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REGISTRAR AND SHARE TRANSFER AGENTS M/s.SHAREPRO SERVICES (INDIA) PVT.LTD. Registered Office : 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Mumbai - 400 072.	Auditors' Report	18
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HINDUSTAN ORGANIC CHEMICALS LIMITED		
Reg.Office & Rasayani unit : Rasayani, Dist.Raigad, Maharashtra, Pin - 410 207. Tel : (02192) 250041-47 Fax : (02192) 250050 E-mail id : hocras@vsnl.net, investorgrievances@hoclindia.com Website : hocl.gov.in	DELHI : Core-6, Scope Complex, 1st Floor, Lodi Road, New Delhi - 110 003. Tel : (011) 24361610 / 24364690 Fax : (011) 24360698	
COCHIN UNIT : Ambalamugal, Dist. Ernakulam, Pin - 682 302. Tel : (0484) 2720911 / 2720912 / 13 Fax : (0484) 2720893 E-mail : hoclchin @ md2.vsnl.net.in	HYDERABAD : 1402, Babukhan Estate, Bashir Bagh, Hyderabad - 500 001. Tel : (040) 23241051 / 23240047 Fax : (040) 23296455	
REGIONAL & MARKETING OFFICES	CHENNAI : D-1, Nelson Chambers, 115, Nelson Manickam Road, Aminji Karai, Chennai - 600 029. Tel : (044) 2374 1853	
BARODA : 3/A, Kirti Tower, Tilak Road, Baroda - 390 001. Telefax : (0265) 2438 122	Subsidiary Company	
MUMBAI : Harchandrai House, 81, Maharshi Karve Marg, Mumbai - 400 002. Tel : (022) 22014269/71/72 Fax : (022) 22059533 E-mail id : hoclras @ bom3.vsnl.net.in investorgrievances@hoclindia.com	HINDUSTAN FLUOROCARBONS LTD. 1402, Babukhan Estate, Bashir Bagh, Hyderabad - 500 001 Tel : (040) 23241051 / 23237125. Fax : (040) 23296455 E-Mail : hiflonptfe@yahoo.co.in	

**BOARD OF DIRECTORS**

SHRI A.S.DIDOLKAR	<i>Chairman & Managing Director</i>
SHRI R.N. MADANGERI,	<i>Director</i> (Technical)
SHRI S.V. GANU	<i>Director</i> (Marketing) (Up to 29/1/2009)
SHRI MATHEW C. KUNNUMKAL, IAS; AS&FA	<i>Director</i>
SHRI B.P. PANDEY, IAS;JS	<i>Director</i> (From 26/09/2008)
DR. SUKUMAR DEVOTTA	<i>Director</i>
DR. B.D. KULKARNI	<i>Director</i>
SHRI MADAN VERMA	<i>Director,</i>
SHRI N.J. GAIKWAD	<i>Director,</i>
DR. S. BHATTACHARYYA	<i>Director,</i>
MRS. S. S. KULKARNI	<i>Company Secretary</i>

AUDIT COMMITTEE OF THE BOARD

SHRI MADAN VERMA Director, Chairman A.C.	SHRI A.S. DIDOLKAR CMD, Invitee of A.C.
DR. B.D. KULKARNI Director, Member A.C.	SHRI R.N. MADANGERI D(T), Invitee of A.C.
DR. SUKUMAR DEVOTTA Director, Member A.C.	SMT.S.S. KULKARNI Company Secretary Secretary to the Audit Committee

SHARE TRANSFER, SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

SHRI A.S. DIDOLKAR CMD, Chairman	SHRI R.N. MADANGERI D(T), Member
SMT.S.S. KULKARNI CS, Member & Secretary	

EXECUTIVE COMMITTEE

SHRI A.S.DIDOLKAR Chairman & Managing Director	SHRI N.B.JOGDAND Dy.General Manager(P&A) (Rasayni Unit I/c)
SHRI R.N. MADANGERI, Director (Technical)	SHRI M.A.PILLAI G.M. (Oper.) (Kochi Unit I/c)
SHRI S.V.GANU Director (Marketing) (Up to 29-01-2009)	SHRI K.A.NATHAN G.M.(Engineering) Kochi Unit
SHRI ANAND KUMAR Chief Vigilance Officer	SMT. S.S. KULKARNI Company Secretary Secretary to the Executive Committee

R & D SUB-COMMITTEE

DR. B.D. KULKARNI, Director, Chairman of R&D Committee	SHRI A.M. SATHE DGM(MSS) / I/c R&D - Co-ordinator
SHRI A.S.DIDOLKAR Chairman & Managing Director, Member	DR. B.S. SHINDE GM(R&D) Co-ordinator
SHRI R.N. MADANGERI Director (Technical), Member	DR. C.S. SHUKLA CM (R&D)

**NOTICE**

Notice is hereby given that the 48th Annual General Meeting of the Members of the Company will be held on Wednesday, the 30th September, 2009 at 3.00 p.m. at the Registered Office of the Company at RASRANG HALL, Dr. Kasbekar Park, Rasayani, Dist. Raigad - 410 207 to transact the following business :-

ORDINARY BUSINESS :

1. To receive and to adopt the Audited, Profit & Loss Account of the Company for the period from 1st April, 2008 to 31st March, 2009 and the Audited Balance Sheet as at 31st March, 2009 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director or any other Director (as may be appointed by the GOI in its Order) in place of Shri Mathew C. Kunnumkal, who retires at this AGM and being eligible offers himself for re-appointment.
3. To appoint a Director or any other Director (as may be appointed by the GOI in its Order) in place of Shri B.P. Pandey, who retires at this AGM and being eligible offers himself for re-appointment.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Place : Rasayani

Date : 29/07/2009

Registered Office :

P.O.Rasayani,
Dist.Raigad, Maharashtra 410 207.

Sd/-
(Mrs.Susheela S. Kulkarni)
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 HOURS BEFORE THE MEETING.
2. The Registered Office of the R&T Agents of the Company M/s Sharepro Services (I) Pvt. Ltd., has been shifted & now changed to new address as under :-
13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Mumbai - 400 072. Tel : 67720300 / 351 / 352, 67720400 / 211872 , Fax : 28591568, e-mail : sharepro@shareproservices.com.
3. Members/Proxies should bring their attendance slip, duly filled in, at the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 18th September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).
5. Members are requested to note the change in the Regd. Office address of the R&T agents of the Company and then to intimate immediately any change in their addresses registered with the Company to the R&T Agents at their new office address.
6. Members, who hold shares in the dematerialised 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 and as a measure of economy the same will not be distributed again.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Sd/-
(Mrs. Susheela S. Kulkarni)
Company Secretary

Place : Rasayani

Date : 29/07/2009

Registered Office :

P.O.Rasayani,
Dist.Raigad, Maharashtra 410 207.



CHAIRMAN'S STATEMENT

Dear Shareholders,

My Colleagues on the Board and I extend warm welcome, and express their gratitude, to all of you present here at this 48th Annual General Meeting of your Company. The Audited Annual Accounts together with the Directors' Report and Auditors' Report of the Company for the year 2008-09 and the Notice to the Shareholders have been in your hands for some time and with your permission I take them as read.

PERFORMANCE :

I must now share with you in brief the status of our company's performance during the year 2008-09.

The production and sales attainments are contained in the Directors' Report before you and hence not repeated.

Your Company continued to enjoy support from all its valuable customers during the year 2008-09 due to excellent quality of its products manufactured at Kochi and Rasayani. During the year under review, your Company could achieve sales valuing Rs. 546.54 crores.

During the year under review, the post effects of global meltdown during year 2008 had adverse impact on the Company's performance. The Company had however taken the best possible measures both in cost reduction as well as in other areas to have a minimal effects of these unavoidable circumstances on its financial performance. Despite this, your Company was able to contain the net loss at Rs. 25.28crores during the year.

It is expected that with the continued cost control steps in progress, the performance and profitability of the Company would improve.

The company could not export bulk parcels of Phenol during 2008-09 due to unremunerative prices of these products in the export market. The marketing strategy was mainly focused on domestic customers to maximize the market share by adopting flexible marketing strategies which helped in encountering the threat posed by the importers and the domestic competitors as well.

RASAYANI UNIT OPERATIONS TURNAROUND PLANS :

1. Company's Caustic Soda /Chlorine Plant has been commissioned.
2. The Company would be signing the Gas Supply Agreement with M/s. GAIL. With the availability of Natural Gas from GAIL, your Company would change the feed stock of Hydrogen from Naphtha to Natural Gas and also for boiler operations in place of Furnace Oil, Natural Gas would be used.
3. Further with the availability of Natural Gas, Company also plans to put up a captive Power Plant based on Natural Gas to economize on the operation.

We hope that with the aforesaid operational plans and with the assistance from the Government, the Company would be able to turnaround its Rasayani Unit operations, in the near future.

SAFETY, HEALTH AND ENVIRONMENT :

Our company has been in the forefront in the management of Health, Hygiene and Environment. Based on the toxicity of chemicals periodic medical examination of all the employees are carried out by doctors specially trained in occupational health & Hygiene at Company's Health Centre. During the current year Company has adopted HIV AIDs Policy also as a Corporate Social Responsibility(CSR) measure.

As a signatory to the 'Responsible Care' movement the Company continues to discharge its obligation in Safety, Health & Environment.

A safety audit of all the plants and allied services was carried out by



External Agency and most of the recommendations are being implemented. Emergency Response Centre (ERC), a voluntary commitment undertaken by Rasayani unit to tackle emergencies arising out of road transportation of hazardous chemicals is functioning quite well and this effort is acknowledged by general public as well as Government authorities.

INDUSTRIAL RELATIONS :

The over all Industrial Relation situation continues to be peaceful and cordial during the year. There was no strike or lock out affecting production / profitability.

RESEARCH & DEVELOPMENT :

Research & Development Division has focussed its activities on the development of eco-friendly catalyst and process improvement for the production of organic chemicals of interest to HOC. R&D's contribution in successfully developing a specific fuel for ISRO, Government of India, is also worthy of appreciation. Collaborative programme is in process with M/s Sud Chemie India Pvt. Ltd. for pelletization of Spent Aniline and Formaldehyde Catalyst which will result in substantial savings and recycle the pelletised catalyst for productive use, thus eliminating disposal of hazardous waste. Under the collaborative programme, M/s Sud Chemie India Pvt. Ltd. had exported about 20 MT of Chrome free catalyst to Japan and the royalty towards IPR would be approx. Rs.6 lakhs.

CORPORATE GOVERNANCE :

Your Company lays emphasis in conducting its affairs within the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between shareholders, employees and customers based on the basic principles of corporate governance. The detailed Report on the Corporate Governance as well as Management Discussion and Analysis Report are enclosed as a part of the Directors' Report. This Report analyses in brief the potentialities of the Company as well as the focus of the Company's business.

HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY:

The details of performance of HFL are given in the Directors' Report. While the Company continues to be under BIFR Net, Company's position has significantly improved to register profit, as a result of the one time settlement of the Dues of the FIs and waiver of interest by the FIs and by the Holding Company, HOCL. Further the CDM Project has been registered and storing of R 23 Gas has been started. The stored R23 Gas will accrue CERs. Various other activities in connection with the CDM Project are in process.

ACKNOWLEDGEMENT:

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. In particular, I am grateful to various officials of the Govt., especially from the Government Of India, the Ministry of Chemicals & Fertilizers, Finance Ministry, Department of Banking, Board Members, Statutory/Govt. Auditors and all the agencies concerned. My gratitude is also to the shareholders, Bond holders and customers who have stood by us in the present phase of our demanding situation.

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.

(A.S. DIDOLKAR)
CHAIRMAN & MANAGING DIRECTOR

**DIRECTORS' REPORT**

Dear Shareholders

Your Directors are pleased to present the 48th Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended March 31, 2009 is summarized below: Rs.in
Lacs

	Year ended 31/03/2009	Year ended 31/03/2008
Sales and Other Income	62090.54	66659.90
Operating Profit/(Loss)	2316.98	6066.54
Less: Interest	2210.37	1876.63
Depreciation	2680.12	2622.98
Profit/(Loss) before tax	- 2573.51	1566.93
Less: Provision for taxation	39.49	37.93
Less: Prior Period adjustments	- 85.42	167.55
Profit/(Loss) after tax & Prior period adjustments/Provisions.	- 2527.58	1361.45

However, in view of accumulated losses as at the end of the Financial Year 2008-09 are carried forward, your Directors do not recommend any dividend on equity shares for the year ended 31st March, 2009.

RESULTS OF OPERATIONS

During the year under review, the post effects of global melt down during the Year 2008 had adverse impact on the Company's performance. The Company had however taken the best possible measures both in cost reduction as well as in other areas to have a minimal effect of these unavoidable circumstances on its financial performance. In addition to the effects of global melt down, there was statutory necessity of making increased provision for leave encashment of employees. Despite this, the Company was able to contain the Net Loss after tax & prior period adjustments / provisions at Rs.25.28 crores during the year, while the Net Profit during the previous year was Rs.13.61 crores.

As regards the unit wise performance, the Net Profit of Kochi Unit was Rs.20 crores which was significantly lower as compared to the previous year's profit of Rs.73.75 crores. The Rasayani Unit recorded a Net Loss of Rs.45.28 crores substantially reducing the previous year's loss of Rs.61.33 crores.

OPERATIONS :

During the year under Report, your Company's Kochi unit, achieved a sales turnover of 84239 MTs valuing Rs.46529.86 lacs as against 77543 MTs valuing Rs.41200.48 lacs of the previous year.

With the production of 245192 MTs (main products) during the year 2008-09 as against the production of 242013 MTs (main products) in 2007-08, your Company could achieve an overall capacity utilization of 61% during the year. Your Company has recorded the sale of 132814.79MTs during the year (last year 141498.16 MTs) valuing Rs52669.52 lacs (last year Rs. 55452.59 lacs).

The high labour cost and high incidence of cost on closed plants at Rasayani unit are the major concerns. Your Company has continued its cost cutting measures to counter these problems and in order to be competitive and improve performance and profitability.

PRODUCTION :**Kochi Unit :**

During the year, your Company's Kochi unit could achieve 164464 MT of production which was marginally less than previous year production of 167103 MT of the previous year. The Phenol, Acetone, Cumene and Hydrogen Peroxide plants have been operated at more than its rated capacity.

Rasayani Unit :

During the year, Rasayani unit of your Company could achieve only 80728 MT of production as against 91038.19 MT production of the previous year.

MARKETING :

HOC continued to enjoy support from all its valuable customers during the year 2008-09 due to excellent quality of its products manufactured at Kochi and Rasayani. It has achieved sales turnover of 546.54 Crores (net of excise duty) as against Rs. 571.42 crores (net of excise duty) of the previous year. The sales volume during year 2008-09 was 1,50,188.69 MTs against 1,58,100.57 MTs for the year 2007-08, registering a lower sales realization for the year amounting to Rs. 546.54 crores, which was mainly due to global meltdown and lower price realization.

The company could not export bulk parcels of Phenol during 2008-09 due to un remunerative prices of these products in the export market. The marketing strategy was mainly focused on domestic customers to maximize the market share by adopting flexible marketing strategies which helped in meeting the threat posed by the importers and the domestic competitors as well.

STATUS OF OPERATIONS AND FUTURE PLANS

With the Positive performance in the year 2007-08 resulting into net profits in the previous year as well as in the year 2006-07, in the current year 2008-09, your Company has now come out of the "SICK Unit" / BIFR status. Accordingly, the Company has received Order No. 501/2005 dtd. 28th May, 2008 from Board for Industrial & Financial Reconstruction (BIFR) discharging HOCL, from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) , on achieving the positive Net Worth.

1. During the year under report the Caustic Soda/Chlorine plant is commissioned.
2. HOCL would be signing the Gas Supply Agreement with M/s. GAIL with the availability of Natural Gas from GAIL, the Company would change the feed stock of Hydrogen from Naphtha to Natural Gas and also for boiler operation in place of furnace oil natural gas would be used.
3. Further, with the availability of natural gas, Company also plans to put up captive Power Plant based on Natural Gas to economise on the operation.

ENERGY CONSERVATION/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions required to be disclosed under Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, regarding



conservation of energy, Technology Absorption and Foreign Exchange Earning and outgo, are given at Annexure II to this Report.

RESEARCH & DEVELOPMENT

R&D Division has focused its activities on the development of eco-friendly catalysts and process improvements for the production of organic chemicals of interest to HOC. Also, it is involved with collaborative programmes with Sud-Chemie India Pvt. Ltd. for making for pelletization of spent aniline and formaldehyde catalysts which will result in substantial savings and recycle the pelletise catalyst for production use thus eliminating disposal of hazardous waste. R&D's contribution in successfully developing a specific fuel for ISRO, Government of India, for space research programme is also worthy of appreciation.

Royalty for export of Chrom free catalyst to Japan in collaboration with M/s Sud-Chemie India Pvt. Ltd. (estimated Rs. 6 lacs) as per I.P.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS :

As a plan of upgrading skills and knowledge of the employees, emphasis is continued to be given for training by organizing in house training programs and deputing employees to attend training programs.

Company continued to implement Government Policy of reservation for SC/ST. Analysis relating to SC/ST Women personnel in the Company is given in Annexure III.

CORPORATE SOCIAL RESPONSIBILITY :

- I. The company right from its inception is conscious about its social responsibility. To fulfill this, company is providing basic civic amenities to the neighboring villages, rendering assistance to the neighborhood in different forms viz. financial assistance, furniture computers, laboratory equipments etc. to the neighboring schools. Company also provide primary health services to neighboring villages through Kasbekar Memorial Trust.
- II. To promote school education, Company is giving scholarship to X and XII Std. Students. Company extends need based assistance to deserving SC/ST students in the nearby villages for their graduate and post graduate education. Company also extends vocational training facilities to the wards to employees studying in nearby engineering colleges/and Management institutes for enhancing their practical knowledge, Company also engages ICWA Trainees, diploma (Sandwich course) apprentices, Vocational Trainees, as a part of their curriculum for imparting practical training.
- III. Company has also maintained a hall in the name of Bharatratna Dr. Babasaheb Ambedkar with a view to provide a platform for discussions / seminars / symposiums on principles / teachings of Dr. Babasaheb Ambedkar, which has been totally renewed recently. The said Hall was renovated along with installation of new Statue of Bhagwan Gautam Buddha and Bharatratna Dr. Babasaheb Ambedkar.

PARTICULARS OF EMPLOYEES - INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

No employee of the Company has drawn the remuneration during the year 2008-09 or any part thereof, in excess of the limits specified under the Company's (Particulars of Employees) Rules 1975.

Accordingly particulars of employees' remuneration prescribed u/sec 217 (2A) of the Companies Act, 1956 are not furnished.

VIGILANCE

The HOCL's Vigilance Department, headed by Chief Vigilance Officer, has two main functional units at Rasayani (Raigad) Maharashtra and Kochin, Kerala. The focus of the Vigilance wing is to help all other departments of HOCL 'Improve their functioning in transparent manner so that the target of optimum turnover and profitability are achieved'. Emphasis is given on the preventive vigilance. Accordingly the trust of the department has been towards system study / improvement and to ensure the implementation of laid-down procedures / policies, rules etc. The guide lines and circulars issued by CVC are duly circulated for implementation by all concerned personnel. Prescribed / required manuals are being updated. Information technology is being utilized to ensure that all information related to the award of contracts, above the threshold value, are regularly updated on the web-site of the company. ERP system is being installed to improve the efficiency of the system.

The Vigilance department takes prompt action in respect of complaints received. There is a comprehensive complaint handling policy and prescribed punitive action is duly taken, after conducting fair investigation / enquiry, wherever required. Regular scrutiny of the APR of the Officers and inspection of various transaction / activities help in reducing inadvertent deviation, if any. The personnel working in the vigilance wing have been trained by the competent government agency.

Regular awareness programs in respect of CDA Rules, RTI Act. PIDPI (Whistle Blowers Act), etc. are organized by the Vigilance Department. A 'Vigilance Awareness Week' is organized every year and all personnel, of all level, actively participate. The Vigilance department maintains close interaction with the CVC.

CBI and other Government agencies, whose web-site addresses are given below, to strengthen the Vigilance setup. Required steps are being taken to ensure that HOCL's vigilance personnel remain in touch with the CBI Training Institute, Ghaziabad and VSC, Hyderabad for the updating of relevant knowledge and improvement of technical competence.

The vigilance department is presently manned by the below referred personnel.

Sr.No.	Designation	Contact address	Email & Phone No.
1.	Chief Vigilance Officer	HOCL, 81, M.K. Road Mumbai - 02	Cvo.hocl@gmail.com Ph. 91-22-22062742
2.	CE (Vigilance)	Rasayani - Raigad (M.S.)	Subbarayan.mani@gmail.co.in Ph. 02192-250139
3.	Sr. Vilance Officer	Kochi - Kerala	Sajeev1284@yahoo.co.in Ph.0484 2720911

HEALTH AND ENVIRONMENT (HE) :

1. The health and environment is well managed by providing adequate facilities as per statutory requirement of the State Factories Acts, Central Pollution Board and guidelines of Ministry of Environment and Forests and necessary statutory compliance reports sent to the concerned Authorities.
2. The Industrial Health and Hygiene Laboratories are



equipped with sophisticated clinical Chemistry analyzers and analytical instruments, which are useful for monitoring the occupational health hazards of employees.

- As per statutory requirement of Director, Industrial Safety and Health (DISH), Physical Check up, Form No. 23 Certification and Health Register of all employees working in Production Division have been carried out by the Certifying surgeon. The Health Register in Form No. 7 of all employees for the Year 2008-09 is maintained in Health Centre regarding physical and medical examination including test results of Chest X-ray, ECG, Urine and Blood.

FIRE & SAFETY :

The Company continued to maintain a good safety record without any major accident or fire. Consistent safety training, safety audit, safety inspections and hazop studies were performed to keep the safety standard high.

HOC is a signatory to "Responsible Care" movement. We are committed to the concept of self-realisation and improvement in all aspects of safety.

Emergency Response Centre (ERC), a voluntary commitment undertaken by Rasayani unit to tackle emergencies arising out of road transportation of hazardous chemicals is functioning quite well and this effort is acknowledged by general public as well as government authorities.

Our employees have bagged maximum awards in zonal level safety competitions. HOC is a major contributor to Mutual Aid Response Group - Khopoli, Rasayani, Patalganga zone (MARG - KRAPA).

The Company has made it mandatory to have fire and safety training for all employees.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

During the year under report, your Company continued its intensive and extensive efforts for the progressive use of the official language. Hindi Workshops are being conducted regularly. Official Language Implementation Committee meetings are arranged every quarter. Comprehensive programme like HINDI FORTNIGHT was organized at both Rasayani and Kochi units and in the Corporate Office in Mumbai during September, 2008. All documents coming under Sec. 3 (3) of the Official Language Act, 1963 are issued in bilingual form. Efforts are being made to fulfil the targets set in the Annual Programme issued by Department of Official Language, Ministry of Home Affairs. During the year the website of the Company was prepared in Hindi also.

ISO CERTIFICATION :

Quality Management System (QMS) of Rasayani Unit was re-certified in January, 2008 and QMS of Kochi Unit was re-certified in June, 2008. Environment Management System of Kochi Unit has been certified under ISO - 14001 : 2004 through BVCI.

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.

FIXED DEPOSITS

The deposits worth Rs. 18.29 lakhs had already been matured and out of which Rs. 0.25 lakhs were paid during the year 2008-09. The total deposits matured and remaining unclaimed which are outstanding as on 31-3-2009 was Rs. 18.04 lakhs.

DEPOSITORY SYSTEM

As the members are aware your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialisation of the company's shares on either of the depositories as aforesaid.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the listing agreement, the Management Discussion and Analysis Report is annexed hereto in Annexure V and forms part of the Directors' Report.

CORPORATE GOVERNANCE

The Company has complied with the various requirements of Corporate Governance. The details in this regard form part of this report.

RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

The Directors further state that up to the year under review i.e. 2007-08, HOC has been registered as a Sick Industrial Company by the BIFR, as per the provisions of SICA 1985, vide Case No. 501/2005. However, during the current year 2008-09, it has come out of BIFR / Sick Unit net, on achieving the positive network.

HINDUSTAN FLUOROCARBONS LIMITED (Subsidiary) :

During the year under review HFL has achieved production of 22 MTs of PTFE & 890.17 MTs of CFM 22 as against 113.99 MTs of PTFE and 481.68 MTs of CFM 22 in the previous year. HFL posted a Net profit of Rs.64.78 Lakhs (after tax and prior period adjustments) in the current year under review as compared to Net profit of Rs. 3996 lakhs of the previous year .

The Company has selected the technology and provider of turnkey project of CDM. The project is registered on 14th November, 2008 at UNFCCC and the CFM 23 Gas is stored. The stored CFM 23 is accruing CERs.

The audited accounts along with Auditor's report and Directors' report are appended which are subject to the audit of CAG u/ sec.619(4) of the Companies Act, 1956.



The Statement Pursuant to Sec. 212 of the Companies Act, 1956 is given in Annexure I.

AUDITORS

In terms of provisions of Section 619(2) of the Companies Act, 1956. The Controller & Auditor General of India, under its letter No. CA.V/COY/CENTRAL GOVT.HOCL(2)/47 dated 27/8/2008 has appointed M/s Om Agarwal & Co. Chartered Accountants, Mumbai as Statutory Auditors of the Company to audit the accounts of the Rasayani unit and to audit the consolidated accounts of the company and M/s. Elias George & Co., Cochin as branch auditors to audit the accounts of Cochin unit for the year ended 31st March, 2009.

The remarks of the Board of Directors on the Statutory Auditors' Report to the members are furnished in Annexure IV.

The report of the Controller & Auditor General of India under section 619(4) of the Companies Act, 1956, on the Accounts of the Company for 2008-09 is annexed to the Statutory Auditors' Report in the Annual Report.

Pursuant to directions from the Department of Company Affairs for appointment of Cost Auditors, Board of Directors of the company appointed M/s V.J.Talati & Co. as the Cost Auditors for Sulphuric Acid for 2008-2009.

DIRECTORS

During the year 2008 (29-09-2008) Shri. B.P.Panday, IAS, Joint Secretary Dept. of Chemical & Petrochemicals, Govt. of India has been appointed as Govt. Nominee Director, in place of Shri. K.C. Mishra, IAS, Joint Secretary.

In terms of Article 76(4) of the Articles of the Association of the Company Government Directors, Shri B.P.Panday, IAS, Joint Secretary and Shri Mathew C. Kunnamkal, IAS, Additional Secretary and Financial Advisor, will retire at this AGM and are eligible for re-appointment.

ACKNOWLEDGMENT

Your Directors gratefully acknowledge the valuable guidance, support and directions given by the Government Of India. Your Directors also gratefully acknowledge the support and co-operation extended by the State Governments, by the valued and esteemed customers, shareholders, suppliers, bankers, Statutory/Internal and Tax Auditors, Bondholders, and Fixed Deposit holders.

Your Directors place on record their appreciation for the whole hearted efforts and contribution from all the employees and also acknowledge the support and co-operation of all the Workers' Unions and Employees' Unions and their members for the smooth functioning of the Company's operations.

For and on behalf of the Board of Directors of
Hindustan Organic Chemicals Limited,

Place: Mumbai
Date : 29th July, 2009

A.S.DIDOLKAR
Chairman & Managing
Director

ANNEXURE - I

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY : HINDUSTAN FLUOROCARBONS LTD.,

Sl. No.	Particulars	Rs.in lakhs
1.	In compliance with the requirement of Section 212(1) of the Companies Act, 1956, the audited accounts of the subsidiary are to be enclosed.	Attached.
2.	Statement of Company's interest in the subsidiary company under Section 212 (1(e)) read with Section 212(3) of the Companies Act given below :	1,10,60,000 Equity Shares of Rs.10/- each fully paid up.
	Extent of holding in the subsidiary	56.43%
3.	Net aggregate amount of the subsidiary's Profit/(Loss) so far as it concerns members of the holding company & is not dealt with in the company's accounts :	
	i) For 2008-2009	31.32
	ii) For Previous financial year	2255.17
	iii) Cumulative Total	(2938.06)
4.	Net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa dealt with in the company's accounts :-	
	i) For 2008-2009	Nil
	ii) For Previous financial year	Nil
	iii) Cumulative Total	Nil

ANNEXURE II

ENERGY CONSERVATION/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy Conservation Measures taken :

- Installation of variable frequency drive (VFD) for boiler feed water pump, hydrogenation feed pumps and tampered water cooler fan at Kochi unit to reduce the power consumption.
 - Cooling tower fans were replaced with lighter material to save electrical power at Kochi unit.
 - Mercury vapour lamps were replaced with CFL in town ship street lighting of Kochi unit.
 - Installation of LT capacitor banks to improve power factor at factory of Kochi unit.
- Total savings achieved due to implementation of above schemes - 5.3 lakh units at Kochi unit resulting in savings of Rs. 22.63 lakhs.

Future Plans:

- More areas are being explored to install Variable Frequency Drives at Kochi unit and Rasayani unit to save electrical power.
- Dedicated steam boiler units are planned for Rasayani unit to reduce transmission losses of steam and improve over all efficiency of steam transportation system.
- Replacement of vapour absorption chilling system with reciprocating chilling machines is planned for Rasayani unit for saving on costly steam.
- Steam distribution network at Rasayani to be optimized for reducing distribution losses.
- Proposed captive power plant of 16 MW at Rasayani unit to reduce power and steam cost.

**Form - A****Disclosure of Particulars with Respect to Conservation of Energy****A. Power and Fuel Consumption:**

	Current Year 2008-09	Previous Year 2007-08
1. Electricity		
a) Purchased (unit)	6,35,94,540	6,47,58,944
Total amount (Rs.)	26,83,41,872	25,52,80,249
Rate per unit (Rs.)	4.22	3.94
b) Own generation		
i) Through LSHS	92,02,812	12,01,320
j) units per Kg. of LSHS	4.73	5.27
Cost per unit (Rs.)	4.66	3.73
ii) Through steam generation	NIL	NIL
Units per litre of fuel oil	-	-
Cost per unit (Rs.)	-	-
2. Coal	NIL	NIL
3. Furnace Oil/ LSHS		
Quantity (MT)	25,866	22,841
Total Amount (Rs.)	61,71,86,255	44,82,25,285
Average rate (Rs.)	23,851	19,623
4. Others/ Internal Generation	NIL	NIL
(a) Others- Diesel (Litre)	2,985	2,785
(b) Internal Generation	NIL	NIL

Consumption per unit of Production

Product	Standard		2008-09		2007-08	
	Power consumption (kwh/MT)	Prod. (MT)	Power consumption (kwh/MT)	Prod. (MT)	Power consumption (kwh/MT)	Prod. (MT)
Nitrobenzene	56	10,136	19	9964	23	
Hydrogen	570	484	582	467	895	
Aniline	280	6823	260	6210	277	
Sulphuric acid	70	23309	77	23592	94	
Formaldehyde	100	31335	86	38547	90	
Nitrotoluene	170	2913	155	410	156	
Conc. Nitric Acid	840	3934	1041	3592	1050	
Caustic soda	2700	1794	3035	-	-	
Propylene	30	28755	19	27458	22	
Phenol/Acetone	599	69985	454	68045	463	
Hy. Peroxide - 50%	2711	10934	983	11778	1150	

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

- Studies on eco-friendly chrome free copper catalyst for its dinitrobenzene tolerance efficiency in aniline production.
- Studies on improvements in the repelletization of used chrome-free copper catalyst for aniline production.
- Studies on development of a continuous process to produce a specific grade Kerosene fuel - ISRO PROJECT (Government of India).
- Further improvements in the repelletization of used formaldehyde catalyst.
- Options for improvements in the continuous process to produce cyclohexylamine from aniline are being studied.
- Inventions for Intellectual Property Rights.

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

- Studies on eco-friendly chrome free copper catalyst for its dinitrobenzene tolerance efficiency were carried out. The results indicated that a DNB content of even less than 1% in NB would affect the performance of the catalyst in the production of aniline. This has helped to monitor the feed stock for better performance of catalyst.
- Studies on improvements in the repelletization of used chrome free copper catalyst for the production of aniline were completed successfully. The results indicate that the performance of the repelletized catalyst may be comparable with that of the fresh catalyst. Commercial application of the catalyst in aniline plant is under active consideration.

- Studies on development of a continuous process to produce a specific grade Kerosene fuel - ISRO Project (government of India) by using different catalysts and process parameters were done. The results show that the process needs improvements.
- Studies on the improvements in the repelletization of spent formaldehyde catalyst for reuse indicate that the process needs more improvements for matching the performance of the fresh catalyst.
- Studies on improvement in the continuous process to produce cyclohexylamine reveal a further scope for improvements.
- Four Patent Applications for Intellectual Property Rights in India and US were submitted. These would be source of revenue to HOC.

3. FUTURE PLANTS

- Studies on the improvements of activity of eco-friendly chrome-free copper oxide catalyst for the production of aniline.
- Further studies on the improvements of activity of repelletized chrome-free copper oxide catalyst for re-use in the production of Aniline.
- Studies on further improvements in the repelletization of spent formaldehyde catalyst for commercial application.
- Studies on further improvements in the continuous process to produce cyclohexylamine.
- 9 patent applications for intellectual property rights in India and US are being prepared for submission.

4. EXPENDITURE ON R&D

(a) Capital	Rs. 2.10 lakhs
(b) Revenue	Rs. 95.57 lakhs
(c) Total	Rs. 97.67 lakhs

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief, made towards technology absorption, adaptation, and innovation
 - Commercial application of eco-friendly chrome-free copper oxide catalyst for the production of Aniline was continued.
 - Improvements made in the repelletized catalyst to achieve comparable activity of the fresh catalyst were successful. The commercial application of the improved catalyst in Aniline plant is under active consideration.
 - Studies on the development of a continuous process to produce a specific grade Kerosene fuel - ISRO Project reveal scope for further improvements in the process.
 - Studies on the repelletized spent catalyst for formaldehyde indicate need for further improvements for its viability for commercial application.
 - Studies on continuous process for cyclohexylamine show scope for further improvements for its commercial viability.
 - Through a jointly patented chrome-free Aniline catalyst exported to Japan, Company has earned Rs. 5.83 lakhs as royalty.
- Benefit derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
 - Continued commercial benefits due to regular utilization of the eco-friendly chrome-free copper catalyst to produce aniline.
 - Commercial application of the improved repelletized catalyst in Aniline plant will eliminate procurement of new catalyst worth of Rs. 40 lakhs per charge. Further, it is an environment friendly way of disposal of waste material through reutilization.
 - Developing a continuous process to produce a specific Kerosene fuel for ISRO will be a technological advancement and contribute to national cause.
 - An improved repelletized catalyst for formaldehyde will eliminate procurement of new catalyst and result in substantial saving.
 - An improved continuous process for cyclohexylamine will increase its productivity and consequently lead to higher earnings.
 - Through a jointly patented chrome-free Aniline catalyst exported to Japan, Company has earned Rs. 5.83 lakhs as royalty.

**ANNEXURE III****Consolidated Report as on 31-03-2009 (SC/ST/WOMEN)
Rasayani & Kochi Unit.**

Group	Total	SC	ST	Women
A	490	75	28	27
B	373	56	11	32
C	491	66	20	52
D	49	10	4	3
Total :	1403	207	63	114

ANNEXURE IV**Reply of the Directors' on the Statutory Auditors' Report to the Members for the Financial Year 2008-09:**

- i) The Company has provided the liability for interest on loan received from Govt. of India at stipulated rate. Penal interest is payable by the company for delayed payment of interest/ installment of principal if the option is exercised by the Govt. of India. In absence of any indication to exercise such discretion from Govt. of India, no provision is required to be made in the accounts towards penal interest on unpaid/delayed paid interest or installments. (Ref: Auditor's Report-Para-4-vi a).
- ii) The company has implemented wage revision to the employees with effect from 1st January, 2001. Though wage revision is effective from 1st January 1997, the arrears from 1st January 1997 to 31st March, 2000 is payable only when the company will generate adequate surplus. During the year 2004-05 the company was registered under BIFR. The Operating Agency appointed by BIFR recommended freezing of arrears payment shown as contingent liabilities as on 31st March 2006. During the year 2008-09 the company is discharged from BIFR, due to induction of fresh capital of Rs.270 crore by Govt. of India as a part of restructuring package. The company has incurred loss of Rs.25.27 crore for the year 2008-09 and accumulated losses further increased. In the absence of adequate surplus the liability do not arise, accordingly no provision for arrears for the above mentioned period has been made (Ref: Auditor's Report-Para-4-vi b).
- iii) In order to revive the JNPT tank terminal, the company is exploring the possibilities under BOT route. In this connection, as the present lease agreement which is valid upto June 2010 is now extended by JNPT for further period of 20 years. The modalities of lease payment are being discussed with JNPT. With these developments, the company's right on assets remain intact, accordingly expenses incurred on the project which is still to be completed are shown under capital works in progress and are not charged to Profit and Loss Account. (Ref: Auditor's Report-Para-4-vi c&d).
- iv) The company has made adequate provision for obsolescence of Stores & Spares. Many of the plants of Rasayani unit are closed down and so hundred percent of the value of spares which are not moving for more than five years has been provided. In case of Kochi unit, since the spares of phenol plant are very well usable, provisions amounting to Rs.74.54 lakh was not considered necessary as the provision is limited to the 50% value of the non-moving stock. (Ref: Auditor's Report-Para-4-vi e)
- v) An amount of Rs.20.94 lakh was incurred in earlier years on project feasibility study for combined heat and power plant at Rasayani unit. However, project did not materialize due to non availability of permission from MSEB at that time. However, due to recent power scenario in Maharashtra State, MSEB is now granting permission to captive power plants. The company is now carrying out feasibility study for captive power plant for which the report of earlier feasibility study is being utilized, accordingly the amount of Rs.20.94 lakh is shown under capital work in progress. (Ref: Auditor's Report -Para-4-vi f).
- vi) Adequate disclosure has been made at note No.4 a) Schedule 7: Investments, (Part-B- Notes on Accounts), which forms part of the accounts (Ref: Auditor's Report-Para-4-vi g)
- vii) Adequate disclosure has been made at Note No.6 a) Schedule 11 - Loans & Advances (Part B: Notes on Accounts) which forms part of the accounts. (Ref: Auditor's Report-Para- 4-vi h).
- viii) During the year 2008-09, the company appointed M/s. Aarch Consultant and Valuers (Govt. approved valuers) to ascertain loss due to impairment of assets, if any at its Rasayani unit. As per the valuation report given by the said Govt. approved valuer, the fair market value of the assets is more than the carrying amount as such there is no impairment loss during the year. (Ref: Auditor's Report-Para-4-vi i)
- ix) Adequate disclosure has been made at Note No. 6 d) Schedule 11- Loans & Advances (Part B- Notes on Accounts) which forms part of the accounts. (Ref: Auditor's Report-Para-4-vi j)
- x) The provision for guaranteed throughput charges was incorporated in lease agreement with presumption that the port authorities would provide suitable infrastructure facilities within specified time, however, this was not built-up by JNPT. The port users had taken up this issue for waiver of throughput charges which was accepted by the port authorities with effect from November, 2002. The request for waiver for earlier period is under consideration. Pending the favourable decision and without prejudice, the amount is shown under contingent liability. (Ref: Auditor's Report-Para-4-vii a).
- xi) As per lease agreement, providing suitable infrastructure facilities such as approach road, common manifold etc. within specified time was obligation of JNPT, however, JNPT failed to provide the said facilities which in turn resulted in non-commissioning of tank terminal resulting in revenue losses to the company for last several years. The matter is under arbitration. As matter is under arbitration, pending favourable decision and without prejudice, the company is providing for lease rentals with old rates without considering the escalation @ 10% per annum. (Ref: Auditor's Report-Para-4-vii b).
- xii) The company had gone for appeal in the High Court against M/s. Narendra Construction Company, hence provision is not made in the accounts for Rs.273.91 lakh, however amount of Rs.273.91 lakh is shown as contingent liability. (Ref: Auditor's Report-Para-4-vii c).
- xiii) The reconciliation of old outstanding loans and advances Rs.91.15 lakh is in final stage and expected to be completed during the year 2009-10. (Ref: Auditor's Report-Para-4 -vii d)
- xiv) During the year 2008-09, the company appointed M/s. Aarch Consultant and Valuers (Govt. approved valuers) to ascertain loss due to impairment of assets, if any at its Rasayani unit. As per the valuation report given by the said Govt. approved valuer, the fair market value of the assets is more than the carrying amount as such there is no impairment loss during the year. (Ref: Auditor's Report-Para-4-viii a)
- xv) Adequate disclosure has been made at Note No.18 - Balance confirmation (Part B: Notes on Accounts) which forms part of the accounts. (Ref: Auditor's Report-Para-4-viii b)
- xvi) Adequate disclosure has been made at Note No.8 b) - Provision for Arrears Wages (Part B: Notes on Accounts) which forms part of the accounts. (Ref: Auditor's Report-Para-4-viii c &d)
- xvii) As per the Para 12 to 14 of AS-5 issued by ICAI, separate disclosure has been made for reversal of provisions. Also "Reversal of Provision" is treated as ordinary activity as per AS-15. (Ref: Auditor's Report-Para-4-ix a &b).

For and on behalf of the Board of
Hindustan Organic Chemicals Ltd.

(A.S. Didolkar)
Chairman & Managing Director

Place : Mumbai
Date : 29th July, 2009



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (ANNEXURE V to Directors' Report)

The Management of Hindustan Organic Chemicals Ltd. (HOCL) presents its Analysis Report covering the Performance and Outlook of the Company. The Report contains business perspective and prospects based on the current environment and strategic options to steer the Company through unforeseen and uncontrollable external factors.

The petroleum feed stock prices in India is significantly higher as compared to major exporting countries. The capability of manufacturing units to earn a reasonable return has been largely affected by global competition and tightening of parameters like rationalized duty structure and strict quality controls. Moreover, the capacity in the Indian industry is small as compared to the competitors abroad, in effect the Indian Industry is in a disadvantageous position with regard to overhead costs.

In order to prevent dumping and to reform the sector to enable it to meet global competition, active follow ups is made with the Govt. for continuation of levy of anti-dumping duties.

KEY OPPORTUNITIES INCLUDE

- Growth in certain sectors such as phenolic resins, laminates, plastics, rubber chemicals etc. in the overall markets of the country.
- High quality standard and wide spread marketing network to remain preferred supplier to large consumer all over the country.
- Growth in production/promotion of chemical industry.

KEY THREATS INCLUDE

- Availability of cheaper imported chemicals.
- Increasing input prices of feed-stock i.e. Benzene, Toluene, Naphtha, LPG, LSHS, Fuel oil etc.

SEGMENTWISE PERFORMANCE

The Company is primarily in the business of manufacture and sale of chemicals.

Product Segment	Year ended 31/3/09			Year ended 31/3/08		
	Target MT	Product MT	Percentage Achieved	Target MT	Product MT	Percentage
Chemicals	228360	245192	105.98%	228360	242013	105.98%

PRODUCTWISE PERFORMANCE (MAIN PRODUCTS)

Product	Cumulative for the year-2008-09		
	Quantity (MT)	Target	Actual
Nitrobenzene Products	32466	13049	(P.Y.10373)
Aniline	21296	6823	(P.Y.6210)
Phenol	39000	42641	(P.Y.41908)
Acetone	24177	26544	(P.Y. 26136)
H2O2	5700	5467	(P.Y.5889)

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

The management is working towards achieving enhanced efficiencies in consumption, raw material procurement and working capital cycles to become lowest cost producer in the industry.

1. During the year under report the Caustic Soda/Chlorine plant is commissioned.
2. HOCL would be signing the Gas Supply Agreement with M/s. GAIL with the availability of Natural Gas from GAIL, the Company would change the feed stock of Hydrogen from Naphtha to Natural Gas and also for boiler operation in place of furnace oil natural gas would be used.
3. Further, with the availability of natural gas, Company also plans to put up captive Power Plant based on Natural Gas to economise on the operation.

SOME RISKS & CONCERNS

- * The man power cost per ton of finished product remains high.
- * Old depreciated plants, requires high maintenance cost.
- * Huge investments required for revamp/replacement/modernisation of the old plants.

INTERNAL CONTROL SYSTEMS & THE ADEQUACY

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. The Management is keen on these issues and initiated various measures such as upgrading IT infrastructure, evaluating & implementing ERP software, web based application and establishing connectivity amongst manufacturing units and branch offices for effective & proactive services and business benefits.

With the objective of improving the systems and removing bottlenecks, systems review is carried out and policies and procedure manuals are amended. Both Rasayani and Kochi units have been certified under ISO-9001:2000 standards through Bureau Veritas Certification India Pvt. Ltd. (BCI). Environment Management System (EMS) of Kochi unit has been certified under ISO-14001:2004 standards through BVQI, Rasayani unit has been re-certified in January, 2008 and Kochi unit has been re-certified in June, 2008 under ISO-9001:2000 standards.

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's Replies to auditors' qualification.

REVIEW OF FINANCIAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles.

The financial performance highlights are as follows:-

The sales turnover was of the order of Rs. 546.54 crores against Rs. 571.42 crores for the previous year showing a decrease (of 4.35%). There was an Operating Profit before interest and depreciation of Rs. 23.17 crores against the Operating Profit of Rs. 60.66 crores for the previous year. Company incurred an Interest expenditure of Rs. 22.10 crores against Rs18.77 crores of the previous year.

The outlook for the future appears to be good with the revival of economic growth. The Accumulated losses are likely to go down further substantially during the year in view of proposed implementation of several improvement plans for Rasayani and Kochi Units, complete restructuring of Debts of Bond / Fixed Deposit holders and repayment thereof as per the restructuring package for the revival of the Company as approved by the Govt. for implementation in the company. Further the Company is now out of BIFR /SICK unit net from the year 2008-09 on achieving positive network.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the chemical industry - global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, manpower cost, exchange rate fluctuations, interest and other costs.



**(ANNEXURE VI to Directors' Report)
Report on Corporate Governance
(As on 31-03-2009)**

The Directors present the Company's Report on Corporate Governance.

1. Corporate Philosophy/ Main Objective on Code of 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. Corporate governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, and transparency and makes a distinction between personal and corporate funds in the management of a company.

Hindustan Organic Chemicals Limited (HOCL) trusts on the conduct of its business activities and enhance the value of all those who are associated with the Company viz. shareholders, customers, suppliers, creditors, Government of India, Ministry of Chemicals and Fertilizers, Department of Public Enterprises, Various State Governments, other Governmental agencies/ departments and the society at large. Essentially, it involves practicing good Corporate Governance and HOCL believes in transparency, accountability and attaining maximum level of enrichment of the enterprise. HOCL also price the global recognition by ensuring the integrity, value addition to its domestic as also the international customers in its product commitments.

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 nor more than fifteen. The Directors shall not require to hold any qualification shares

As on 31-03-09 the Board of HOCL consisted of Nine members with 2 Executive Directors and 7 Non-Executive Directors, who are acknowledged as leading professionals in their respective fields. Other than the Three Whole Time Directors, the other Seven members of the Board are non-executive, Independent /and Government Nominee Directors.

During the Previous Year,(08/01/2008), GOI has appointed 3 Independent Non-Official Directors, viz. Dr. N.J. Gaikwad, Director, Professor & Head, Deptt. Of Pharmaceutical Science, Rashtasant Tukadoji Maharaj Nagpur University, Dr. Subir Kumar Bhattacharyya, Director, Former Director, Durgapur Steel Plant, Shri Madan Verma, Director, a CA and a former Director of Bank of Maharashtra and Vijaya Bank, on the Board of our Company w.e.f. 8th January, 2008.

Earlier, the GOI has also appointed in the Year, 2007, Dr. Sukumar Devotta and Dr. B.D.Kulkarni 2 Independent Non-Official Directors, Accordingly, currently as on 31/03/09 the Board of HOCL consists of 5 Independent Non-Official Directors , 2 Government Nominee Directors and 2 Whole-time Directors on the Board of our Company.

With the above position of the Composition of the Board of Directors, the Company is complying with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, during the Year 2008-09.

The constitution of the Board is given below :

Details of the Board of Directors during the year 2008-09 were as under:- (As on 31-03-2009) The constitution of the Board is given below :

Details of the Board of Directors during the year 2008-09 were as under:-

Sr. No.	Name of the Director	Category Of Director (ED, NED, NEID)	No. of Other Director Ships	Member Ship in Other Board Committees	Chairman Ship in Other Board / Committee
1.	Shri A.S.Didolkar ,	(ED) CMD	2	3	5
2.	Shri R.N.Madangeri	(ED) Dir. (Tech.)	2	3	-
3.	Shri. M.C.Kunnumkal	NED Govt. (Nominee) Director	5	-	-
4.	Shri B. P. Pandey,	NED Govt. (Nominee) Director	1	2	1
5.	Shri Madan Verma	NEID	2	1	1
6.	Dr. Sukumar Devotta.	NEID	1	2	-
7.	Dr. B.D.Kulkarni.	NEID	1	1	-
8.	Dr.N.J.Gaikwad.	NEID	-	-	-
9.	Dr.Subir Kumar Bhattacharyya	NEID	2	2	1

ED-Executive Director

NED-Non-Executive Director

NEID - Non-Executive Independent Director

Note : The information in the table relates to Indian Public Limited Companies only.

**Changes in the Board of Directors.**

1. Shri. Mathew C. Kunnumkal AS &FA has been re-appointed by the GOI as Govt.Nominee Director on the Board of HOCL w.e.f.29-09-08.
2. Shri S.V. Ganu, Director (Marketing) has relinquished the charge as Director (Marketing) , HOCL w.e.f.29/1/2009 on his repatriation to his parent Company, RCF Ltd.
3. Shri B.P.Pandey, Joint Secretary, Dept. of Chemicals and Fertilizers, GOI, has been re-appointed by the GOI as Govt.Nominee Director on the Board of HOCL w.e.f. 29-09-2008 in place of Shri K.C.Misra, JS.

b) Brief resume of Directors appointed, their other Directorship, Membership/Chairmanship in other Committees etc.**Shri. Bhagwati Prasad Pandey :-**

Official Govt.Nominee Director
Qualifications : IAS, Government Service.
Joint Secretary, Dept. of Chemicals and Fertilizers, GOI.

c) Meetings of the Board :

The Board meets statutorily as also as many times as may be warranted, at its Corporate Office, Registered Office and other locations, as convenient to the Directors. The Company Secretary serves as Secretary to the Board and its Committees.

Board Agenda and Material :

The Board believes that a carefully planned agenda is important for effective Board Meetings. All major issues included in the Agenda are backed by comprehensive background information to enable the Board to take decisions. The Agenda is flexible enough to accommodate unexpected development (s), which require Board's attention and its decision. Agenda papers are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman may bring up any relevant matter for the consideration of the Board.

The Board of the Company met 5 times during the financial year 2008-09 on the following dates :

24/04/2008 , 28/06/2008, 31/07/2008,
25/10/2008, 30/01/2009.

The Company placed before the Board, the Budgets, annual operating plans, performance of the business and various other information, including those specified in Annexure 1 of the Clause 49 of the Listing Agreement, from time to time.

d) Attendance of Directors at Board Meetings and Annual General Meetings:

The attendance of the Board Meetings and Annual General Meetings were as under:

For the year 2008-09.

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE LAST AGM
Shri A.S.Didolkar	5	Yes
Shri. R.N.Mdangeri	5	Yes
Shri. S.V.Ganu	4	Yes
Shri. Mathew C. Kunnumkal	3	No
Shri B.P.Pandey	2	No
Dr. Sukumar Devotta	3	No
Dr. B.D.Kulkarni	4	No
Dr. N.J.Gaikwad	3	Yes
Dr.Subir K. Bhattacharyya	-	No
Shri. Madan Verma	2	Yes

e) Information supplied to the Board:

Among other, information supplied to the Board includes:

- * Annual operating plans and budgets, capital budget, updates,
- * Quarterly results for the Company and its operating divisions or business segments,
- * Minutes of meetings of Audit Committee and other Committees,
- * Important show cause, prosecution and demand notices,
- * Any materially relevant default in financial obligations to and by the Company,
- * Significant labour Issues,
- * Compliance of any regulatory, statutory nature or listing requirements and shareholder service such as payment of dividend and share transfer.

1. Remuneration of The Directors

Details of remuneration paid / payable to the Directors for the year ended March 31, 2009 are as follows :

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2008-09

Name	Amt.in Rs.				
	Directors Salary including Perks (Rs.)	Arrears	Retirement benefits	Sitting Fees & OPE	Total Rs.
Shri A.S.Didolkar, CMD	8,48,165.75	Nil	93,678.07	-	9,41,844.00
Shri. R.N.Madangeri, DT	7,49,549.89	Nil	74,384.28	—	8,23,934.00
Shri. S.V.Ganu, DM	6,49,240.70	Nil	68,295.95	—	7,17,537.00
Shri B.P.Pandey, JS	N.A.	Nil	Nil	Nil	Nil
Shri. Mathew C. Kunnumkal	N.A.	Nil	Nil	Nil	NIL
Shri. Madan Verma	N.A.	Nil	16,000/-	16,000/-	16,000/-
Dr.Sukumar Devotta	N.A.	Nil	16,000/-	16,000/-	16,000/-
Dr. B.D.Kulkarni	N.A.	Nil	22000/-	22000/-	22000/-
Dr. N.J.Gaikwad	N.A.	Nil	6000/-	6000/-	6000/-
Dr. Subir K. Bhattacharyya	N.A.	Nil	Nil	Nil	Nil

The Executive Directors have been appointed by the President of India for a period of five years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period by either side on three months notice or on payment of three months salary in lieu thereof.

- * The Company has not given any stock options.
- * Non-executive Directors: The Company does not pay any remuneration to its non- executive Directors.

4. Board Committees :

The following Committees have been constituted with its own specific charter of Responsibilities. In these Committees, the Committee members play an important role in deliberations of the Meetings and visualize the enrichment of the Company through their respective expertise and Public Policy.

The Board of Directors have constituted 5 Committees - Viz. Audit Committee of Directors (presently not existing in view of non-appointment of Independent Directors)/ Executive Committee, Share Transfer/Shareholders'/ Investors' Grievance Committee and Bonds Sub-Committee of Directors & R&D Committee.

**I. Audit Committee of the Directors :**

The Audit Committee was reconstituted in July, 2008 as per Cl. 49 of Listing Agreement met during the year to transact the business entrusted to the Committee in the Companies Act 1956 provisions and Listing Agreement with the SEs. The representatives of Statutory Auditors were invited, as a transparent Corporate Governance Policy as and when required by the Board.

The Committee consisting of the following Directors as its members :

- a) Shri Madan Verma, Director (Chairman of the Committee), (b) Dr. Sukumar Devotta, Dr. B.D. Kulkarni, Directors as its Members and (c) Mrs. S.S. Kulkarni, as Secretary to the Committee.
- (i) Terms of Reference: Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292(A) of the Companies (Amendment) Act, 2002, the Committee reviewed reports of the Internal Auditors, met Statutory Auditors periodically and discussed 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 reviewed the major accounting policies followed by the Company. The Committee invited senior executives as it considers appropriate at its meetings. CMD, Head of Internal Audit attend the meetings of Audit Committee as special invitees. The representatives of the Statutory Auditors are also invited to attend the meetings. The Company Secretary is Secretary to the Committee.

II. Executive Committee :

The cases in respect of Capital Expenditure & important contracts, items are referred to the Executive Committee for discussion and for decisions. Some items needing Board approval are referred for recommendations of the Committee.

The Committee was reconstituted in July, 2008 consisting of followings as Members:

- (a) Chairman & Managing Director, Shri A.S. Didolkar (b) Director (Technical), Shri R.N. Madangeri, (c) Director (Marketing), Shri S.V. Ganu, (d) CVO - chief vigilance officer - Shri Anand Kumar (e) GM (Opers) Kochi Unit I/c, Shri M.A. Pillai, (f) DGM(P&A) (Rasayani Unit I/c), Shri N.B. Jogdand(g) GM (Engg.) Kochi Unit, Shri K.A. Nathan and (h) Company Secretary, Smt. S.S. Kulkarni.

III. R&D Sub-Committee:

All matters pertaining to Technical, R&D and other issues relating to various projects and products of our Company are referred to the R&D sub-committee for discussion and for decisions. Some items needing Board approval are referred for recommendations of the Committee.

The Committee reconstituted w.e.f. May, 2008 consisting of the members as:

- (a) Dr. B.D. Kulkarni, Director, (Chairman of the Committee) (b) Shri A.S. Didolkar, Chairman & Managing Director, (c) Shri R.N. Madangeri, Director (Technical), (d) Shri A.M. Sathe, DGM(MSS)/I/C/(R&D) - Co-ordinator, (e) Dr. B. S. Shinde, GM (R&D), (f) Unit Incharge of Rasayani Unit/or Kochi Unit (as may be relevant).

IV. Share Transfer / Shareholders' / Investors' Grievance Committee**Terms of Reference:**

As required under the Companies Act, 1956, the Company already has a Share Transfer Committee comprising of Shri A.S. Didolkar, CMD as Chairman, Shri R.N. Madangeri, Director (Technical) (from 01-02-08) and Mrs. S.S. Kulkarni, Company Secretary, as its members. The quorum of the committee is two Directors. Mrs. S.S. Kulkarni, Company Secretary is designated as the Compliance Officer and acts as Secretary to the Committee.

Share Transfer System

The Company's Share Transfer / Shareholders Grievance Committee is authorised to transfer securities as and when they are received and to redress the investors' grievances / complaints. The dematerialised shares are directly transferred to the beneficiaries by the depositories.

The Company seeks to ensure that all transfers are approved for registration within the stipulated period. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, dematerialisation and rematerialisation of shares. There was no pending complaints and requests for demat.

This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances.

The letters received from the Investors were attended/ resolved to the satisfaction of the investors. The transfer of shares was effected within the stipulated time.

The Committee met 24 times during the year. The Details are as under:

10/04/08, 25/04/08, 12/05/08, 26/05/08, 10/06/08, 26/06/08, 11/07/08, 29/07/08, 13/08/08, 29/08/08, 15/09/08, 26/09/08, 16/10/08, 31/10/08, 17/11/08, 01/12/08, 16/12/08, 30/12/08, 17/01/09, 30/01/09, 16/02/09, 03/03/09, 18/03/09, & 31/03/09 .

Summarised information on complaints received and resolved during 1st April 2008 to 31st March, 2009

Sr. No.	Nature of Complaint	Received	Redressed	Pending as on 31/3/09
DIRECT:				
1.	Non receipt of dividends/ Warrants	-	-	-
2.	Non receipt of share Certificates	-	-	-
3.	Miscellaneous SEBI :	-	-	-
4.	Non receipt of dividend warrants	03	03	-
5.	Non receipt of share certificates	03	03	-
6.	Miscellaneous	03	03	-

No. of Pending Share Transfers

As on 31st March, 2009 there are Nil Share transfer cases pending.



V. Remuneration Committee

HOCL being a Government Company, the remuneration of the Executive Directors is decided by the Government of India. The Non-Executive Directors are not paid any remuneration except sittings fees for attending the meetings of the Board or Committees thereof. However, Government Nominee Directors are not paid any Sitting Fees.

In view of the above no Remuneration Committee has been constituted.

6. Annual General Meetings

The last three Annual General Meetings of the Company were held as under

Particulars	FY 2006-2007	FY 2007-2008	FY 2008-2009
Date and Time	28-09-2007 3.00 p.m.	29-09-2008 3.00 p.m.	30-09-2009 3.00 p.m.
Venue	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO :Rasayani, Dist.Raigad Pin - 410 207

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

No special resolutions are proposed through postal ballot at the forthcoming Annual General Meeting.

7. Disclosures:

- There was no materially significant related party transaction with its Directors/or the Management or Subsidiary or relatives that may have potential conflict with the interests of Company at large ;
- There was no case of Non-compliance by the Company of Statutory Provisions of the Companies Act, 1956 (except Section 292A) or SEBI Regulations or provisions of Listing Agreement (except Clause 49II) or any other Statutory Authority. Further, these authorities have never passed any strictures or imposed any penalties on the Company on any matter related to capital markets, during the last three years ;
- It is affirmed that no personnel has been denied access to the audit committee (when it existed) ;
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause - are provided in this report;

8. Means of Communication

- The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website www.hoclindia.gov.in
- These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges immediately after they are approved by the Board.

III) The results are published in Regional Language (Navashakti) and English National Daily (The Free Press Journal) as per the requirements of the Listing Agreement with the Stock Exchanges.

IV) Management Discussion and Analysis Report forms part of this Annual Report.

V) Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/Speed Post/Courier Service.

9. General Shareholders' Information

Compliance Officer

Smt.Susheela S. Kulkarni, Company Secretary is the Compliance Officer of the Company under Clause 47 of the Listing Agreement.

Registered Office : At & Post: Rasayani, Dist. Raigad, Maharashtra 410 207.

Annual General Meeting :

Date & Time : September 30, 2009 at 3.00 p.m.

Venue : At Rasarang Hall, Dr.Kasbekar Park, Rasayani, Dist.Raigad 410207

b) Financial Calender :

The Company follows April - March as its Financial Year. The Results for every quarter beginning from April, are declared in the month following the quarter except for the last quarter for which the results are declared by June as permitted under the Listing Agreement.

c) Dates of Book Closure : (For the Purpose of Annual General Meeting)

From 18/09/2009 to 30/09/2009 (both days inclusive).

d) Dividend payment date : Not Applicable

e) Listing on Stock Exchanges :

Presently the shares of the Company are listed on The Bombay Stock Exchange Ltd., Mumbai, National Stock Exchange of India Ltd., Mumbai.

* Though the Company's shares are listed at Calcutta Stock Exchange Ltd., Company has already submitted application along with all the details for delisting of its Equity Shares from this Stock Exchange. However, the Company is still awaiting the confirmation from the said Stock Exchange.

f) Stock Code at BSE : 500449

g) Registrar & Share Transfer Agents :

M/s Sharepro Services (India) Pvt. Ltd
13 AB, Samhita Warehousing Complex
2nd Floor, Near Sakinaka Telephone, Exchange,
Andheri - Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400 072
Tel.: 67720300/351/352, 67720400,
Fax No.: 28591568
Email:sharepro@shareproservices.com

h) Demat ISIN at NSDL /CDSL : INE048A01011

**i) Market Price Data**

- a) High/Low of market price of the equity shares traded on the National Stock Exchange of India Ltd., Mumbai for the year 2008-09 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2008	47.70	37.15
May, 2008	51.05	41.20
June, 2008	43.75	30.80
July, 2008	45.50	28.35
August, 2008	50.35	39.60
September, 2008	46.80	26.20
October, 2008	31.00	16.85
November, 2008	22.50	15.15
December, 2008	23.70	15.30
January, 2009	24.70	16.75
February, 2009	23.15	17.65
March, 2009	19.80	16.00

- b) High/Low of market price of the equity shares traded on the Bombay Stock Exchange Ltd., Mumbai for the year 2008-09 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2008	46.85	39.75
May, 2008	49.85	42.60
June, 2008	41.35	31.10
July, 2008	42.85	28.95
August, 2008	46.50	40.45
September, 2008	45.15	28.70
October, 2008	29.70	16.50
November, 2008	21.35	16.05
December, 2008	21.95	15.90
January, 2009	23.70	17.05
February, 2009	22.20	17.80
March, 2009	18.60	16.00

j) Distribution Of Shareholding

The distribution of holdings as on March 31, 2009 was as follows :

Description	Holders(s)			Holding(s)	
	Folios	%	Shares	%	
Less than 500	60920	88.78	9443469	14.02	
501 - 1000	4205	6.13	3597974	5.34	
1001- 2000	1831	02.67	2901192	4.31	
2001- 3000	602	0.88	1568404	2.33	
3001- 4000	233	00.35	849899	1.26	
4001- 5000	270	00.39	1291091	1.92	
5001- 10000	334	00.49	2476428	3.68	
10001and Above	224	00.33	45240987	67.16	
	68619	100.00	67366100	100.00	

k) Shareholding Pattern as on 31st March, 2009 was as under:

Category	No. of Shares held	Percentage of Shareholding
A PRESIDENT OF INDIA & NOMINEES	39481500	58.61
B NON-RESIDENT	-	-
1 Foreign Collaborators	-	-
2 Non-domestic Companies	1100	00.00
3 Overseas Corporate Bodies	-	-
4 Foreign Institutional Investors	26900	0.04
5 Individual (Repatriation)	868522	1.29
6 Individual (Non-Repatriation)	118373	0.18
C RESIDENT		
1 Financial Institutions	1000	0.00
2 Nationalised Banks	3300	0.00
3 Mutual Funds	11000	0.02
4 Bodies Corporate	4554070	6.76
5 NSDL shares in Transit	—	—
6 Others :	22300335	33.10
GRAND TOTAL (1 + 4)	67366100	100.00

l) Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised mode. To facilitate the shareholders to dematerialise the shares, the Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Ltd. 95.96% of the share capital of the Company has been dematerialised as on 31st March, 2009 - total Accounts dematerialised is 47110 involving 64645677 shares (which constitutes 95.96% of the share capital)

m) Plant Locations

Sr.No.	Location	Main Product
1.	Rasayani	Nitro Aromatic Complex
2.	Cochin	Phenol Complex

n) Address for correspondence :-

- (1) Regd.office address of the Company : P.O. Rasayani, Dist.Raigad, Maharashtra 410207

- (2) R&T Agents address :
M/s Sharepro Services (India) Pvt. Ltd
13 AB, Samhita Warehousing Complex
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri - Kurla Road,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel : 022-67720314 / 67720300 / 67720400, Fax No. 28591568
Email:sharepro@shareproservices.com

M/s Sharepro Services (India) Pvt. Ltd
Investor Relation Centre,912, Raheja Centre,
Free Press Journal Road
Nariman Point, Mumbai 400 021
Tel : 022 - 66134700

10. CEO Certification of the Company :

Shri A.S.Didolkar, CMD and CEO, certified that as on 31-3-2009 :

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their 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 their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee (when existing)
- (i) Significant changes in internal control during the year;
- (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which they 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.

11. Secretary's Responsibility Statement

The Company Secretary confirms that as of 31/03/2009, the Company has :

- * Maintained all the Statutory Registers required to be maintained under the Companies Act, 1956 ("the Act") and the Rules made there under.
- * Filed all forms and returns and furnished necessary particulars in time to the 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 limit 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 of 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 thereunder.
- * Complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges. (to the extent possible within its permissible authority)
- * Reasons for pending compliance of mandatory requirements of Clause 49:- The power to appoint / nominate additional / Independent Directors on the Board vests with the Govt. of India.

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.

12. Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed hereto to the Directors' Report .

The said Certificate from the Statutory Auditors is placed in Annexure VII to Directors' Report.

13. Re-appointment of Directors

Two Non-executive Govt. Nominee Directors viz. Shri Mathew C. Kunnumkal, IAS AS & FA and Shri B.P. Pandey, IAS, JS are due for retirement by rotation at the ensuing 48th Annual General Meeting of the Company and are eligible for reappointment as per the directions of the Govt. of India.

Mrs. Susheela S. Kulkarni
Company Secretary
HOCL 29-07-2009

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE REPORT

To the Members of

HINDUSTAN ORGANIC CHEMICALS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Hindustan Organic Chemicals Limited ("the company") for the year ended 31st March, 2009 as stipulated in Clause 49 of Listing Agreements of the Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company

For M/s OM Agrawal & Co.
Chartered Accountants

Thalendra Sharma
Partner
M.No. 079236.

Mumbai, the 20th August, 2009

**AUDITORS' REPORT**

To the Members of
Hindustan Organic Chemicals Limited

- 1 We have audited the attached Balance Sheet of Hindustan Organic Chemicals Limited as at 31st March 2009 the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto, in which is incorporated the Balance Sheet, Profit and Loss Account and Cash Flow Statement of the Branch audited by other auditors appointed by the Central Government. In preparing this report, we have considered the report on the accounts of the branch audited by the Branch Auditors together with the particulars and information relating thereto, furnished to us by the management. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1958, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books of the Company.
 - iii. The Balance Sheet, Profit Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report; comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - v. As per Notification No GSR 829(E) dated 21.10.2003, provisions of section 274 (1) (g) of the Companies Act, 1956 regarding disqualification of the directors are not applicable to the Company being Government Company.
 - vi. Reference is invited to the following Notes on Accounts in Part B of Schedule 22 with regard to non-provision / pending charge to the Profit and Loss Account:
 - a. Note No. 2(c) regarding penal interest of Rs. 353.58 Lacs on overdue loan from Government

- of India,
- b. Note No. 8(a) regarding liabilities of wages revision for the period 01.01.1997 to 31.12.2000 Rs. 2308.08 Lacs,
 - c. Note no. 3(b) (i) regarding non charging of Rs. 5.26 lacs of value of lease hold land at JNPT tank farm project,
 - d. Note No. 3(b)(ii) regarding non charging of Rs. 2967.21 lacs of capital work in progress of JNPT tank terminals,
 - e. Note No. 5 regarding short provision for obsolete / non-moving stock of Rs. 74.54 Lacs,
 - f. Note No. 3(b)(iii) regarding non charging of Rs. 20.94 lacs of capital work in progress of captive power plant,
 - g. Note no. 4(a) regarding reversal of provision on diminution on investment in HFCL of Rs. 1106.00 lacs,
 - h. Note no. 6(a) regarding reversal of provision for bad and doubtful debts of Rs. 2609.72 lacs on account of loans and advances to HFCL,
 - i. Note no. 3 (c), (d) & (e)(i) regarding non charging of Rs. 2209.26 lacs on account of impairment of assets as per AS-28 issued by the ICAI, and
 - j. Note No. 6(d) regarding non provision on account of misappropriation of Company's fund to the tune of Rs. 64.81 Lacs, pending final report from CBI and outcome of the civil suit.
- vii In respect of the following items, no provision/charge to profit and loss account has been done:
- a. regarding Claims of JNPT of minimum guaranteed throughput charges of Rs. 1125.00 Lacs,
 - b. regarding short provision of Rs. 297.15 lacs on account of escalation @10% per annum on the lease rentals on leased land payable to JNPT,
 - c. regarding Rs. 273.91 lacs on account of a decree order passed by the Civil Court, Panvel in case of M/s Narendra Construction Company, and
 - d. regarding Rs. 91.15 lacs on account of certain old unreconciled loans and advances.
- viii Reference is also invited to the following Notes on Accounts in Part B of Schedule 22 with regard to pending accounting treatment, the precise impact of which on the Balance Sheet and the Profit and Loss Account could not be ascertained for the reasons stated therein:
- (a) Note no. 3(e) (i) regarding non provision on account of impairment of assets as per AS-28 issued by the ICAI on utility plants W.D.V. of which is Rs. 411.19 lacs since the net selling price is not ascertainable.
 - (b) Note No. 17 regarding pending confirmations and reconciliation of balances of Sundry Debtors, Sundry Creditors, Loans and Advances and other debit / credit balances.
 - (c) Note no. 8(b) regarding non provision of effect of the recommendations of the 2nd pay revision committee in respect of Kochi Unit.



- (d) Note No. 8(b) regarding non provision for additional liability in respect of Kochi Unit that will arise out of wage settlement / salary revision.
- ix Reference is also invited to other income of Rs. 5503.87 lacs as shown in the profit and loss account. Out of the above,
- a. Rs. 3766.00 lacs pertains to the earlier year provisions written back which should be shown as an adjustment after arriving at the current year's profit.
- b. Rs. 233.00 lacs pertains to the remission of earlier year liabilities in respect of unidentified credit in the bank account and accrued interest thereon which should be shown as an adjustment after arriving at the current year's profit.
- x We further report that had the effect of items mentioned at 4(vi) & (vii) above considered, Loss for the year would have been increased by Rs.13506.61 Lacs resulting in a Loss of Rs. 16034.79 and Accumulated Loss as at the year end would be higher by the same amount. Further, the Current Liabilities would have been higher by Rs. 4402.53 Lacs, Net Block of fixed assets would have been lower by Rs. 5202.67 lacs, Inventory would have been lower by Rs. 74.54 lacs, Investments would have been lower by Rs. 1106.00 lacs, Loans and Advances would have been lower by Rs. 2700.87 lacs and the Balance of profit and loss account in the asset side of the balance sheet would have been higher by Rs. 13506.61 lacs.
- xi We also report that the effect of items mentioned at 4(viii) above is not ascertainable and the effect of para 4 (ix) above does not have any impact on the profit and loss account.
- xii Subject to our comments in Para 4(x) & (xi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes on accounts appearing in Schedule 22, give a true and fair view in conformity with accounting principles generally accepted in India:
- i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii. in the case of Profit and Loss Account, of the loss for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- For Om Agarwal & Company**
Chartered Accountants
THALENDRA SHARMA
Partner
M. No. 079236
- Mumbai, the 30th June 2009
- ANNEXURE TO THE AUDITORS' REPORT**
- (Referred to in paragraph 3 of the Auditors' Report to the members of Hindustan Organic Chemicals Limited on the accounts for the year ended on 31st March 2009)
- i. (a) The Kochi unit has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The records at Rasayani unit are not complete with regard to identification of the assets and exact location of the assets.
- (b) According to the information and explanations given to us the physical verification of major items of fixed assets was carried out during the year at Kochi unit and no material discrepancies were noticed on such verification. However, records in respect of the same were not made available for verification. In our opinion, having regard to the size of the unit and the nature of its business the physical verification of fixed assets at Rasayani unit needs to be carried out every year.
- (c) During the year the Company has not disposed off substantial part of its fixed assets, which has effect on the Company as a going concern.
- ii. (a) The management has carried out physical verification of inventories at reasonable intervals during the year.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. However, in respect of inventory in storage Tanks, Kochi unit does not have the system of taking dip measurements. Instead, Reliance is placed on the electronic readings reported by the Distribution Control System.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on such physical verification were not material. As informed to us, the same were properly dealt with in the books of account.
- iii. (a) As informed to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 as such provisions of the sub clause (b), (c) & (d) of clause (iii) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system for the purchase of inventories and fixed assets and for the sale of goods and services commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. According to the information and explanations given to us, there were no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Sub clause (b) of clause (v) is hence not applicable.
- vi. In our opinion and according to the information and explanation given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable except rule 3A of the Companies (Acceptance of Deposits) Rules, 1975 regarding investment in liquid assets. We have been informed by the management that no order has been received by the Company, from Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal under section 58A and 58AA.
- vii. The Company has appointed firms of Chartered Accountants for conducting internal audit. In our opinion the internal audit system of the Company is ineffective and inadequate to commensurate with the size of the Company and nature of its business. The system of internal audit needs to be suitably strengthened. Delay has been observed in considering the points raised by the internal auditors in case of Kochi unit.
- viii. We have broadly reviewed the books of account maintained by the Company in pursuance to the rules made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 for certain products of the Company



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 records with a view to determine whether they are accurate or complete.

- ix. (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, Cess and other statutory dues wherever applicable with the appropriate authorities. However, a general delay in depositing TDS dues of the Company with appropriate authorities is observed.
- x. According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, details of outstanding dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute are given below:

Sl. No	Name of Statute	Nature of Dues	Period to which disputes relates	Amount of Dispute (Rs. In lacs)	Forum where Dispute is pending
Rasayani Unit					
1	Customs Act	Customs Duty	NA	10.80	Customs, Excise and Service Tax Appellate Tribunal
Total				10.80	
1	Central Excise Act	Molten Sulphur Classification	1994-95	15.53	Customs Excise and Service Tax Appellate Tribunal
2	Central Excise Act	Molten Sulphur Classification	1999-00	7.62	Commissionerate
3	Central Excise Act	Shortage of Inputs	2002-03	6.82	Commissionerate
4	Central Excise Act	Wrong availment of CENVAT	2003-04	2.50	Customs Excise and Service Tax Appellate Tribunal
5	Central Excise Act	Reversal of CENVAT Credit availed on Inputs lost in Flood	2006-07	18.66	Commissionerate
6	Central Excise Act	Differential excise duty payable on clearances of goods against advance intermediate licenses	07/03 to 05/06	9.65	Commissioner of Central Excise(Appeals), Mumbai-II
7	Central Excise Act	Excise duty payable on clearances of spent sulphuric acid at NIL duty	09/06 to 06/01	56.40 117.18	High court of Mumbai
8	Income Tax Act 1961	Penalty u/s 271(1)(c) of the Income Tax Act,1961	2002-03	220.86	Commissioner of Income Tax (appeals) IV, Mumbai
Total				220.86	
Kochi Unit					
01	Kerala Value Added Tax Act	Disallowance of discount levy of purchase tax on water and excess reversal of input tax on stock transfer	2005-06	59.10	Deputy Commissioner of Commercial Taxes, Ekm
02	Central Excise Act,1944	Disallowance of CENVAT Credit on the ground that duty is paid by debiting DEPB license	2004-05	52.15	Customs Excise and Service Tax Appellate Tribunal, Bangalore
03	Central Excise Act,1944	Disallowance of CENVAT Credit on the ground that duty is paid by debiting DEPB license	10/04 to 05/05	0.72	Customs Excise and Service Tax Appellate Tribunal, Bangalore
04	Finance Act 1994	Non payment of service tax on commercial coaching/training	4/06 to 3/08	6.30	Commissioner of C. Ex. Appeals, Ekm
05	Finance Act 1994	Availing of CENVAT credit on outdoor catering service	4/07 to 3/08	13.44	Commissioner of C. Ex. Appeals, Ekm
06	Finance Act 1994	Availing of CENVAT credit on service tax on transportation of final products to customers	1/1/05 to 31/08/2006	3.45	Commissioner of C. Ex. Appeals, Ekm
07	Finance Act 1994	Availing of CENVAT credit on service tax on transportation of final products to Rasayani depot	4/03 to 12/06	22.36	Commissioner of C. Ex. Appeals, Ekm
Total				157.52	



- x. During the year, the Company has not incurred cash losses nor has it incurred cash losses during the immediately preceding financial year. However, after giving effect to the qualification in the auditor's report, there will not be any cash profit in the current year and previous year.
- xi. The company has not defaulted in repayment of dues to bondholders during the current year.
- xii. Based on our examination of records and the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii. The company is not a chit fund or a nidhi, mutual benefit fund / society, therefore the provisions of sub clause (a), (b), (c) & (d) of this clause are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of this clause are not applicable to the Company.
- xv. The Company has given a guarantee of Rs. 345.00 Lacs to State Bank of Hyderabad on behalf of Hindustan Fluorocarbons Limited, a subsidiary company. In our opinion, the terms and conditions of the said guarantee are prima facie, not prejudicial to the interest of the Company.
- xvi. The Company has not availed any term loans during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
- xviii. The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which the shares are issued are not prejudicial to the interest of the company.
- xix. The Company has raised Rs. 100 Crores by way of issuing Bonds during the year, in respect of which Security is created.
- xx. The Company has not raised any funds by way of public issue during the year.
- xxi. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given by the management we report that no fraud is noticed or reported by the Company during the year.

For OM AGARWAL & COMPANY
Chartered Accountants

THALENDRA SHARMA
Partner
Membership No. 079236

Mumbai, the 30th June 2009

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HINDUSTAN ORGANIC CHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 June 2009.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2009. This Supplementary audit has been carried out independently without access to the working papers of the statutory auditor 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 under section 619(4) of the Companies Act, 1956.

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

(MRIDULA SAPRU)
Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-1, Mumbai

Place: Mumbai
Date: 03/08/2009



BALANCE SHEET AS AT 31ST MARCH, 2009		(Rs.in lacs)	
	Schedule No.	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
1. Share holders' Funds			
a. Share Capital	1	33727.21	33727.11
b. Reserves and Surplus	2	7724.53	7973.52
		<u>41451.74</u>	<u>41700.63</u>
2. Loan Funds			
a. Secured Loans	3	6064.79	1848.13
b. Unsecured Loans	4	17078.69	16341.68
		<u>23143.48</u>	<u>18189.81</u>
		<u>64595.22</u>	<u>59890.44</u>
APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross block		70278.08	67670.31
b. Less: Depreciation		48733.82	46275.47
c. Net block	5	21544.26	21394.84
d. Capital Work-in-progress	6	3132.65	4769.00
		<u>24676.91</u>	<u>26163.84</u>
2. Investments	7	1106.00	49.70
3. Current Assets, Loans and Advances			
a. Inventories	8	6695.35	5873.84
b. Sundry Debtors	9	3886.46	6590.50
c. Cash and Bank Balances	10	4641.35	6286.94
d. Other Current Assets		703.42	631.43
e. Loans and Advances	11	8020.95	3534.10
		<u>23947.53</u>	<u>22916.81</u>
Less: Current Liabilities and Provisions			
a. Liabilities	12	7694.13	10056.49
b. Provisions	13	4215.58	3658.70
		<u>11909.71</u>	<u>13715.19</u>
Net Current Assets		12037.82	9201.62
4. Miscellaneous Expenditure (to the extent not written off or adjusted)			
- Deferred Revenue Expenditure		183.07	346.30
- Preliminary Expenses		-	65.14
5. Profit and Loss Account		26591.42	24063.84
		<u>64595.22</u>	<u>59890.44</u>
Significant Accounting Policies and Notes on Accounts	22		
As per our report of even date attached For Om Agrawal & Co. Chartered Accountants Sd/- (Thalendra Sharma) Partner Membership No.079236	Sd/- (A.S.Didolkar) Chairman & Managing Director	Sd/- (Madan Verma) Director Chairman - Audit Committee	Sd/- (R.N.Madangeri) Director (Technical)
	Sd/- (Mrs.Susheela Kulkarni) Company Secretary		
Place: Mumbai Date:30th June, 2009		Place: Mumbai Date:30th June, 2009	



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009		(Rs.in lacs)	
	Schedule No.	Year ended 31st March 2009	Year ended 31st March 2008
INCOME:			
Sales (Gross)		62090.54	66659.90
Less: Excise duty		7436.84	9517.06
Net Sales		54653.70	57142.84
Other Income	14	5503.87	2049.50
Profit on Sale of Assets		0.85	14.22
Increase/(Decrease) in Stock-in-Trade	15	2210.54	(1594.80)
		62368.96	57611.76
EXPENDITURE:			
Materials Consumed	16	39894.04	35497.20
Excise duty		28.68	(305.65)
Employees' Remuneration and Benefits	17	7493.36	5931.07
Manufacturing,Administrative and Selling Expenses	18	12614.78	10332.65
Interest	19	2210.37	1876.63
Depreciation		2680.12	2622.98
Provisions	20	2.41	87.71
Loss on sale/disposal of Assets		18.71	2.24
		64942.47	56044.83
Profit/(Loss) for the year before Tax		(2573.51)	1566.93
Less:Provision for Taxation		-	-
Less:Provision for Fringe Benefit Tax		39.35	38.57
Less: Fringe Benefit Tax - Previous Year		0.14	(0.64)
Profit/(Loss) After Tax		(2613.00)	1529.00
Less:- Reserve/Provision no longer required, Prior period & extra ordinary items	21	(85.42)	167.55
Profit/(Loss) after Tax & Adjustments		(2527.58)	1361.45
Add:Opening Balance of Profit and Loss Account		(24063.84)	(25425.29)
Balance carried to Balance Sheet		(26591.42)	(24063.84)
Earnings per Share		-3.75	2.02
Significant Accounting Policies and Notes on Accounts	22		
As per our report of even date attached		For and on behalf of the Board of Directors of HOCL Ltd.	
For Om Agrawal & Co. Chartered Accountants Sd/- (Thalendra Sharma) Partner Membership No.079236		Sd/- (A.S.Didolkar) Chairman & Managing Director	Sd/- (Madan Verma) Director Chairman - Audit Committee
		Sd/- (R.N.Madangeri) Director (Technical)	
		(Mrs.Susheela Kulkarni) Company Secretary	
Place: Mumbai Date:30th June, 2009		Place: Mumbai Date:30th June, 2009	



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
		As at 31.03.2009	As at 31.03.2008
SCHEDULE-1: SHARE CAPITAL			
AUTHORISED			
270000000 (Previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of Rs.10/- each.		27000.00	27000.00
100000000 (Previous year 100000000) Equity Shares of Rs.10/- each		10000.00	10000.00
		<u>37000.00</u>	<u>37000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
Preference Share Capital			
270000000 (Previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of Rs.10/- each.		27000.00	27000.00
Equity Share Capital			
67366100 Equity Shares of Rs.10 each fully paid up (Previous year 67366100 Shares of Rs.10/-each). Of the above 300000 Equity Shares of Rs 10 each (Previous year 300000 Shares of Rs.10/- each) are allotted as fully paid up pursuant to a contract, without payment being received in cash.		6736.61	6736.61
Less: Unpaid Allotment Money :			
Directors		-	-
Others		9.40	9.50
		<u>33727.21</u>	<u>33727.11</u>
		As at 31.03.2009	As at 31.03.2008
SCHEDULE -2: RESERVES & SURPLUS			
Capital Reserve			
Nominal value of Freehold land Re.1/- (Previous Year Re.1/-)		-	-
Share Premium Account		6923.52	6965.54
Net of receivable on Unpaid Allotment money (others) Rs.38.88 lacs (Previous year - Rs.38.88 lacs)			
Less: Bond Issue Expenses		248.99	42.02
		<u>6674.53</u>	6923.52
Bond Redemption Reserve			
Balance as per last Balance Sheet		1050.00	1050.00
		<u>7724.53</u>	<u>7973.52</u>
		As at 31.03.2009	As at 31.03.2008
SCHEDULE-3: SECURED LOANS			
Nil Previous year - (131.25) 17.5% Taxable Secured Bonds of Rs.1,00,000 each ((overdue Nil) (Previous year Rs.131.25 lacs)) matured on 30.09.2001	1	-	131.25
Add : Interest overdue		-	47.54
		<u>-</u>	178.79
From Banks on Cash Credit Account	2	5120.56	1668.03
From HDFC Bank & ICICI Bank Vehicle Loan	3	-	1.31
From Central Bank Of India	4	944.23	-
		<u>6064.79</u>	<u>1848.13</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs.in lacs)

	As at 31.03.2009	As at 31.03.2008
Note : 1. Nil (Previous year 131.25) 17.5% Taxable (Redeemed, in part) Bonds of Rs.100000/- each are secured by way of a legal mortgage in English form created by way of Registered Bond Trust deed over its immovable properties situated at village Deolali, Posari, Wasambe, Parade, Savale, Turade, Dapivali and Ambivali Talukas of Panvel and Khalapur, District Raigad in the State of Maharashtra and plant and machinery, equipments, fixtures and fittings, movable machinery, spares, articles and things in the State of Maharashtra (excluding current assets)		
2. Loan from bank on cash credit account is secured by :		
a. Hypothecation of the Company's entire stock of raw materials, finished goods, stock-in-process, consumable stores and spares and book debts in favour of the bank to the extent of Rs.15500 lacs.		
b. Equitable mortgage conveying 1st Pari Passu charge over all immovable assets at factory and township situated at Ambalamugal, Dist : Ernakulam and 2nd Pari Passu charge over the immovable properties specified in (1) hereinabove.		
3. Loan from HDFC Bank & ICICI Bank are secured against hypothecation of vehicles purchased.		
4. Short Term Loan from Central Bank Of India against Fixed Deposit		

	Note	As at 31.03.2009	As at 31.03.2008
SCHEDULE - 4: UNSECURED LOANS			
Nil (Previous year - 150) Unsecured Taxable Bonds of Rs.1000000/- each Floating Rate (Mibor+225 bps) redeemable at end of one year with yearly interest payment.	1	-	1500.00
Nil (Previous year - 850) Unsecured 9.50 % Taxable Bonds of Rs.1000000/- each redeemable at the end of one year with yearly interest payment.	1	-	8500.00
1000 (Previous year Nil) Unsecured 10.20% Taxable Bonds of Rs.1000000/- each redeemable at the end of one year with yearly interest payment. Due on 28.08.2009	1	10000.00	0.00
Nil (Previous year - 50)13.5% Taxable Unsecured Bonds of Rs.100000 each, overdue Rs.Nil (Previous Year Rs. 50 lacs) matured on 30.06.2005		-	50.00
Add: Interest overdue		-	16.31
		-	66.31
From Government of India, includes overdue Rs.1800.80 lacs (Previous Year Rs.1352.30 lacs) and payable within one year Rs.804.50 lacs (Previous year Rs.448.50 lacs).		4241.00	3885.00
Add: Interest overdue		2425.44	1903.30
		6666.44	5788.30
Other Loans			
Others, payable within one year Rs.58.66 lacs (Previous year Rs.77.76 lacs).		412.25	487.07
		17078.69	16341.68

1. 1000 Unsecured Bonds of Rs.1000000/- each are Guaranteed by Govt.of India for repayment of principal and interest thereupon and also against equitable mortgage of flat No.511 at Nestle Apartment Worli, Mumbai belonging to the company. The Government of India Guarantee for Rs.100 crores is for total Bond issue of Rs.100 crores created by way of Registered Bond trust deed and the Guarantee is effective for a period of one year from 28.08.2008 i.e.date of allotment. The Registration of charge with ROC is in progress.



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 5 FIXED ASSETS

Item Description	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	As at 01.04.2008	Additions	Sales	Adjustments	As at 31.03.2009	Up to 01.04.2008	Sales	Adjustments	Provided during the year	Impairment of Assets	Up to 31.03.2009	As on 31.03.2009	As on 31.03.2008
1. Land & Land Development	1000.13	1.07	-	(331.64)	669.56	-	-	-	-	-	-	669.56	1000.13
2. Leasehold Land	50.00	-	-	331.64	381.64	41.42	-	10.26	8.87	-	60.55	321.09	8.58
3. Buildings	3535.26	33.59	-	-	3568.85	1478.82	-	-	59.82	-	1538.64	2030.21	2056.44
4. Drainage, Effluent & Pollution Control System	991.53	-	-	-	991.53	825.35	-	-	17.11	-	842.46	149.07	186.18
5. Water Supply System	256.70	-	-	-	256.70	156.79	-	-	10.63	-	167.42	89.28	99.91
6. Chemical & Utility Plant	53038.97	2671.93	-	(80.62)	55630.28	36996.90	-	(68.06)	2262.43	-	39191.27	16439.01	16042.07
7. R & D Plants	153.99	-	-	-	153.99	126.84	-	-	3.22	-	130.06	23.93	27.15
8. Elect.Inst., AC & Elect. Equipments	4232.06	67.52	142.69	4.45	4161.34	3262.32	135.51	2.57	186.23	-	3315.61	845.73	969.74
9. Furniture, Fixtures & Equipments	3303.24	83.38	33.12	0.03	3353.53	2438.07	25.67	-	109.68	-	2522.08	831.45	865.17
10. Railway Stings	35.53	-	-	-	35.53	33.77	-	-	-	-	33.77	1.76	1.76
11. Vehicles	90.00	8.35	7.95	-	90.40	54.67	4.89	-	4.56	-	54.34	36.06	35.33
12. Library Books	73.15	2.32	-	(0.49)	74.98	69.21	-	(0.47)	2.25	-	70.99	3.99	3.94
13. Plants held for disposal	909.75	-	-	-	909.75	791.31	-	-	15.32	-	806.63	103.12	118.44
Total	67670.31	2868.16	183.76	(76.63)	70278.08	46275.47	166.07	(55.70)	2680.12	-	48733.82	21544.26	21394.84
Previous year	67551.47	200.79	35.04	(46.91)	67670.31	43710.67	21.70	(36.48)	2622.98	-	46275.47	21394.84	23840.80



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE -6: CAPITAL WORK-IN-PROGRESS			
1. J.N.P.T. Tank Terminals	2967.22	2967.22	
2. Combined Heat & Power Project	20.94	20.94	
3. Caustic Soda	0.00	1538.34	
4. Captive Co-gen Power Plant	14.13	0.00	
5. CNA Plant & NT expansion	0.00	210.04	
6. Kharghar Land	5.28	0.00	
7. Kochi Unit	114.92	32.46	
8. Misc.Capital Purchase	10.16	0.00	
	<u>3132.65</u>	<u>4769.00</u>	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE - 7 : INVESTMENTS (AT COST)			
Long Term Investment - Quoted			
11060000(Previous year 11060000)Equity Shares of Rs.10 each fully paid in Hindustan Fluorocarbons Ltd.,a subsidiary Company	1106.00	1106.00	
Less: Provision for diminution of investment	-	1106.00	
	<u>1106.00</u>	-	
Long Term Investment - Unquoted			
30000(Previous year 30000)Equity Shares of Rs.10 each fully paid in HOC-Chematur Ltd.,a Joint Venture Company	3.00	3.00	
Less: Provision for diminution of investment	3.00	3.00	
	-	-	
Current Investment - Unquoted			
Nil (49700) 6.75% Tax Free US64 Bonds of the face value of Rs.100 each fully paid.	-	49.70	
	<u>1106.00</u>	<u>49.70</u>	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE - 8 : INVENTORIES			
(AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT)			
Stores and Spares			
Less: Provision for obsolescence	2416.20	2266.54	
	<u>457.09</u>	<u>457.09</u>	
	1959.11	1809.45	
Raw Materials			
Materials-in-transit	731.19	1902.07	
	<u>27.41</u>	<u>395.23</u>	
	758.60	2297.30	
Stock-in-Process			
i) For Sale	529.32	687.28	
ii) Finished goods pending inspection			
a) Captive	134.25	153.00	
b) Sale	39.01	23.36	
	<u>702.58</u>	<u>863.64</u>	
Finished Products			
i) For Captive Consumption	1518.06	341.06	
ii) Main Products for sale	1735.36	547.85	
iii) By-Products	21.64	14.54	
	<u>3275.06</u>	<u>903.45</u>	
	<u>6695.35</u>	<u>5873.84</u>	



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE - 9 : SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months	3121.06	3263.53	
Other Debts	3722.81	6367.07	
	<u>6843.87</u>	<u>9630.60</u>	
Less: Provision for Doubtful Debts	2957.41	3040.10	
	<u>3886.46</u>	<u>6590.50</u>	
NOTE:			
Secured-considered good, in respect of which Company holds Bank Guarantees/Letters of Credit	1617.51	2886.08	
Unsecured considered good	2268.95	3704.42	
Unsecured considered Doubtful	2957.41	3040.10	
	<u>6843.87</u>	<u>9630.60</u>	
Less: Provision for Doubtful Debts	2957.41	3040.10	
	<u>3886.46</u>	<u>6590.50</u>	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE - 10 : CASH AND BANK BALANCES			
Cash in hand	3.89	3.54	
Cheques in hand	159.52	471.28	
With Scheduled Banks			
In Current Account	159.35	528.50	
In Saving Bank Account	90.49	78.87	
In Term Deposit Account (Out of this Rs.18.38 Crs. is lien marked against loan taken from Central Bank of India (Previous year Rs.Nil) (Out of the above FDRs Rs.28 Crores FDR is to be used for the purpose of VRS to employees as per GOI instructions).	4228.10	5204.75	
	<u>4641.35</u>	<u>6286.94</u>	
	As at 31.03.2009	As at 31.03.2008	
SCHEDULE - 11 : LOANS AND ADVANCES			
Advances to Subsidiary Company M/s.Hindustan Fluorocarbons Ltd., (Secured considered good)			
Advances	3500.49	432.05	
Interest accrued but not received	96.44	12.73	
	<u>3596.93</u>	<u>444.78</u>	
(Unsecured-considered doubtful)			
Advances	-	2523.93	
Less: Provision for doubtful advance	-	2523.93	
	<u>-</u>	<u>-</u>	
Interest accrued but not received	-	2346.05	
Less:Provision for Interest accrued but not received	-	2346.05	
	<u>-</u>	<u>-</u>	
Advance to Joint Venture Co. (Unsecured-considered doubtful)			
Advances	1065.56	1065.44	
Less: Provision for doubtful advance	1065.56	1065.44	
	<u>-</u>	<u>-</u>	
SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	



	As at 31.03.2009	As at 31.03.2008
Loans to Public Sector Undertaking (Unsecured-considered doubtful)		
Loans	171.08	171.08
Less: Provision for doubtful of recovery	171.08	171.08
	-	-
Advances recoverable in cash or in kind or for value to be received :		
Staff Loans		
Secured-considered good	173.39	268.84
Other Loans		
Unsecured-considered good	3562.93	2114.08
Unsecured-considered doubtful	32.11	30.83
Less: Provision for doubtful advances	32.11	30.83
	-	-
Balances with Customs, Excise, Post Office, Telephones, Electricity etc. (Unsecured-considered good)	687.70	706.40
Unsecured-considered doubtful	1.80	1.80
Less: Provision for doubtful deposits	1.80	1.80
	-	-
	<u>8020.95</u>	<u>3534.10</u>
Dues from (excluding advances for purchases and expenses for the Company)		
-Directors	-	-
-Officers	23.72	34.89
Maximum amount due at any time during the year		
-Directors	-	-
-Officers	30.87	55.46
	<u>As at 31.03.2009</u>	<u>As at 31.03.2008</u>
SCHEDULE - 12 : CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Micro & Small Scale Industrial Unit *	99.67	87.94
- Dues to Others	3315.61	5568.16
- Dues to Employees	481.48	549.99
Amount due to Customers	740.52	867.26
Deposits from Contractors and Others	432.55	468.04
Interest accrued but not due	793.88	725.81
Other Liabilities	1830.42	1789.29
	<u>7694.13</u>	<u>10056.49</u>
	<u>As at 31.03.2009</u>	<u>As at 31.03.2008</u>
SCHEDULE - 13 : PROVISIONS		
For leave encashment	2447.24	1786.75
For M&R- Fixed Assets	354.79	439.31
For Accumulated Gratuity	1175.06	1062.83
For Statutory Claims	20.05	177.40
For Employees Remuneration	121.43	124.72
For Fringe Benefit Tax	97.01	67.69
	<u>4215.58</u>	<u>3658.70</u>
SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT		(Rs.in lakhs)



	Year ended 31st March 2009		Year ended 31st March 2008	
SCHEDULE-14 :OTHER INCOME				
INTEREST:				
On Call and Term Deposits(Gross) tax deducted at source Rs.103.33 lacs (Previous Rs.75.07 lacs)	508.43		567.97	
On Advances and Deposits with MIDC,MSEB and others(Tax deducted at source Rs.2.72 lacs) (Previous year Rs.Nil)	12.15		0.66	
On loan to the Subsidiary Co.,M/s.HFL (Tax deducted at source Rs.35.19 lacs (Previous year Rs. Nil))	118.89		9.00	
		639.47		577.63
OTHERS:				
Estate Rent (Tax deducted at source Rs.1.54 lacs) (Previous year Rs.2.26 lacs)	90.47		89.36	
Transport, Water,Electricity,etc.	75.70		75.11	
Delayed payment charges	316.33		299.00	
Miscellaneous Income (Tax deducted at source Rs.0.87 lac) (Previous year Rs.0.53 lac)	4381.90		1008.40	
		4864.40		1471.87
		5503.87		2049.50
<hr/>				
	Year ended 31st March 2009		Year ended 31st March 2008	
SCHEDULE-15 :INCREASE/(DECREASE)IN STOCK IN TRADE AND IN PROCESS				
OPENING STOCK				
Stock-in-Process	863.65		816.19	
Stock for Captive Consumption	341.06		457.44	
Finished Products (including Rs.14.54 lacs By-products) (Previous year Rs.25.79 lacs)	562.39		2088.27	
		1767.10		3361.90
CLOSING STOCK				
Stock-in-Process	702.58		863.65	
Stock for Captive Consumption	1518.06		341.06	
Finished Products (including Rs.21.64 lacs By-products) (Previous year Rs.14.54 lacs)	1757.00		562.39	
		3977.64		1767.10
(Decrease) / Increase		2210.54		(1594.80)
<hr/>				
	Year ended 31st March 2009		Year ended 31st March 2008	
SCHEDULE-16 : MATERIALS CONSUMED				
	MT		MT	
A. RAW MATERIALS				
Sulphur	7867	1326.66	9045	1086.08
Benzene	47976	21435.71	45936	20117.89
Methanol	13413	2025.11	16631	2793.90
Nitric acid	3460	511.50	1990	212.82
Toluene	2248	1010.79	334	143.74
Naphtha	2333	864.90	2444	773.74
Ammonia	1298	287.18	1257	215.18
Acetic Acid		0.88	1.06	0.36
Liquified Petroleum Gas	23383	9656.18	22240	7842.73
Hydrogen (MT)	3622165	620.71		495.87
Other Raw Materials		655.22		380.59
		38394.84		34062.90
B. Stores and Spare Parts (Including catalyst consumed)		1499.20		1434.30
		39894.04		35497.20
<hr/>				
SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT				(Rs.in lakhs)



SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT		(Rs.in lakhs)
	Year ended 31st March 2009	Year ended 31st March 2008
SCHEDULE - 19 : INTEREST		
On Fixed Loans	1614.00	1459.51
On Other Loans	596.37	417.12
	<u>2210.37</u>	<u>1876.63</u>
	Year ended 31st March 2009	Year ended 31st March 2008
SCHEDULE - 20 : PROVISIONS		
For Stores Obsolescence	-	48.81
For Doubtful debts	1.02	1.73
For Doubtful of Advance/Receivables	1.27	18.42
For Statutory Claims	0.00	18.74
For Doubtful recovery of advance to HOC Chematur	0.12	0.01
	<u>2.41</u>	<u>87.71</u>
	Year ended 31st March 2009	Year ended 31st March 2008
SCHEDULE - 21 : RESERVE/PROVISION NO LONGER REQUIRED/PRIOR PERIOD AND EXTRA ORDINARY ITEMS		
1. PRIOR YEAR ADJUSTMENTS:		
INCOME		
Miscellaneous income	(1.07)	(5.57)
Other income	81.47	-
Reversal of Debit Notes for DPC	(52.38)	-
Insurance Premium	(0.78)	-
Interest on KSEB deposit	16.43	-
Sales tax refund	(34.61)	-
EXPENDITURE		
Sales	(0.29)	-
Raw Material	-	6.44
Salaries arrears,incentives & other benefits	143.17	0.30
General Expenses	(21.83)	3.29
Repairs and Maintenance	(5.30)	0.00
Interest	(0.89)	82.04
Depreciation	12.82	(0.30)
Insurance Claim	24.14	-
Service Tax	(0.24)	-
Rates & Taxes	21.80	70.21
	<u>164.32</u>	<u>167.55</u>
2. EXCESS PROVISION / RESERVE WRITTEN BACK		
Bad Debt provision written back	82.15	-
M&R - CPP Engine Repair	84.52	-
Statutory Claims	83.07	-
	<u>249.74</u>	<u>-</u>
	<u>(85.42)</u>	<u>167.55</u>

**SCHEDULE 22****NOTES ON ACCOUNT****PART A:****SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements.****Accounting Convention**

The Accounts have been prepared on accrual basis, unless stated otherwise, under the historical cost convention, in accordance with applicable Accounting principles in India, mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. FIXED ASSETS

- a) Fixed Assets are stated at historical cost less depreciation.
- b) The constructed/fabricated capital assets are capitalized as and when the same are installed in the plants.
- c) Machinery spares which are procured for use in connection with particular machinery/equipment and stand by equipments which are identified to a particular item of fixed asset and having irregular use are capitalized and written off over the remaining useful life of the machinery/equipment.
- d) In respect of Plant & Machinery, significant expenditure on Repairs, Renewals and Replacement having a separate identity and is capable of being used after the existing assets is disposed off or which are certified by the concerned Technical Department to have resulted in technical improvement, increased capacity or increased useful life of the assets, is capitalised. The estimated residual value of the replaced parts, determined on technical assessment is charged to Profit & Loss Account under "Repairs & Maintenance".
- e) **Impairment of Assets**
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

3. DEPRECIATION

The classification of plant and machinery into continuous and non-continuous process is done as per technical certificate and depreciation thereon is provided accordingly.

- a) In case of continuous process plants and computer systems
 - i. Acquired before 1.4.1993 :
The specified period has been recomputed by applying to the original cost, revised rates as prescribed in Schedule XIV as per notification GSR No. 756(E) dated 16.12.1993 and depreciation charge has been calculated on straight-line method by allocating the unamortized value as per books of account over the remaining part of the recomputed specified period. For this purpose the date of acquisition is taken as the last day of each year in which it is acquired/capitalized.
 - ii. Acquired after 1.4.1993 :
Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act 1956,
- b) In case of other Fixed Assets :
 - i. acquired before 2.4.1987 depreciation is continued to be provided on "Straight Line Method" at the rates approved by the Board on technical assessment of useful life of assets or the rates prescribed under the then provisions of Income Tax Act, 1961 whichever is higher.
 - ii. Acquired from 2.4.1987 onwards and in existence as on 1.4.1993, depreciation is provided on straight line method at old rates prescribed in the then Schedule XIV of the Companies Act, 1956.
 - iii. Acquired after 1.4.1993 Depreciation is provided on straight line method as per the rates given in the revised Schedule XIV to the Companies Act, 1956. Or on the basis of estimated life of the assets, whichever is higher.
- c) Lease premium paid on leasehold land is amortised over the life of lease.

4. EXPENDITURE DURING CONSTRUCTION PERIOD

All revenue expenses including interest incurred on the funds used/incurred for acquiring, erecting and commissioning Fixed Assets are transferred to "Expenditure during Construction", which is allocated to capital cost of respective assets on their completion, except in case of assets held for disposal. All indirect revenue expenditures are apportioned as determined by the Management.

5. INVENTORIES

- a). Inventories are valued at lower of cost and net realizable value except in case of;
 - i. Stores and spares, which are valued at cost, determined as per weighted average cost method,
 - ii. By-products which are valued at estimated net realizable value, and

- iii. Intermediate products which are valued at cost of production or net realizable value whichever is lower where cost is determined as per average cost of production.

- b) For the purpose of valuation of stock-in-process and stock of finished goods pending inspection, the same is converted into equivalent units of finished products depending upon stage of completion.
- c) The cost of Catalyst is amortised over their estimated useful lives. Balance unamortised portion has been shown under the head "Stores and Spares"

6. REVENUE RECOGNITION

- a) The "Sales" are stated on the basis of invoices net of sales tax and trade discounts.
- b) Revenue from sale of Scrap and obsolete stores is accounted for at the time of disposal.
- c) Delayed payment charges due from customers other than Government Companies/Departments are accrued as income where Management is certain about its recoverability.
- d) Claims for delayed payment charges in case of Government Companies/Departments are referred to the Arbitrators as prescribed by the Government of India and revenue is recognized upon receipts of award from the Arbitrators.
- e) Interest income is recognized when no significant uncertainty as to its realization exists.
- f) Benefit of Duty Credit are accounted for on the basis of actual utilization or transfer of credit.

7. FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign currency are recorded in the reporting currency by applying currency rate as at the date of transaction. Receivables and Payables involving foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. Exchange differences (gains or losses) are treated as Revenue and charged to the Profit & Loss Account.

8. BOND ISSUE EXPENSES

Bond Issue Expenses are being charged off against Securities Premium Account as per the provisions of the Companies Act, 1956.

9. VRS EXPENDITURE

The expenditure incurred including gratuity (net of Grant-in-aid, if any) on Voluntary Retirement of employees, as per the Voluntary Retirement Scheme is treated as deferred revenue expenditure and is amortised over a period of 5 years and is accounted based on the actual payment made on the date of relieving of the employees.

10. RETIREMENT BENEFITS.

- a) Company's contribution to provident fund is accounted for on accrual basis.
- b) Liability on Account of Gratuity and leave encashment to the employees at the end of the year is provided for on the basis of Actuarial Valuation every year.

11. BONUS

Bonus is provided under the Payment of Bonus Act, 1965, on the basis of profitability of each Unit.

12. INVESTMENTS

- a) Long term investments are stated at cost less decline, if any, other than temporary in value on individual investment basis.
- b) Investments intended to be held for not more than one year from the date of acquisition are classified as current investments and are carried at lower of cost or fair value determined on individual investment basis.

13. PRIOR PERIOD/PREPAID EXPENSES

Prepaid/prior period expenses not exceeding Rs. 10,000/- in respect of each item, is accounted for under appropriate heads, at the time of payment.

14. CONTINGENT LIABILITIES.

Claims against the Company not acknowledged as debts relating to normal business transactions and show cause notices and demands raised by tax authorities disputed by the Company are treated as Contingent Liabilities and disclosure is made in accordance with AS -4.

PART B:**NOTES ON ACCOUNT****1. SCHEDULE 3 - SECURED LOANS**

- a) Interest on bonds, which are live at the year end is provided at the contracted rate.
- b) Pursuant to consistent efforts during last few years all the Bond holders agreed to settle their dues having restricted the interest claim till the date of maturity. Accordingly, on overdue bonds worth Rs.131.25 lacs (Previous year Rs. 492.94 lacs), the reduction in liability on account of reversal of interest for earlier years amounting to Rs.47.54 lacs (Previous year Rs.200.84 lacs) is credited to miscellaneous income. Interest on overdue principal of balance bonds amounting to Rs. Nil (previous year Rs.131.25 lacs) has been provided @ 7.50% upto 31.03.2006 in view of then prevailing market rate and ongoing settlement process, as against the coupon rate of 17.50%.



- c) As per the existing practice followed by the Company, the cheques in hand as on 31.03.2009 amounting to Rs.159.52 lacs (previous year Rs. 471.27 lacs) are included in cash in hand as well as in Bank on cash credit account (under the head secured loan).

2. SCHEDULE 4 - UNSECURED LOANS

- a) Consequent upon continuous efforts during last few years all the investors agreed to settle the dues having restricted their interest claim upto the date of maturity. Accordingly, on such overdue bonds of Rs.50 lacs (Previous year Rs.1258 lacs), the reduction in liability on account of reversal of interest for earlier years amounting to Rs.2.81 lacs (Previous year Rs.409.49 lacs) on bonds is credited to the miscellaneous income. In other cases, interest for delayed period payable on principal amount of overdue bonds of Rs.Nil (previous year Rs.50.00 lacs) and is provided @ 7.50% upto 31.03.2006 in view of then prevailing market rate and ongoing settlement process, as against the coupon rate varying from 12.50% to 14.50% in the case of bonds.

- b) Other Loans and Advances comprises of the following:

	31.3.2009 (Rs. in lacs)	31.3.2008 (Rs. in lacs)
LIC Housing Finance Ltd. (Refinance)	299.04	317.47
HDFC (Corporate Housing loans)	44.48	73.74
Canara Bank (Housing loans)	68.73	95.85

- c) In the view of Financial Restructuring approved by the Government of India, the company is not required to pay any penal interest on overdue principal amount of loan granted by the Government of India upto 31st March,2005. The company has not made provision for penal interest payable on overdue Government Loan amounting to Rs.484.12 lacs (including Rs.404.77 lacs for the year 2007-2008) since the same are leviable at the discretion of Government of India. The company has not received any such demand.

3. SCHEDULE 5 - FIXED ASSETS

- a) Land in possession of the Company at Rasayani admeasuring 455.69 hectares (previous year 455.69 hectares) has been given free of cost for use, by the Government of Maharashtra, against which a nominal value of Re.1/- is included in "Land and Land development" by creating "Capital Reserve". Land at Panvel amounting to Rs.0.80 lac (previous year Rs.0.80 lac) included in "Land & Land development" has been given by the Government of Maharashtra for the purpose of constructing staff quarters.
- b) i) Lease hold land having Written Down Value (WDV) of Rs.5.26 lacs separately to be taken (previous year Rs. 8.59 lacs) relates to land at JNPT Tank Farm Project in respect of which lease deed is yet to be executed by the Port authorities as certain issues are yet to be resolved with all allottees. The settlement process between JNPT Authorities and Association of Tank Farm owners has been initiated and the matter has been referred to Arbitrators, as mutually agreed.
- ii) Capital Work-in-Progress and Expenditure during Construction Rs.2967.22 lacs (previous year Rs.2967.22 lacs) relates to cost of JNPT Tank Farm project wherein Management had decided to suspend further construction. However, the Company has initiated the process of restarting the construction work including upgradation and enhancement of capacity through Build, Operate and Transfer (BOT) arrangement. The assets are carried at cost in view of the decision.
- iii) Company had incurred an expenditure of Rs.19.33 lacs during earlier years towards feasibility study for captive power plants to be erected at Rasayani. This expenditure was shown in earlier years as capital work in progress. During last year company has incurred further expenditure of Rs.1.60 lacs the said expenditure will be capitalized after the erection and commissioning of the plants will be completed.
- c) Hydrogen Ph.-I, Dinitrobenzene, Formaldehyde-I, Butendiol, Acetyldehyde, Plants having WDV at Rs.103.12 lacs (previous year Rs. 118.44 lacs) are held for disposal. These assets have been carried at lower of net book value and Net Realisable Value ascertained on the basis of technical assessment made by the management and outside expert.
- d) Certain plants viz. PUSH, MCB & NCB, having Gross Block Rs.5986.13 lacs (previous year Rs. 5986.13 lacs), Net Block Rs.1762.73 lacs (previous year Rs.1974. lacs) which are not in active use on the ground of temporary uneconomical operating condition are carried at cost. After a detailed feasibility study conducted by outside expert during 2007-08, actions were taken to restart the Caustic Soda plant (Gross value Rs.8993.83 lacs). The plant is recommissioned in the month of September 2008. Similarly actions for other closed plants are under consideration.
- e) i) As there is no further impairment of assets no provision for impairment loss is made during the year.
- ii) During the year 2005-06 one generator out of two at Kochi Unit was damaged due to an accident in Captive Power Plant. The asset is covered under the Fire Insurance. The said generator can be restored to original operating efficiency after repair and replacement of some parts as assessed by a technical team which was confirmed by the Original Equipment Manufacturer. Provision for repair amounting to Rs.452.55 lakhs was made during 2006-07 on the basis of amount estimated as per technical assessment. Insurance claim received during 2006-07, Rupees Two Crores, was credited to 'Provision for M & R - Fixed Assets' in the Profit &

Loss Account and thereby net amount of Rs.252.55 Lakhs was charged to profit for the year ended 31.03.2007. As per the revised estimate made by the company on 31.03.2009, anticipated repair charges amounts to Rs.354.72 Lakhs as against the estimate of Rs.439.31 lakhs as on 31.03.2008. The excess provision of Rs.84.59 Lakhs has been credited to the profit & Loss account during the year. Insurance claim received during the year against the above claim amounting to Rs.56.71 Lakhs also has been credited to Profit & Loss account.

- ii) Some of the assets at Rasayani were affected due to heavy rains in Raigad District of Maharashtra during the financial year 2005-06. As per the technical assessment, the said assets/facilities could be restored to original condition after repairing and replacement, these assets were covered under insurance policy and the insurance company, in principle, agreed to consider the claim towards expenses for repairs and replacement of such assets. Expenses amounting to Rs.192.15 lacs have been incurred towards reinstatement of some assets, the underwriters had released an adhoc payment of Rs.112.92 lacs earlier. The surveyors had finalized the loss assessment and accordingly amount of Rs.55.09 is shown as Insurance claim receivable. (The claim processing is under progress at Insurance Company).

4. SCHEDULE 7 - INVESTMENTS

- a) The company had an investment of Rs.1106 lacs (previous year-Rs.1106 lacs) in the subsidiary company M/s. Hindustan Fluorocarbons Ltd (HFL) which was under BIFR since 1994. BIFR had ordered sale of assets of HFL to M/s. Guarnifion, Italy, however, the order subsequently became inoperative due to withdrawal of the party from their acquisition plan. The transactions of HFL shares in stock exchanges remain suspended since 1998, hence, the company made suitable provision for the entire investment in the books during the year 2003-04. The provision was carried forward till the financial year 2007-08; as there was no significant change in status of company. However during the year 2008-09 status of the company had changed significantly due to:

- i. Implementation of Modified Draft Rehabilitation Scheme (MDRS) approved by BIFR for revival of HFL.
- ii. As apart of rehabilitation scheme implementation at HFL a CDM project is under implementation which is expected to generate substantial revenue earning through sell of Carbon Credits (CERs), generating the profits in coming years on sustainable basis.
- iii. Re- instatement of Trading at BSE of HFL shares on BSE. Also HOCL is in the process of opening a Demat account for holding its investment in HFL Equity shares.
- iv. During the year as a responsible promoter company, HOCL had freed all the assets of HFL by one time settlement with financial institutions having stake in HFL and further signed a loan agreement with HFL creating first charge of HFL assets in favour of HOCL and thus converted unsecured loan into secured loan. (Total amount of loan Rs.3500.48 lacs).

In view of above changes during the year, the company felt it prudent to reverse the provision made earlier towards doubtful investment in its subsidiary company M/s. HFL.

- c) The company had invested Rs.3.00 lacs in the Equity of M/s. HOC Chematur Ltd. by way of joint venture as a co-promoter; the company's total equity stake in the joint venture company shall be restricted to 30.60% of the total equity. Thus, its investment in HOC Chematur Ltd. as on 31st March, 2008, though, exceeded 51%, the company does not consider the said investment "Investment in subsidiary company". HOC Chematur Ltd. had initiated the process of implementing the project, however, abandoned subsequently due to inadequate support from financial institutions. In view of such uncertainties involved in implementing the project, the company made provision for the investment in earlier years. There is no change in the status of M/s HOC- Chematur Ltd., the provision against investment is continued.

5. SCHEDULE 8 - INVENTORIES

Inventories include items not moved for last more than five years Rs.504.82 lacs (previous year Rs.559.42 lacs) and obsolete inventory of Rs.26.81 lacs (previous year Rs.26.81 lacs). An adhoc provision of Rs.457.09 lacs (previous year Rs.457.09 lacs) has been made in the Accounts for obsolescence.

6. SCHEDULE 11 - LOANS AND ADVANCES

- a) During the year 2007-08, for revival of HFL the Modified Draft Rehabilitation Scheme (MDRS) was approved by BIFR and accepted by HOCL & HFL for implementation. During the year as a part of implementation of MDRS, HOCL had waived interest (Rs. 2260.26 lacs) accumulated on loan given to HFL and converted unsecured loan given to HFL (Rs. 2609.72 lacs) as Zero Coupon Loan (ZCL). Further as explained at point No. 4.a (Schedule 7 - Investment) the loan is now converted as Secured Loan by creating first charge on HFL, immovable property (land to the extent of Rs.40 Crores) in favour of HOCL.

In view of above during the year HOCL had written back the provision for doubtful advances during the earlier years amounting to Rs. 2609.72 lacs.

- b) Short term loan amounting to Rs.890.77 lacs (previous year Rs.432.05 lacs) has been sanctioned to meet the working capital need of HFL. The new loan is considered to be recoverable with interest in view of on going process of carbon credit activities being monitored by the company, hence no provision for new loan is considered necessary.
- c) Expenses amounting to Rs.1065.56 lacs (previous year Rs.1065.44 lacs) including amount paid to M/s Chematur Engg. A.B. Rs.664.71 lacs



had been allocated as advances to joint venture M/s HOC: Chematur Ltd. In view of uncertainties involved in recovery/completion of the project a provision for doubtful advance of equivalent amount was made during the earlier years. Since there is no improvement in the status of the joint venture project the provision for doubtful advances is maintained.

- d) During the year 2001-2002, a case of misappropriation of Company's funds to the tune of Rs.64.81 lacs (net and to the extent identified) by an official of the Company, involving fraudulent / fake payments / withdrawals under various heads of accounts including sales tax, debtors etc. had been detected. The case is at present under investigation of CBI. In the meantime, based on the report of the Vigilance Dept., a civil suit has been filed for recovery of the amount involved from the concerned employee who was dismissed from the services of the Company. Since in the opinion of the Management the value of assets seized by CBI is sufficient to cover the losses occurred on account of fraud, no provision in the accounts is made and the amount is shown as recoverable.

7. SCHEDULE 12 - CURRENT LIABILITIES - SUNDRY CREDITORS.

Amount due to Micro enterprises and small enterprises: (Rs. In Lakhs)

	2008-09	2007-08
a) i) Principal amount remaining unpaid as at the end of each accounting year	99.69	123.33
ii) Interest due thereon	Nil	Nil
b) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day.	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

8. PROVISION FOR ARREARS WAGES

- a) No provision has been made for the liability towards wage revision of employees (other than Kochi Unit) for the period January 1, 1997 to December 31, 2000 amounting to Rs.2308.08 lacs, (previous year Rs.2308.08 lacs) since the arrears are payable only with the prior approval of Administrative Ministry and when the company generates adequate surplus.
- b) Wage Settlement / Salary Revision (Kochi Unit)
- As per the recommendation of the 2nd Pay Revision Committee, the revision of pay and allowances of Board level and below Board level executives are due from 01.01.2007. Though the pay revision has been approved by the Board of Directors, pending the approval of Administrative Ministry and issue of Presidential directive, its effect can not be quantified as of now. However, the unit disbursed interim relief amounting to Rs.72.38 Lacs to officers in anticipation of above Pay revision which has been provided in the accounts.

The wage settlement for workmen is due from 01.04.2007. As additional liability on this account can not be ascertained at this stage, no provision has been made in the accounts. The Unit disbursed interim relief of Rs.49.05 Lacs to workmen against which a provision has been created.

9. EMPLOYEES BENEFIT PLAN :

- a) Provision for Leave Encashment
- Company has made provision of Rs.660.82 lacs (Previous Year Rs.318.37 lacs) for leave encashment as per revised AS-15 issued by Institute of Chartered Accountants of India.
- b) Provident Fund
- Employees receive benefits from the provident fund managed by the Company. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employees' salary. Provident Fund is managed by a separate Exempted Trust.
- c) Pension Fund
- Company has opted for Government's Employees' Pension Scheme, 1995. Company is contributing 8.33% from its equal contribution to Provident Fund to the Employees' Pension Scheme, 1995. The pension claims are settled by the Regional Provident Fund Office.
- d) Gratuity
- The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes 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.

- (i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	(Rs. in lakhs)	2008-09
Present value of obligation as at the beginning of the year	1929.91	
Interest Cost	154.33	
Current Service Cost	40.34	
Benefits paid	(6.17)	
Actuarial (gain)/loss on obligations	41.25	
Present value of obligations at the end of year	2158.87	

- (ii) Reconciliation of opening and closing balances of fair value of the plan assets:

Particulars	(Rs. in lakhs)	2008-09
Fair value of plan assets at beginning of year	866.27	
Expected return on plan assets	82.58	
Contributions	41.13	
Benefits Paid	(6.17)	
Actuarial gain/(loss) on plan assets	NIL	
Fair value of plan assets at the end of year	983.81	

- (iii) Reconciliation of present value of obligations and fair value of plan assets:

Particulars	(Rs. In lakhs)	2008-09
Fair value of Plan Asset at the end of the year	983.81	
Present value of obligations at the end of year	2158.87	
(Liability)/Asset recognized in the Balance Sheet	(1175.06)	

- (iv) Expenses recognized during the year:

Particulars	(Rs. In lakhs)	2008-09
Current Service Cost	40.34	
Interest cost	154.33	
Expected return on plan assets	(82.58)	
Actuarial (gain)/loss	41.25	
Expenses Recognised in Profit & Loss Account	153.36	

- (v) Assumptions used to determine the defined benefit obligations

Particulars	2008-09
Mortality Table (LIC) (1994-96 Ultimate)	
Discount rate (p.a.)	8%
Expected rate of increase in salary (p.a.)	4%
Withdrawal rate	1% to 3% depending on age

10. FINANCIAL RESTRUCTURING

The Government of India has approved financial restructuring scheme on 9th March, 2006. Accordingly the Government released Rs.250.00 crores for allotment of 8% Non-Cumulative Redeemable Preference Shares for broadening the capital base as per the scheme approved. The Government further released Rs.20.00 crores for repairing and replacement of Caustic Soda Plant for re-commissioning production. The Government has released this amount of Rs.20.00 crores for allotment of additional 8% Non-Cumulative Redeemable Preference Shares to be redeemed from sales proceeds of free hold land at Panvel near Rasayani. (However, the free-hold land at Panvel can be sold only with the consent of State Govt., which is yet to be received). This amount of Rs.270.00 crores is shown as 8% Non-Cumulative Preference Shares.

11. DISCHARGE FROM BIFR

The company was declared as Sick Industrial Company by BIFR on 25th November, 2005 and State Bank of India (SBI) was appointed as Operating Agency (OA) with direction to prepare a revival scheme for it, if feasible, based on the rehabilitation proposal prepared by the company. SBI submitted the revival scheme for the company which is approved by BIFR and on 26th May, 2008, BIFR discharged the Company from purview of Sick Industrial Company Act in view of the fact that the net worth of the company has exceeded the accumulated losses as a result of financial restructuring.

12. DEFERRED REVENUE EXPENDITURE:

The company has paid an amount of Rs.533.20 lacs as benefit towards Voluntary Retirement Scheme (VRS) introduced at Rasayani Unit during earlier years as part of its approved financial restructuring scheme which was amortised over a period of 5 years as per the policy of the company. However as per revised AS-15 expenditure so deferred cannot be carried forward to accounting period commencing on or after 01.04.2010. Accordingly an amount of Rs. 183.07 lacs (previous year Rs. 106.64 lacs) has been charged to Profit & Loss account during the year. The residual amount of expenditure incurred earlier towards VRS and the balance amount of Rs.183.07 lacs (previous year Rs.346.30 lacs) is carried forward and shown under deferred revenue expenditure.

13. PRELIMINARY EXPENDITURE

Stamp Duty and ROC filing fees of Rs. 195.42 lacs paid for increase in Authorised Share Capital is amortised over a period of 3 years. Accordingly Rs. 65.14 lacs (previous year Rs. 65.14 lacs) has been charged to Profit and Loss Account during the year and balance amount of Rs. Nil lacs (previous year Rs.65.14 lacs) is carried forward and shown under Miscellaneous Expenditure- Preliminary Expenditure to the extent not written off.

14. EARNING PER SHARE

	2008-09	2007-08
Earnings per share has been calculated as follows:		
Net Profit/Loss after Tax & Adjustment	Rs.(2527.58) lacs	1361.45 lacs
Weighted average number of equity shares	67366100	67366100
Nominal Value of Weighted average number of equity shares	Rs.10/-	Rs.10/-
Earning per share	Rs.(3.75)	Rs.2.02

**15. SEGMENT REPORTING.**

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Accounting Standard 17 with regard to disclosure of segmental results are therefore considered not applicable to the company.

16. RELATED PARTY DISCLOSURE AS PER AS-18**a) Related Parties**

The company is a State controlled enterprise therefore the disclosures as per Accounting Standard 18 are not considered applicable.

b) Key Management Personnel

- i) A. S. Didolkar, (Chairman & Managing Director)
- ii) R. N. Madangeri Director, (Technical)
- iii) S. V. Ganu, Director (Marketing) upto 29.01.2009

17. ACCOUNTING FOR TAXES ON INCOME

The company had reviewed its net deferred tax assets as at 31st March, 2004 and decided not to carry forward such assets due to uncertainty of realizing this assets against future taxable income as accumulated losses mounted up continuously over a period. This decision is followed this year also in view of Accounting Standard Interpretation issued by the Institute of Chartered Accountants of India.

18. BALANCE CONFIRMATION

Balances of debtors, creditors, loans, advances, other current assets and borrowings are subject to confirmation/reconciliation and subsequent adjustments.

21 QUANTITATIVE INFORMATION

(Capacity, Production, Stock and Sales) (Pending reconciliation with records)

Sl. No.	Particulars	Licenced Capacity TPA @	Installed Capacity TPA @	Production *		Opening Stock		Closing Stock ++		Sales**	
				MT	MT	Value Rs.lacs	Value Rs.lacs	MT	Value Rs.lacs	MT	Value Rs.lacs
1.	Nitroproducts	37380	55430	13049	276.22	151.64	491.52	183.88	3620.26	2267.49	
	Previous year	37380	55430	10373	362.07	200.28	276.22	151.64	2059.57	971.35	
2.	Hydrogen	1200	1600	484	0.00	0.00	0.09	0.22	18.28	64.37	
	Previous year	1200	1600	467	0.00	0.00	0.00	0.00	32.45	81.09	
3.	Aniline	12000	25100	6823	20.97	18.46	51.27	26.02	6792.76	4955.47	
	Previous year	12000	25100	6210	67.70	57.01	20.97	18.46	6268.81	4178.31	
4.	Acetanilide	4000	3000	0	0.00	0.00	0.00	0.00	0.00	0.00	
	Previous year	4000	3000	3	0.05	0.01	0.00	0.00	2.85	2.14	
5.	Acids	73800	63000	27243	1181.23	108.92	1235.11	49.45	17368.51	1029.91	
	Previous year	73800	63000	27184	1642.48	86.04	1181.23	108.92	17741.42	1203.80	
6.	Formaldehyde	15000	33000	31335	146.21	18.92	750.46	68.41	30729.63	2885.62	
	Previous year	15000	33000	38547	695.78	87.39	146.21	18.92	39115.05	3718.01	
7.	Chlorobenzene	4400	15650	0	0.50	0.05	3.39	0.31	0.00	0.00	
	Previous year	4400	15650	0	3.89	0.38	0.50	0.05	0.00	0.00	
8.	Acetyl Products	10500	6330	0	0.00	0.00	0.00	0.00	0.00	0.00	
	Previous year	10500	6330	0	0.00	0.00	0.00	0.00	0.00	0.00	
9.	Caustic Soda	62700	36000	1794	0.00	0.00	0.00	0.00	1794.14	183.25	
	Previous year	62700	36000	(0)	0.00	0.00	0.00	0.00	0.00	0.00	
10.	Phenol	40000	40000	42641	492.00	325.40	2209.00	1165.99	40924.00	26044.02	
	Previous year	40000	40000	41908	2307.00	1544.70	492.00	325.40	43723.00	30286.91	
11.	Acetone	24640	24640	26544	176.00	80.57	713.00	344.04	26007.00	12870.43	
	Previous year	24640	24640	26136	655.00	256.26	176.00	80.57	26615.00	12682.94	
12.	Hydro Peroxide	5225	5225	5467	76.00	32.43	10.00	4.29	5533.00	2368.01	
	Previous year	5225	5225	5889	55.00	23.85	76.00	32.43	5868.00	2282.66	
13.	Propylene	7000	29000	28755	123.00	46.69	86.00	34.87	0.00	0.00	
	Previous year	7000	29000	27458	157.00	53.59	123.00	46.69	0.00	0.00	
14.	Cumene	0.00	54000	61029	219.00	105.44	2891.00	1373.97	0.00	0.00	
	Previous year	0.00	54000	57837	460.00	209.75	219.00	105.44	72.00	45.37	
15.	Other Chemicals	1800	10750	27	7.54	0.39	18.15	1.97	27.21	0.95	
	Previous year	1800	10750	0	7.54	0.66	7.54	0.39	0.00	0.00	
	Total Main Products	299645	402725	245192	2718.66	888.91	8458.99	3253.42	132814.79	52669.52	
	Previous year	299645	402725	242013	6413.51	2519.92	2718.66	888.91	141498.16	55452.59	
16.	By Products	0.00	0.00	17441	193.36	14.54	255.800	21.64	17373.90	1984.16	
	Previous year	0	0	16128	490.20	25.79	193.36	14.54	16602.41	1690.25	
	Grand Total	299645	402725	262633	2912.02	903.45	8714.79	3275.05	150188.69	54653.68	
	Previous year	299645	402725	258141	6903.71	2545.71	2912.02	903.45	158100.58	57142.84	

Includes 28792 Mt(27942 Mt) for Captive Consumption.

* Includes products used for captive consumption.

++ Closing stocks are arrived after adjustments for captive consumption, shortage and surplus.

@ As certified by the management and relied upon by the Auditors.

\$ Includes 58357 Mt (58006 Mt) for Captive Consumption.



22 Value of Imports (on CIF basis) (Rs.in lakhs) (Rs.in lakhs)

	2008-2009	2007-2008
Component & Spare Parts	312.78	155.34
Raw Materials & Trading Goods	2580.17	139.13
Capital Goods	8.99	5.44

23 Consumption of Indigenous/Imported

Materials

	2008-2009		2007-2008	
	Value	Consumption %	Value	Consumption %
A) Raw Materials				
Imported	2577.90	6.71	167.50	0.49
Indigenous	35816.93	93.29	33895.40	99.51
	<u>38394.83</u>	<u>100.00</u>	<u>34062.90</u>	<u>100.00</u>
B) Component & Spare Parts				
Imported	169.71	11.32	240.70	16.78
Indigenous	1329.49	88.68	1193.60	83.22
	<u>1499.20</u>	<u>100.00</u>	<u>1434.30</u>	<u>100.00</u>
Grand Total	<u>39894.04</u>		<u>35497.20</u>	

24 Expenditure incurred in foreign currency

	2008-09	2007-08
A) Foreign Travelling	0.00	9.76
B) Know-how Engineering and Consultancy	0.00	0.00
C) On Account of site supervision	0.00	0.00
d) Others	1.48	2.00

25 The Company has not paid any dividends in foreign currencies during the year to Non-Resident Shareholders. 0.00 0.00

26 Earnings in foreign currency
FOB value of goods exported 3.01 16.60

27. Previous year's figures have been regrouped and readjusted wherever necessary and practicable.

28. Previous year's figures are shown in bracket.

As per our report of even date attached For and on behalf of the Board of Directors of HOCL Ltd.

(For Om Agrawal & Co.)
Chartered Accountants

sd/-
(Thalendra Sharma)
Partner
Membership No. 079236

sd/-
(A. S. Didolkar)
Chairman & Managing
Director

sd/-
(Madan Varma)
Director
Chairman - Audit Committee

Place: Mumbai
Date: 30.06.2009

sd/-
(R.N. Madangeri)
Director (Technical)

sd/-
(Mrs.Susheela Kulkarni)
Company Secretary

Place: Mumbai
Date:30.06.2009

Balance Sheet Abstract and Companies General Business Profile:

I Registration Details

Registration No.	11895	State Code	11
CIN	L99999MH1960GOI011895		
Balance Sheet Date	31	3	2009
	Date	Month	Year

II Capital Raised During The Year (Amount in Rs. Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liability	Total Assets
6459522	6459522
Sources of Funds	
Paid up Capital	Reserve & Surplus
672721	772453
Preference Shares	
2700000	
Secured Loans	Unsecured Loans
606479	1707869
Application of Funds	
Net Fixed Assets	Investment
2467691	110600
Net Current Assets	Misc. Expenditure
1203782	18307
Accumulated Losses	Deferred Tax Asset
2659142	0

IV Performance of Company (Amount in Rs.Thousands)

Turnover (Income)	Total Expenditure
6236896	6494247
+ -Profit/Loss Before Tax	+ - Profit/Loss After Tax
257351	261300
+ - Earning per share in Rs.	Dividend @ %
3.75	NIL

V Generic Names of Three Principal Products/Services of Company

Item code No. (ITC Code)	Product Description
290711.01	PHENOL
291411.00	ACETONE
292141.01	ANILINE

As per our report of even date attached For and on behalf of the Board of Directors of HOCL Ltd.

(For Om Agrawal & Co.)
Chartered Accountants

sd/-
(Thalendra Sharma)
Partner
Membership No. 079236

sd/-
(A. S. Didolkar)
Chairman & Managing
Director

sd/-
(Madan Varma)
Director
Chairman - Audit Committee

Place: Mumbai
Date: 30.06.2009

sd/-
(R.N. Madangeri)
Director (Technical)

sd/-
(Mrs.Susheela Kulkarni)
Company Secretary

Place: Mumbai
Date:30.06.2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009		(Rs. In lacs)	
	2008-09	2007-08	
CASH FLOW FROM OPERATING ACTIVITIES:			
Net profit before tax and extraordinary items	(2573.51)		1399.38
Adjustments for:			
Depreciation	2680.12	2622.98	
Loss on sale of Assets/	18.71	2.24	
Profit on sale of Assets/	(0.85)	(14.22)	
Interest paid	2210.37	1876.63	
Provisions	579.08	202.56	
Interest received from subsidiary	(118.89)	(9.00)	
Interest Received (SCHEDULE-14)	(520.58)	(568.63)	
Misc. Exp. paid(BOND ISSUE EXP.)	(248.99)	(42.02)	
	4598.97		4070.54
Operating Profit Before Extra Ordinary Items	2025.46		5469.92
Add:- Extra Ordinary Items	313.96		50.31
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2339.42		5520.23
Adjustments for:			
Trade & Other Receivables	2786.73	(1166.19)	
Inventory	(821.51)	343.80	
Current liability & provisions	(2534.04)	(682.59)	
Loans & Advances	(4488.13)	(470.06)	
	(5056.95)		(1975.04)
CASH GENERATED FROM OPERATING ACTIVITIES	(2717.53)		3545.19
Direct Taxes (Net)	39.49	37.93	
Depreciation Written Back	39.49		37.93
NET CASH FROM OPERATING ACTIVITIES (A)	(2757.02)		3507.26
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	(1211.05)	(1822.72)	
Sale of Fixed Assets	(0.17)	25.32	
Purchase of Investment	(1056.30)		
Interest Received	567.48	711.34	
NET CASH USED IN INVESTING ACTIVITIES (B)	(1700.04)		(1086.06)
CASH FLOW FROM FINANCING ACTIVITIES			
Share application Money Received	0.10	0.22	
Long Term Borrowings(Net)	1042.85	(2293.45)	
Bank Borrowings(Net)	3452.53	(80.49)	
Interest paid	(1684.01)	(2867.61)	
NET CASH FROM FINANCING ACTIVITIES (C)	2811.47		(5241.33)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(1645.59)		(2820.13)
CASH & CASH EQUIVALENTS AS AT 01.04.08 (OP.BAL.)	6286.94		9107.07
CASH & CASH EQUIVALENTS AS AT 31.03.09 (CL.BAL.)	4641.35		6286.94
Note : 1. Figures in brackets represent outflows.			
2. "Purchase of Fixed Assets" includes expenses capitalised.			
3. Previous year's figures have been regrouped and readjusted wherever necessary and practicable.			
By order of the Board of Directors of HOC Ltd.			
sd/- (A.S. Didolkar) Chairman & Managing Director	sd/- (Madan Verma) Director Chairman - Audit Committee	sd/- (R.N. Madangeri) Director (Technical)	sd/- (Mrs. Susheela Kulkarni) Company Secretary
Mumbai Date: 30.06.2009			
AUDITOR'S CERTIFICATE			
To, The Board of Directors Hindustan Organic Chemicals Limited Rasayani-410 207			
We have examined the attached Cash Flow Statement of Hindustan Organic Chemicals Limited for the year ended 31st March, 2009, which has been identified by us on 27.06.2009. The statement is the responsibility of the management, our responsibility is to express an opinion based on our examination. The Statement of cash flow has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with various Stock Exchange where the shares of the company are listed. The statement has been based on and in agreement with the corresponding Balance Sheet and Profit and Loss account of the Company covered by our report to the members of the Company.			
For Om Agarwal & Co. Chartered Accountants			
sd/- (Thalendra Sharma) Partner Membership No. 079236			
Place: Mumbai Date: 30.06.2009			

**BALANCE SHEET AS AT 31st MARCH 2009**

	SCH	AS AT 31-03-2009		AS AT 31-03-2008	
		Rs.in Lacs	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs
SOURCES OF FUNDS					
1 Share Holders Funds					
a. Share Capital	1	1961.46		1961.46	
b. Reserves and Surplus	2	0.00	1961.46	0.00	1961.46
2 Loan Funds					
a. Secured Loans	3	4488.58		214.39	
b. Unsecured Loans	4	0.00	4488.58	3052.41	3266.80
TOTAL			6450.04		5228.26
APPLICATION OF FUNDS					
1. Fixed Assets					
a. Gross block	5	5245.39		5225.77	
Less: Depreciation		4940.85		4908.48	
Net block			304.54		317.29
b. Capital Work in Progress			57.42		54.92
2. Current Assets, Loans & Advances					
a. Inventories	6	1084.74		227.01	
b. Sundry Debtors	7	8.96		15.82	
c. Cash and Bank Balances	8	33.84		1.89	
d. Loans and Advances	9	183.64		147.49	
			1311.18		392.21
Less: Current Liabilities & Provisions					
a. Current Liabilities	10	665.14		647.81	
b. Provisions		178.94		150.41	
Net Current Assets			467.10		(406.01)
MISC. ASSETS					
Profit and Loss Account		5206.55		5262.06	
Refurbishment exp. Not written off		228.11			
Expenditure not written off - VRS		186.31	5620.97		5262.06
TOTAL			6450.03		5228.26
Notes to the Accounts	20				

As per our report of even date

By Order of the Board

for **V RAO & GOPI**
Chartered Accountantssd/-
P HANUMANTHA RAO
Partnersd/-
A S DIDOLKAR
Chairmansd/-
R.N.MADANGERI
Directorsd/-
T S GAIKWAD
Managing Directorsd/-
E SURYA RAO
DY. General Manager (Finance)PLACE: MUMBAI
DATE : 20-06-2009

	As at 31-03-2009 Rs.in Lacs	As at 31-03-2008 Rs.in Lacs		As at 31-03-2009 Rs.in Lacs	As at 31-03-2008 Rs.in Lacs					
SCHEDULE - 1 SHARE CAPITAL			SCHEDULE - 3 SECURED LOANS							
Authorised			From State Bank of Hyderabad :							
2,10,00,000 Equity shares of Rs.10/- each (Previous year 2,10,00,000 Shares of Rs.10/- each)	2100.00	2100.00	Cash Credit	308.96	113.28					
Issued			Clean Credit	0.00	101.11					
1,96,30,000 Equity shares of Rs.10/- each (Previous year 1,96,30,000 Shares of Rs.10/- each)	1963.00	1963.00	Short Term Corp.Loan	363.96	0.00					
Subscribed			Term Loan(5 Years)	218.73	0.00					
1,95,99,100 of Rs.10/- each fully paid (Previous year 1,95,99,100 Shares of Rs.10/- each)	1959.91	1959.91	From Other Financial Institutions:							
Shares forfeited (amount originally paid)	1.55	1.55	Term Loans							
(Number of Shares 30900)	1961.46	1961.46	Hindustan Organic Chemicals Ltd.,(Holding Company)	3596.93	0.00					
				4488.58	214.39					
Note: Of the above 1,10,65,200 Equity shares are held by M/s Hindustan OrganicChemicals Ltd. The Holding Company.										
SCHEDULE - 2 RESERVES AND SURPLUS			SCHEDULE - 4 UNSECURED LOANS							
Investment Allowance Reserve	0.00	0.00	Hindustan Organic Chemicals Ltd (Holding Company)	0.00	2609.72					
Less: Transferred to Profit & Loss Account	0.00	0.00	Add: Addl. Loan	0.00	430.08					
	0.00	0.00	Interest Accrued and Due	0.00	12.61					
				0.00	3052.41					
SCHEDULE - 5 FIXED ASSETS AND CAPITAL WORK IN PROGRESS			Rs.in lacs							
	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
PARTICULARS	AS AT 01-04-2008	ADDITIONS	DELETIONS	AS AT 31-03-2009	UPTO 31-03-2008	FOR THE YEAR	ADJUST MENTS	UPTO 31-03-2009	AS AT 31-03-2009	AS AT 31-03-2008
FIXED ASSETS										
Land	68.42	0.00	0.00	68.42	0.00	0.00	0.00	0.00	68.42	68.42
Factory Buildings	79.49	0.00	0.00	79.49	52.82	2.66	0.00	55.48	24.01	26.67
Non-Factory Buildings	68.49	0.00	0.00	68.49	22.74	1.12	0.00	23.86	44.63	45.75
Fencing and compound wall	11.09	0.00	0.00	11.09	11.09	0.00	0.00	11.09	0.00	0.00
Plant and Machinery	4,617.44	16.70	0.00	4,634.14	4,454.09	16.62	0.70	4,471.41	162.73	163.35
Electrical Installations & equipments	300.11	2.01	0.00	302.12	291.85	8.26	0.08	300.19	1.93	8.26
Furniture & Fixtures & other equipments	62.73	0.56	0.00	63.29	58.30	2.22	0.06	60.58	2.71	4.44
Computers	18.00	0.35	0.00	18.35	17.59	0.65	0.01	18.25	0.10	0.41
TOTAL	5,225.77	19.62	0.00	5,245.39	4,908.48	31.53	0.85	4,940.86	304.52	317.29
Capital WIP \$	233.63	36.75	0.00	270.38	178.71	34.25	0.00	212.96	57.42	54.92
GRAND TOTAL (A+B)	5,459.40	56.37	0.00	5,515.76	5,087.19	65.78	0.85	5,153.83	361.94	372.21
Previous Year Figures	5,428.51	32.30	(1.41)	5,459.40	5,011.90	75.98	0.45	5,087.19	372.21	416.61
\$ Represents cost of Equipment held in stores at factory.										
	As at 31-03-2009 Rs.in Lacs	As at 31-03-2008 Rs.in Lacs		As at 31-03-2009 Rs.in Lacs	As at 31-03-2008 Rs.in Lacs					
SCHEDULE - 6 INVENTORIES(AS TAKEN,VALUED AND CERTIFIED BY THE MANAGEMENT)			SCHEDULE - 8							
1 Stores and Spares	151.16	136.72	CASH AND BANK BALANCES							
2 Raw Materials	26.01	47.03	1 Cash in hand	0.05	0.36					
3 Materials in Transit	20.95	0.25	2 Margin Money Deposits	32.71	0.00					
4 Stock -in-Process	863.12	27.51	Bank Balances with Scheduled Banks							
5 Finished Products	23.50	15.50	3 At SBH, Mumbai	0.11	0.11					
			4 At SBH, Ahmedabad	0.10	0.10					
			5 At SBH, New Delhi	0.10	0.10					
			6 At SBH, Ismailkhan pet	0.77	1.21					
	1084.74	227.01		1.08	1.52					
				33.84	1.89					
SCHEDULE - 7			SCHEDULE - 9							
SUNDRY DEBTORS (Unsecured)			LOANS AND ADVANCES (Unsecured)							
Exceeding Six months			1 Advances recoverable in cash or in kind or for value to be received							
- Considered good	0.00	0.00	- Advance to Suppliers	70.22	16.92					
- Considered doubtful	309.64	309.64	Less: Considered doubtful advance	0.91	0.91					
Others-considered good		15.82	2 Balance with Excise Authorities	8.70	31.67					
		325.46	3 Income Tax refundable	5.70	4.84					
Less: Provision for doubtful debts	309.64	309.64	4 Prepaid Expenses	10.24	6.20					
			5 E S I Deposit	8.00	8.00					
	8.96	15.82	6 Deposits	80.77	80.77					
			7 Deposit with IDBI (OA)	0.00	0.00					
			8 Insurance Claims receivable	0.00	0.00					
			9 VAT Credit Receivable	0.00	0.00					
			10 Bank charges prepaid	0.92	0.00					
				183.64	147.49					

	As at 31-03-2009 Rs. in Lacs	As at 31-03-2008 Rs. in Lacs	YEAR ENDED 31-03-2009 Rs. in Lacs	YEAR ENDED 31-03-2008 Rs. in Lacs
SCHEDULE -10				
CURRENT LIABILITIES & PROVISIONS				
A CURRENT LIABILITIES				
1 Sundry Creditors				
SSI units	30.51	1.23		
Capital Goods	8.00	14.63		
Other Creditors	234.90	189.42		
	273.41	205.28		
For expenses	153.59	251.56		
Dues to Employees	472.33	491.08	454.57	432.89
2 Other Liabilities	129.10	123.59		
3 Advances from Customers	59.83	29.13		
4 Officers Salary arrears	2.78	2.77		
5 Deposits from Contractors & others	1.10	1.16		
6 Excise Duty	0.00	0.00		
7 Freight on Sales	0.00	0.08		
	665.14	647.81		
B PROVISIONS				
Out standing Provisions				
Opening at the beginning of the year	150.41	120.44		
Add: Adtl. Provision	28.53	33.69		
Less: Utilised	0.00	0.00		
Less: Reserves	0.00	3.72		150.41
	178.94	150.41		
SCHEDULE -11				
SALES				
Sale of PTFE	154.66	774.82		
Less: Excise Duty	16.96	92.61		
Less: Sales Tax	3.22	20.54		
Less: Trade Discount	8.29	97.79		
	126.19	563.88		
Sale of ADCS	23.08	53.39		
Less: Excise Duty	2.63	7.07		
Less: Sales Tax	0.75	1.76		
Less: Trade Discount	0.00	0.00		
	19.70	44.57		
Sale of CFM	1661.40	487.75		
Less: Excise Duty	150.16	66.44		
Less: Sales Tax	28.70	14.21		
Less: Trade Discount	304.95	0.00		
	1177.59	407.10		
Sale of TFE	65.02	0.00		
Less: Excise Duty	6.08	0.00		
Less: Sales Tax	1.30	0.00		
Less: Trade Discount	0.00	0.00		
	57.64	0.00		
	1381.12	1015.55		
	YEAR ENDED	YEAR ENDED		
	31-03-2009	31-03-2008		
	Rs. in Lacs	Rs. in Lacs		
SCHEDULE -12				
OTHER INCOME				
Interest received from others(Gross TDS Deducted Rs.1.46 lacs previous year Rs.1.32 lacs)	4.16	6.28		
Sale of Hydrochloric acid	19.66	21.04		
Miscellaneous Income	14.97	9.88		
Reversal of Interest on IFI's & HOCL	0.00	4484.90		
	38.79	4522.10		
SCHEDULE -13				
ACCRETION/(DECRETION) IN STOCKS				
Closing stock				
Stock-in-process	863.12	27.51		
Finished products	23.50	15.50		
	886.62	43.01		
Less: Opening Stock				
Stock-in-process	27.51	36.23		
Finished products	15.50	40.10		
	43.01	76.33		
Less: Increase/(Decrease) in Excise duty on Finished products	0.17	(3.72)		
	843.78	(29.60)		
SCHEDULE -14				
CONSUMPTION OF MATERIAL				
Raw material	929.58	483.00		
Stores & Spares	7.74	8.62		
	937.32	491.62		
SCHEDULE -15				
EMPLOYEES REMUNERATION & BENEFITS				
1 Salaries, Wages, Bonus, Gratuity and other allowances	382.61	361.41		
2 Contribution to Provident & other funds	28.30	27.50		
3 Contribution to ESI	1.13	1.47		
4 Workmen and staff welfare expenses	42.53	42.51		
	454.57	432.89		
SCHEDULE -16				
MANUFACTURING, ADMN & SELLING EXPENSES				
1 Power	160.32	205.08		
2 Fuel	99.08	72.28		
3 Water Charges	37.17	37.94		
4 Rent	2.70	0.18		
5 Rates & Taxes	7.09	4.94		
6 Repairs and Maintenance				
To Building	5.66	0.00		
To Machinery	21.63	12.35		
To Other Assets	3.37	0.96		13.31
7 Insurance	7.36	10.43		
8 Travelling Expenses	4.94	2.36		
9 Conveyance	51.38	51.42		
10 Auditors Remuneration				
- Audit Fee	0.66	0.67		
- Quarterly Review fee	0.24	0.27		
	0.90	0.94		
- Less: Service Tax Credit	0.06	0.10		0.84
11 Professional charges	12.83	1.92		
12 Printing & Stationery	2.12	1.46		
13 Postage, Telephone & Telex Charges	5.94	5.32		
14 Security Service Charges	11.09	8.70		
15 Job work expenditure	9.68	1.60		
16 Other Misc. Expenses	5.75	18.99		
17 Provision for Bad and doubtful debts	0.00	0.00		
18 Advertisement & Publicity	0.60	0.25		
19 Transit House Maintenance	1.70	1.00		
20 Entertainment Expenses	0.53	0.05		
21 Office Maintenance	0.80	0.43		
	452.59	438.49		
SCHEDULE -17				
INTEREST AND FINANCING CHARGES				
1 Interest - SBH	21.72	0.00		
2 Interest on Working Capital	29.15	33.33		
3 Interest on Funded Interest -IFI'S	0.00	0.00		
4 Interest on unsecured loan-HOC	110.98	8.69		
5 Interest on Others	11.42	14.84		
6 Bank Charges	31.78	6.86		
	205.05	63.72		
SCHEDULE -18				
LOSS ON DELETED / DISCARDED ASSETS				
Fax Machines & Cell Phone	0.00	0.31		
	0.00	0.31		
SCHEDULE -19				
PRIOR PERIOD EXPENSES				
1 Repairs & Maintenance	0.00	0.40		
2 Rates & Taxes	0.00	0.03		
3 Transport	0.02	0.00		
4 FBT Diff	0.28	0.03		
5 Advance to Suppliers	0.00	8.70		
6 Office Maintenance	0.10	0.00		
7 Sharepro Service	0.54	0.00		
8 AP Pollution	0.08	0.00		
9 Canteen Expenses	0.00	0.09		
10 Subscriptions	0.01	0.00		
11 Bank Charges	0.01	0.00		
12 Anantha Subramanyam	0.16	0.05		
13 Postage/Courier	0.05	0.05		
14 Security Services	0.00	0.00		
15 Stores Overhead	0.22	0.00		
16 PF Pension Contribution	0.01	0.00		
17 Telephones		0.03		
Total	1.48	9.28		
PRIOR PERIOD INCOME				
1 Sundry Debtors & Creditors	0.00	2.43		
2 Transportation charges	6.26	0.00		
	6.26	(2.43)		
	(4.78)	6.85		



SCHEDULE 20

NOTES TO ACCOUNTS:

PART A: SIGNIFICANT ACCOUNTING POLICIES:

1. GENERAL:

- 1.1 The Accounts have been prepared on historical cost basis.
- 1.2 All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.

2. FIXED ASSETS:

- 2.1 Fixed assets (including capital work-in-progress) are accounted at cost, net of modvat credit.
- 2.2 Expenditure during construction period including interest on loans borrowed is included in the Capital cost.

3. DEPRECIATION :

- 3.1 Depreciation is provided on Straight-Line Method in accordance with Schedule XIV of the Companies Act, 1956, as amended, treating plant and machinery as continuous process plant.
- 3.2 Depreciation on assets costing less than Rs.5000/- is provided at 100%.
- 3.3 Expenditure not represented by assets is written off over a period of 5 years.

4. VOLUNTARY RETIREMENT SCHEME :

- 4.1 During the year an amount of Rs.223.57 lacs has been incurred towards VRS payments for 31 employees in accordance with BIFR's Modified Draft Rehabilitation Scheme(MDRS). Out of this, an amount Rs.37.26 lacs was charged to P&L Account in the current year. The balance will be written off in the next three years (Rs.74.52 Lac each in 2009-10 & 2010-11 and Rs.37.27 Lacs in 2011-12 Rs.37.26lacs) in accordance with BIFR's Modified Draft Rehabilitation Scheme(MDRS). As per AS-15 issued by ICAI , VRS expenditure is to be written off over the pay back period, but the deferred VRS Expenditure cannot be carried forward beyond 31.03.2010. The Company is following the guide lines contained in the BIFR's MDRS in this matter deviating from AS issued by ICAI.

5. REFURBISHMENT EXPENDITURE :

- 5.1 During the year an amount of Rs.285.14 lacs has been incurred towards Refurbishment Expenditure on Plant and Machinery. Out of which Rs.57.03 Lacs was charged to Current year. The balance will be written off in 4 equal amounts of Rs.57.03 Lacs in the next four years in accordance with BIFR's Modified Draft Rehabilitation Scheme(MDRS). As per AS-6 issued by ICAI , any expenditure incurred for improvement in performance of the Plant & Machinery , should be capitalized and depreciated accordingly as per Schedule -XIV applicable to the Company. However the Company is following the guide lines contained in the BIFR's MDRS in this matter in this matter deviating from AS issued by ICAI.

6. SALES :

Sales are net of trade discount and exclusive of Excise Duty and Sales Tax.

7. INVENTORIES :

- 7.1 The closing stock of raw materials, stores and spares etc., are valued at cost by adopting weighted average method after giving due credit for VAT. Stock-in-process and finished goods are valued at cost or net realizable value whichever is lower after giving due credit for VAT. HFC-23 Gas is converted into eligible CERs and are valued at the lowest quoted price during the year in the international market by deducting 5% of the estimated value towards future costs to be incurred in further processing of R-23(Refer to Para No.17 also)
- 7.2 Excise duty payable on finished goods manufactured but not removed is included in the Valuation of such stocks.
- 7.3 Sales of realizable scrap are accounted on receipt basis.
- 7.4 Insurance claims are accounted on accrual basis on admission of claims.

8. RETIREMENT BENEFITS:

- 8.1 In respect of gratuity the company has taken an Insurance Policy with Life Insurance Corporation of India to cover the gratuity that may be payable to employees on retirement. The premium on the policy is being charged to Profit and Loss account.
- 8.2 Leave encashment and other retirement benefits are accounted on accrual basis and charged to P&L Account.
- 8.3 Contributions to Provident Fund are charged to P & L A/c.

9. EXCHANGE FLUCTUATION:

Year-end balance of foreign currency transactions are translated at the year-end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis.

PART B:

1. OTHERS:

- 1. The Company entered into a lease-cum-sale agreement with Andhra Pradesh Industrial Infrastructure Company (APIIC) in April 1986 for the land acquired by APIIC under the Land Acquisition Act and allotted to the company. Subsequently the title in respect of the land had been transferred in favour of the company.

2. LOANS:

- 2.1 Cash Credit, ILC/FLC/BG, Short Term Corporate Loan and Long Term Loan facilities from State Bank of Hyderabad is secured by hypothecation of raw materials, stock-in-process, finished goods, consumable stores ,book debts, Buildings, Plant and Machinery and Company's Land Ac.64.00 cents out of the total land of Ac 146.00 cents.
- 2.2 Cash Credit, ILC/FLC/BG, Short Term Corporate Loan and Long Term Loan facilities from State Bank of Hyderabad are guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd.
- 3. An amount of Rs. 3596.93 lacs (Previous year Rs.3052.41 lacs) is due to Hindustan Organic Chemicals Limited (HOCL) including Rs.101.71 lacs (Previous year Rs.12.61 lacs) provided during the year as interest on HOCL loan for which 1st Charge was created on Company's Ac. 82.00 cents of land out of the total land of Ac 146.00 cents.
- 4. Credit has not been taken into account in respect of claims for penalty / damage recoverable from certain suppliers/ works contractors arising due to non-adherence to the stipulated contractual terms.
- 5. During the current year finished goods, which have not moved for more than 3 years are valued at Rs.1.00/kg and the consequential difference in value is Rs.0.00 lacs (Previous year Rs.0.01 lacs).

6. CONTINGENT LIABILITIES NOT PROVIDED FOR:

	2008-09 Rs.in lacs	2007-08 Rs.in lacs
A Claims against the Company not acknowledged as debts.	12.01	12.01
B FLC/ILC Obtained as on 31-03-2009	134.50	0.00
C E S I	13.46	13.46
D Salary arrears for Officers	570.00	450.00
E Salary arrears for Non-officers	1030.00	910.00
F Differential Sales Tax due to non submission of "C" forms	276.07	176.07
TOTAL	2036.04	1561.54

- 7. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). 0.00 0.00
- 8. Expenditure incurred in foreign currency NIL NIL
- 9. IFIs & HOCL sacrifice of Loans and/or interest during the current year Nil. IFIs & HOCL sacrificed Loans and/or interest an amount of Rs. 1442.10 lacs and Rs.3042.80 Lacs respectively in line with BIFR order in the previous year.
- 10. Excise duty on closing finishing goods in respect of goods manufactured by the company amounting to Rs.1.79 lacs (previous year 1.95 lacs) is included in the valuation of such stocks.
- 11. Unpaid overdue amounts due on 31st March, 2009 to Small Scale/Ancillary Industrial suppliers on account of principal amount together with interest aggregated to Rs.0.00 lacs (Previous year Rs.0.00 lacs). This disclosure is based on information available with the company with regard to the status of the suppliers as defined under interest on delayed payments to Small Scale and Ancillary Industries Undertaking Act, 1993.
- 12. Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.
- 13. As required by Accounting Standard 28 loss on impairment of incinerator system an amount of Rs.34.25 lacs (Previous year 34.25 lacs) is charged off during the year.
- 14. As required by Accounting Standard 20 issued by the Institute of Chartered Accountants of India, the reporting in respect of Earning per Share (EPS) is as follows:

	2008-09 Rs.in lacs	2007-08 Rs.in lacs
Profit / Loss available to equity shareholders	64.79	3996.38
Weighted average no of equity share for basic EPS	No. 19599100	No. 19599100
Normal value of equity shares	Rs.10.00	Rs.10.00
Basic earning per equity share	Rs.0.33	Rs.2.04

- 15. As per AS- 22 issued by ICAI, the company has not accounted the related tax on them in its books as deferred tax assets/liability, as no sufficient income is available to realize them. Company shall recognize related tax on them, as deferred tax assets in succeeding years only when there is certainty that sufficient taxable income will be available.

- 16. Auditors remuneration includes Statutory Audit fee Rs.0.60 lacs and Limited review Rs.0.24 lacs.
- 17. During the year HFC viz. R-23 gas storage facilities were created under CDM project. The company accumulated HFC-23 Gas 15.42 MT, stored in the tank has been considered for eligible CERs to the tune of 1,80,414 CERs. Out of this SRF(BOT Contractor of CDM Project) share is around 30% i.e. 54,124 CERs and PWC, CDM Project Consultant's share is around 5% i.e. 9,020 CERs. Balance is pertaining to HFL ie. 1,17,269 CERs. Insurance coverage is also taken for Rs.43.95 crores to cover any eventuality for one year accumulation of HFC-23 Gas. The eligible CERs of our portion 1,17,269 CERs is considered as WIP and valued at the lowest rate quoted during the year in the international market i.e.Euro 11 per CER at exchange conversion rate of Rs.63 per EURO as on 31.3.2009. The value of CERs taken as WIP is Rs.7,72,04,112 after deducting 5% of the total value to be incurred towards future cost for processing. As per AS-2 issued by ICAI in respect of Closing stock, valuation shall be made at Cost or Net Realisable value which ever is less. The cost of producing R-23 gas is Nil. The valuation of R-23 Gas is in deviation of AS-2.

18. Quantitative details regarding consumption of Raw Materials:

	2008-2009		2007-2008	
	Qty MT.	Value Rs.in lacs	Qty MT.	Value Rs.in lacs
a. AHF	497.690	519.61	270.510	200.32
b. Chloroform	1416.540	382.41	761.079	241.55
c. RM-258	75.00	7.44	0.187	16.60
d. Others	19.43	-	24.58	-
TOTAL	-	928.89	-	483.05

19. Consumption of Raw Materials:

	2008-2009		2007-2008	
	Rs.in lacs	% of Total consumptions	Rs.in lacs	% of Total consumptions
a. IMPORTED	0.00	0.00	19.45	4.02
b. Indigenous	928.89	100.00	463.60	95.98
Total	928.89	100.00	483.05	100.00

20. Quantitative information about capacity, production, stock and sales:

	2008-2009		2007-2008	
	Qty MT.	Value Rs.in lacs	Qty MT.	Value Rs.in lacs
Licensed capacity	500TPA*	-	500TPA*	-
Installed capacity	500TPA*	-	500TPA*	-
Opening stock	3.39	13.31	8.29	34.42
Production	21.73	-	113.99	-
Captive Consumption	-	-	-	-
Sales	20.98	126.19	118.89	563.89
Closing Stock	4.142	21.71	3.39	13.31

B.CFM:22

	Qty MT.	Value Rs.in lacs	Qty MT.	Value Rs.in lacs
Licensed capacity	1265 TPA*	-	1265 TPA*	-
Installed capacity	1265 TPA*	-	1265 TPA*	-
Opening stock	5.61	7.37	7.522	9.86
Production	890.17	-	481.68	-
Captive Consumption	162.76	-	335.28	-
Sales	668.363	1177.59	148.31	407.10
Closing Stock	64.66	83.55	5.61	7.37

* As certified by the Management and relied upon by the auditors, being a technical matter.

	2008-09 Rs.in lacs	2007-08 Rs.in lacs	2006-2007 Rs.in lacs
21. a) CIF value of imports of Raw materials and Stores and Spares.	41.80	28.51	
b) FOB Values of Exports	0.00	0.00	
22. Managerial remuneration included in employee's remuneration and benefits			
Managing Director	2008-2009 Rs.in lacs	2007-2008 Rs.in lacs	2006-2007 Rs.in lacs
Salary	4.59	2.04	4.11
Rental accommodation	1.39	1.78	1.64
Medical reimbursement	0.04	0.02	0.04
Company Contribution to PF	0.46	0.20	0.41
Leave Travel Allowance	0.00	0.06	0.00
Total	6.48	4.10	6.20

Managing Director's Remuneration for the period from 01-04-2008 to 31-03-2009.
23. Previous year figures have been regrouped/reclassified/recast wherever necessary to conform to current year's classification.

As per our report of even date For V RAO & GOPI

Chartered Accountants

sd/- P HANUMANTHA RAO (Partner)

sd/- A S DIDOLKAR Chairman

sd/- R N MADANGERI Director

sd/- T S GAIKWAD Managing Director

sd/- E SURYA RAO Dy. General Manager (Finance)

Place : MUMBAI
Date : 20-06-2009

24. Information as required under Part-IV of the Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Companies General Business Profile:

I. Registration Details:			
Registration No.	01-4037	State Code	01
Balance Sheet	31-03-2009	Date	Month Year
II. Capital Raised during the year (Amount in Rs.Thousands)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
Total Liabilities	729411	Total Assets	729411
Sources of Funds			
Paid-up Capital	196146	Reserves & Surplus	NIL
Secured Loans	44858	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	36195	Investments	NIL
Net current Assets	46710	Misc.Expenditure	41442
Accumulated Losses	520655		
IV. Performance of Company (Amount in Rs.Thousands)			
Turnover	138112	Total Expenditure	221046
Profit Before Tax	5800	Profit After Tax	5551
V. Earning per Share in Rs.	0.28	Dividend Rate %	NIL
VI. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)			
Item Code No (ITC Code)	0039046000		
Product description	FLUOROPOLYMERS (PTFE etc..)		

By Order of the Board.

sd/- A S DIDOLKAR Chairman

sd/- R N MADANGERI Director

sd/- T S GAIKWAD Managing Director

PLACE: MUMBAI
DATE : 20-06-2009

sd/- E SURYA RAO DGM (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009 Rs. In lacs	2007-2008 Rs. In lacs
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and Extraordinary items	53.23	4005.05
Adjustments for :		
Depreciation	32.39	41.73
Loss on deleted / discarded assets	0.00	0.31
VRS Payment written off during the year	37.26	0.00
Refurbishment expenditure written off	57.03	0.00
Loss on Impairment of assets	34.25	34.25
Operating Profit before working capital changes	214.16	4081.34
Adjustments for		
(Increase)/Decrease in Loans & Advances	(36.15)	303.38
(Increase)/Decrease in Trade receivables	6.85	15.40
(Increase)/Decrease in Inventories	(857.73)	27.10
Increase/(Decrease) in working capital borrowings	94.57	(6.05)
Increase/(Decrease) in Trade payables & Provisions	45.85	161.73
Cash generated from operations	(532.45)	4,582.92
Direct taxes paid	(2.49)	(1.80)
Cash flow before extraordinary items	(534.94)	4581.11
Less: Prior Period expenses	4.78	(6.85)
Add: Depreciation	0.00	0.00
Net Cash flow from Operating activities	(530.16)	4,574.26
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(56.38)	(31.89)
Amount incurred for VRS PAYMENT	(223.57)	0.00
Amount incurred for Refurbishment Expenditure	(285.15)	0.00
	(565.10)	(31.89)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Secured Loans	4179.62	-1,890.43
Increase in Unsecured Loans	-3052.41	-2679.04
Net cash used in financing activities	1,127.21	-4569.46
Net increase in cash and cash equivalents	31.95	-27.10
Cash and cash equivalents at the beginning of period	1.89	28.99
Cash and cash equivalents at the end of period	33.84	1.89

Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

sd/- T S GAIKWAD Managing Director
sd/- E SURYA RAO Dy. General Manager (Finance)
Place : HYDERABAD
DATE : 20-06-2009

AUDITORS' REPORT

We have examined the attached cash flow statement of M/s Hindustan Fluorocarbons Limited for the year ended on 31st March 2009. The statement has been prepared by the company in accordance with the requirement of clause 32 of the listing agreement with Hyderabad stock exchange and is based on and in agreement with the corresponding Profit and Loss A/c and Balance Sheet of the company covered by our report Dt. 20-06-2009 to the members of the company.

Place : MUMBAI
DATE : 20-06-2009

for V RAO & GOPI
Chartered Accountants

sd/- P HANUMANTHA RAO
Partner



HINDUSTAN ORGANIC CHEMICALS LIMITED

Regd.Office : P.O.Rasayani, Dist.Raigad, Maharashtra 410 207

ATTENDANCE SLIP

Annual General Meeting, the Wednesday, 30th September, 2009

Name of the Shareholder(s) _____

Folio No. _____

I certify that I am a Registered Member/proxy for the Registered Member of the Company. I hereby record my presence at the FORTY-EIGHT ANNUAL GENERAL MEETING of the Company to be held at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Wednesday, 30th September, 2009.

(Members'/Proxy's Name)

(Member's/Proxy's Signature)

Note : Please fill in this attendance slip and hand it over at the entrance.

Tear here



HINDUSTAN ORGANIC CHEMICALS LIMITED

Regd.Office : P.O.Rasayani, Dist.Raigad, Maharashtra 410 207

FORM OF PROXY

Annual General Meeting, the Wednesday, 30th September, 2009

Name of the Shareholder(s) _____ Folio No. _____

No. of Share(s) _____

I/We _____ of _____ being a Member(s) of the above named Company, hereby appoint Shri/Smt. _____ as my/ our proxy to vote for me/our behalf at the FORTY-EIGHT ANNUAL GENERAL MEETING of the Company to be held at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Wednesday, 30th September, 2009.

Signed _____ day of _____ 2009.

Signature

One
Rupee
Revenue
Stamp

Note : This Proxy Form duly completed should be deposited at the Registered Office of the Company mentioned above not less than 48 (FORTY EIGHT) hours before the time of holding the meeting.

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Satam Estate, 3rd Floor
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48TH
ANNUAL REPORT 2008-2009



HINDUSTAN ORGANIC CHEMICALS LIMITED



