interest on Cash Credit		69.31		66.71
Interest on secured loan-HOC		63.62		63.95
Interest to Others		10.67		15.66
<b>TOTAL</b>		<b>345.36</b>		<b>209.56</b>

**NOTE 23: OTHER EXPENSES**

(Rs. in lacs)

	<b>2015-16</b>		<b>2014-15</b>	
Consumption of stores and spares		111.39		68.86
Power & Fuel		308.76		505.76
Water Charges		190.57		233.08
Rent		8.39		8.54
Rates & Taxes		11.97		9.66
Repairs and Maintenance	0.72			
To Building	37.65		0.23	
To Machinery	5.75	44.13	34.13	
To Other Assets		26.03	2.70	37.05
Insurance				9.03
Payments to auditors:				
Statutory audit fees	1.09		1.07	
Limited Review	0.51	1.60	0.51	1.57
Professional charges		20.60		13.96
Transport charges		66.55		63.40
Provision for doubtful debts		0.00		0.00
Loss on Discarded Asset		0.00		0.00
Misc. Expenditure		78.86		87.30
<b>Total</b>		<b>868.86</b>		<b>1038.22</b>


**NOTE -24 : EXCEPTIONAL ITEMS**

During the financial year 2014-15, 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)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Net Profit attributable to equity shareholders		
Profit after tax	(1,111.39)	(377.46)
Weighted average number of shares (Nos.)	19,599,100	195.99
Basic and Diluted Earnings per share(Rs.)	(5.67)	(1.93)
Face value per share(Rs.)	10.00	10.00

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

(Rs. In lacs)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>(i) Contingent Liabilities</b>		
(a) ESI	13.46	13.46
(b) Damages on Delayed Payment of Provident Fund with Interest	94.89	0.00
	<u>108.35</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	0.00	84.79
	<u>108.37</u>	<u>98.25</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	3414.83	23.08	52.11
Tetrafluoroethylene	67.37	0.36	3.97
Polytetrafluoroethylene	422.04	239.27	421.37

**Note- 29**

(Rs. in lacs)

	<b>2015-16</b>	<b>2014-15</b>
CIF value of imports of Capital goods	74.20	250.67

**Note - 30**

(Rs. in lacs)

Expenditure in foreign currency :		
Travelling expenditure	0.00	0.00

**Note - 31**

(Rs. in lacs)

Earning in foreign currency	33.03	8.26
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**Note - 32**

(Rs. in lacs)

	2015-16	2014-15
<b>RELATED PARTIES DISCLOSURE:</b>		
The company is a subsidiary of HOCL (HINDUSTAN ORGANIC CHEMICALS LIMITED)		
Interest payable to HOCL	673.47	616.20
Un-Secured Loan from HOCL	3813.28	3813.28
<b>KEY MANAGEMENT PERSONNEL:</b>		
Payment of remuneration		
SHRI T S GAIKWAD, Managing Director	14.46	42.01
SHRI A. RAMESH, CFO#	2.82	2.53
SHRI DNV SRINIVASA RAJU, CFO\$	7.60	0.00
MS. K. RAJANI, Compliance Officer	8.27	7.81
# Ramesh was CFO from April, 2015 to 12 August, 2015 & \$ DNV Srinivasa Raju Joined on 13 August, 2015 and hence proportionate emoluments are declared above;		

**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. Due to the pendency of cases, the matter was adjourned and same may be taken up on vacation of court.
Before the Board for Industrial 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. Due to Statutory provisions under the Act, the Government of India has not constituted to heard the pending cases with BIFR.



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

For **SPAD & Associates,**  
**Chartered Accountants**  
(FRN 011569S)

Sd/-  
**(AMRIT KUMAR KOTA)**  
**PARTNER**  
M No. 200605

Sd/-  
**(SB BHIDE)**  
**CHAIRMAN**

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

Place: Mumbai  
Date: 19.05.2016

Sd/-  
**(DNV SRINIVASA RAJU)**  
**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 26, 2016		
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, 2016 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.			
2	To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.			
3	To appoint a Director in place of <b>Shri. Dinesh Kumar</b> , who retires at this Annual General Meeting of the Company and eligible for re-appointment.			

**Place: Hyderabad  
Date: 26.09.2016**

**(Signature of the shareholder)**

