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Branch Auditors – Kochi Unit M/s Elias George & Co., Chartered Accountants Kochi		
COST AUDITORS M/s.V.J.Talati & Co. Mumbai		
BANKERS State Bank of India		
REGISTRAR AND SHARE TRANSFER AGENTS M/s.SHAREPRO SERVICES (INDIA) PVT.LTD. Registered Office : 13AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Mumbai – 400 072.		
HINDUSTAN ORGANIC CHEMICALS LTD. REGISTERED OFFICE : At & Post - Rasayani, Dist.Raigad, Maharashtra 410 207		
CORPORATE OFFICE Harchandrai House, 81, Maharshi Karve Road, Mumbai 400 002		
MANUFACTURING FACILITIES Rasayani unit Dist.Raigad Maharashtra 410 207		
Kochi Unit Ambalamugal, Dist. Ernakulam Kochi 682 302		
	HINDUSTAN ORGANIC CHEMICALS LIMITED	
Regd.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, 1 st 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) 3241051 / 3240047 Fax : (040) 23296455	
REGIONAL & MARKETING OFFICES BARODA : 3/A, Kirti Tower, Tilak Road, Baroda - 390 001, Telefax : (0265) 2438 122	CHENNAI : D-1, Nelson Chambers, 115, Nelson Manickam Road, Aminji Karai, Chennai - 600 029. Tel : (044) 2374 1853	
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	Subsidiary Company HINDUSTAN FLUOROCARBONS LTD. 1402, Babukhan Estate, Bashir Bagh, Hyderabad - 500 001 Tel : (040) 23241051 / 23237125. Fax : (040) 23296455 E-Mail : hiflonpfe@yahoo.co.in	
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BOARD OF DIRECTORS

SHRI A.S.DIDOLKAR	<i>Chairman & Managing Director</i>
SHRI R.N. MADANGERI,	Director (Technical)
SHRI M.K. MITTAL	Director (Finance) (w.e.f. 8/12/2009)
Dr. V. RAJAGOPALAN	Director (from 4/5/2010)
SHRI MATHEW C. KUNNUMKAL, IAS; AS&FA	Director (up to 4/5/2010)
SHRI S.C. GUPTA	Director (from 7/01/2010)
SHRI B.P. PANDEY, IAS; JS	Director (Upto 7/01/2010)
SHRI MADAN VERMA	Director
DR. SUKUMAR DEVOTTA	Director (up to 27/05/2010)
DR. B.D. KULKARNI	Director (up to 27/05/2010)
DR. N.J. GAIKWAD	Director
DR. S. K. BHATTACHARYYA	Director (up to 28/12/2009)
MRS. SUSHEELA S. KULKARNI	Company Secretary

AUDIT COMMITTEE (A.C.) 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.(upto 27/05/2010)	SHRI R.N. MADANGERI D(T), Invitee of A.C.
DR. SUKUMAR DEVOTTA Director, Member A.C.(upto 27/05/2010)	SHRI M.K. MITTAL D(F), Invitee of A..c.
SMT.S.S. KULKARNI Company Secretary Secretary to the Audit Committee	

SHARES/BONDS TRANSFER, SHARE/BOND HOLDERS'/INVESTORS' GRIEVANCE COMMITTEE
--

SHRI A.S. DIDOLKAR CMD, Chairman	SHRI M.K. MITTAL D(F), Member
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 GM (P&A) (Rasayni Unit I/c)
SHRI R.N. MADANGERI, Director (Technical)	SHRI M.A.PILLAI G.M. (Kochi Unit I/c)
SHRI M. K. MITTAL Director (Finance) (From 8-12-2009)	SHRI K.A.NATHAN G.M.(Engineering) Kochi Unit
SHRI ANAND KUMAR Chief Vigilance Officer	SMT. SUSHEELA S. KULKARNI Company Secretary Secretary to the Executive Committee

R & D SUB-COMMITTEE

DR. B.D. KULKARNI, Director, Chairman of R&D Committee (Upto 27/05/2010)	SHRI A.M. SATHE GM(R&D and TSS) - Co-ordinator
SHRI A.S.DIDOLKAR Chairman & Managing Director, Member	DR. C.S. SHUKLA CM (R&D)
SHRI R.N. MADANGERI Director (Technical), Member	

**NOTICE**

Notice is hereby given that the 49th Annual General Meeting of the Members of the Company will be held on Friday, the 27th August, 2010 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, 2009 to 31st March, 2010 and the Audited Balance Sheet as at 31st March, 2010 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Dr. V. Rajagopalan, AS&FA, who retires at this AGM and being eligible offers himself for re-appointment and as per GOI letter dated 6/7/2010.
3. To appoint a Director in place of Shri S.C. Gupta, JS, who retires at this AGM and being eligible offers himself for re-appointment and as per GOI letter dated 6/7/2010.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Place : Rasayani

Date : 13/07/2010

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 Co's R&T Agents M/s Sharepro Services (I) Pvt. Ltd., has been shifted and 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, email : 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 13-08-2010 to Friday, 27-08-2010** (both days inclusive) Members are requested to note the change in the Regd. Office address of the R&T 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.
5. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
6. Members are requested to bring their copy of Annual Report at the meeting and as a measure of economy the same will not be distributed again.
7. Company has received letter no. 51/11/95-CH-III dt. 06-07-2010 from the GOI, Dept of Chemical and Petrochemicals for appointing Dr. V. Rajagopalan, AS&FA & Shri S. C. Gupta, JS, as part time Government Directors on the Board of Directors of HOCL with effect from ensuing 49th AGM 2010 & till the holding of the next General Meeting of the Company to be held in 2011 or till further orders.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Place : Rasayani
Date : 13/07/2010

Registered Office :

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

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

**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 49th Annual General Meeting of your Company. The Audited Annual Accounts together with the Directors' Report and Auditors' Report of the Company for the year 2009-10 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 2009-10.

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 2009-10 due to excellent quality of its products manufactured at Kochi and Rasayani. During the year under review, your Company could achieve sales valuing Rs. **478.63 Crores**.

During the year under review, the post effects of global meltdown during year 2009-10 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. 83.08 crores 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 2009-10 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. HOCL has signed the Gas transmission 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.
2. Further, with the availability of natural gas, company also plans to put up Captive Power Plant based on Natural Gas to economize on the operation.
3. Company has appointed M/s SBI Caps to study and submit recommendation for arresting the trend of losses of Rasayani Unit.

We hope that with the aforesaid operational plans and with the assistance from the Government, the Company would be able to turn-around 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 commit-



ment 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

R&D Division continues to play a significant role in new developments by implementing an improved regeneration process for aniline catalyst on plant scale. It is actively involved in collaborative research programme with Sud-Chemie India Private Limited for re-use of spent catalyst by repelletization. This will lead to cost reduction of the product, and more importantly disposal of the waste catalyst through green chemistry route. R&D has also focused its activities in creating Intellectual Property Rights by filing ten patents in India and US under PCT.

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.

- First Phase Thermal Oxidation – from 15.1.2010 to 28.2.2010 – Total quantity incinerated is 36.881 MT.
- Second phase of Thermal Oxidation – from 22.3.2010 to 28.3.2010 – Total quantity Incinerated is 5.787 MT.

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 49th Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended March 31, 2010 is summarized below: Rs.in Lacs

	Year ended 31/03/2010	Year ended 31/03/2009
Sales and Other Income	52071.24	62090.54
Operating Profit/(Loss)	(3456.57)	2316.98
Less: Interest	2323.10	2210.37
Depreciation	2652.28	2680.12
Profit/(Loss) before tax	(8431.95)	(2573.51)
Less: Provision for taxation	-	-39.49
Less: Prior Period adjustments	(124.16)	- 85.42
Profit/(Loss) after tax & Prior period adjustments/Provisions.	(8,307.79)	(2527.58)

However, in view of accumulated losses as at the end of the Financial Year 2009-10 are carried forward, your Directors do not recommend any dividend on equity shares for the year ended 31st March, 2010.

RESULTS OF OPERATIONS

During the year under review, the post effects of global melt down during the Year 2009 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 at Rs. 83.08 crores during the year, while the Net Loss during the previous year was Rs. 25.27 crores.

As regards the unit wise performance, the Net Profit of Kochi Unit was Rs.14.74 crores which was lower as compared to the previous year's profit of Rs.20 crores. The Rasayani Unit recorded a Net Loss of Rs. 97.82 crores as compared with the previous year's loss of Rs. 45.28 crores.

OPERATIONS :

During the year under Report, your Company's Kochi unit, achieved a sales turnover of 72171 MTs valuing Rs.38032.63 lacs as against 80210 MTs valuing Rs. 42796.42 lacs of the previous year.

With the production of 221249 MTs (main products) during the year 2009-10 as against the production of 245192 MTs (main products) in 2008-09, your Company could achieve an overall capacity utilization of 55% during the year. Your Company has recorded the sale of 125512.48 MTs during the year (last year 132814.79 MTs) valuing Rs.45940.24 lacs (last year Rs.52669.52 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 137730 MTs of production which was marginally less than previous year production (main products) of 164436 MTs. The capacity utilization for the year 2009-10 was 90%.

Rasayani Unit :

During the year, Rasayani unit of your Company could achieve only 83519 MTs (main products) of production as against 80756 MTs production (main products) of the previous year. The capacity utilization for the year 2009-10 was 33%.

MARKETING :

HOC continued to enjoy support from all its valuable customers during the year 2009-10 due to excellent quality of its products manufactured at Kochi and Rasayani. It has achieved sales turnover of Rs.478.63 Crores (net of excise duty) as against Rs. 546.54 crores (net of excise duty) of the previous year. The sales volume during year 2009-10 was 1,43,747.48 MTs against 1,50,188.69 MTs for the year 2008-09, registering a lower sales realization for the year amounting to Rs. 478.63 crores, which was mainly due to global meltdown and poor price realization.

The company could not export bulk parcels of Phenol during 2009-10 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

1. HOCL has signed the Gas transmission 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.
2. Further, with the availability of natural gas, company also plans to put up Captive Power Plant based on Natural Gas to economize 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 continues to deliver goods through innovative developments. Its is actively involved in collaborative research programme with Sud-Chemie India Private Limited for re-use of spent catalyst by repelletization. This will lead to cost reduction of the product, and more importantly disposal of the waste catalyst will be possible through green chemistry route. It is also continuing its development work for a specific fuel for ISRO. R&D has also focused its activities in creating Intellectual Property Rights by filing ten patents in India and US under PCT.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS :

Company strongly believes that Human Resources are the only appreciating resources amongst all other resources. To meet the challenges of global competitive environment, the Company is upgrading the skills of their employees by systemati-



cally identifying training need of employees. Accordingly, in house training programmes are arranged and employees are also deputed to attend the outside training programmes.

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. Recognizing the obligation to the society both in the areas of environment protection and social development, Company has taken up several initiatives towards implementing welfare Schemes for uplifting the quality of living of the community surrounding the Factory area. To fulfill this, Company is providing basic civic amenities to the neighboring villages, rendering assistance to the neighbourhood in different forms viz. financial assistance, building material, furniture, computers, laboratory equipments etc. to the neighboring schools, construction of approach roads and toilet blocks, drinking water supply, medicines, etc.
- 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, provides the facilities to carry out project work for students studying in nearby Engineering Colleges and Management Institutes for enhancing their practical knowledge.
- 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.

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 2009-10 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 Vigilance wing of HOCL is headed by a Chief Vigilance Officer. At present an IRS officer of 1988 batch, on deputation, is holding the post. Vigilance plays a pivotal role in protecting Government's property. It also ensures that prescribed rules and guidelines are followed by the personnel of HOCL. A major thrust of this department has been towards system study and systems improvement to ensure the implementation of the laid down procedures, policies, rules, regulations etc. of the Company and that of the Central Vigilance Commission. As a result of the efforts of vigilance initiatives, new Marketing Policy is approved. Besides, Work Policy and Purchase Policy are also amended to incorporate the latest circulars and guidelines of the Central Vigilance Commission. These policies have been approved by the Board. The Vigilance department takes immediate action regarding complaint received from various sources. The Vigilance wing of HOCL is not only prompt in investigation of complaints but also effective in ensuring that action, based on recommendations, is taken against rule violators. The periodic and surprise inspections conducted by the Vigilance department have helped in bringing improvements in the field of tendering, transportation, general administration and overall functioning of the organization.

Vigilance department carries out periodic inspections to identify corruption prone areas and take corrective steps in respect

of errors / blunders, if any. The Annual Property Returns of the officers are scrutinized. The Vigilance Wing has ensured that all relevant information regarding Company and especially related to tenders are duly put on the web site to ensure transparency. Awareness programmes have been organized for the HODs and other personnel.

During Vigilance Awareness Week 2009; efforts were focused on educating employees in respect of relevant circulars and guidelines of the Commission. Special emphasis was given on the PIDPI or the whistle blower resolution.

The Vigilance Department has been maintaining close liaison with other government agencies i.e. CBI and CVC to ensure that there is no delay in taking appropriate action against any corrupt personnel. The main emphasis of the Vigilance wing has been on the preventive vigilance and system improvement.

The Vigilance wing has helped the management in cost cutting exercise by highlighting the apparent errors and suggesting solutions. Vigilance wing has taken up many other activities to help the organization.

The Vigilance Personnel have been trained by the CBI / CVO and all of them take keen interest in all activities of the organization. Thus the Vigilance Wing is sincerely and consistently helping all other personnel improve their working and, in turn, ensure increased productivity.

HEALTH AND ENVIRONMENT (HE) :

1. The Management has taken the great responsibilities for continuous monitoring and protecting the Health and Environment as per statutory compliance of the Maharashtra Factory Rules 1963, especially maintaining the performance of its employees in manufacturing processes of nitro and amino aromatic organic and inorganic bulk chemicals.
2. The environment is maintained clean as per standard emissions norms and with respect to noise pollution norms prescribed by Central Pollution Control Board and under guidelines of Ministry of Environment and Forests, Govt. of India.
3. The Health record of employees working in Production Division is maintained in the Health Register in Form 7 and these employees are certified for the fitness to work in hazardous process by the Certifying Surgeon for the year 2010 as per statutory requirement of Director of Industrial Health and Safety, Govt. of Maharashtra.

FIRE & SAFETY PERFORMANCE DURING 2009-2010

The Company pays special attention to ensure safety of the factory and workers employed therein.

The Company accords the same priority attention to safety aspects as it does to production and productivity, be it in a personal safety, process safety, environmental safety or product stewardship and allocated adequate resources of men, machine, money, time and energy to maintain the standards. Thus performance during the year is very good.

The company continued to maintain good safety record without any major accident of Fire. **The year 2009 is a Zero accident year as there are no Accidents during the year, which is a record achievement in the history of HOCL, Rasayani Unit.** Consistent safety training, safety audit, safety inspection and Hazop studies were performed to keep the safety standard high. The company is taking active participation in Off site Emergency drills, Local and District Crisis group activities. The Company has conducted NDMA Offsite Mock drill very successfully which was appreciated by NDMA, DISH, Civil Authorities and others.

HOC is a signatory to "Responsible Care" movement. We are



committed to the concept of self realization 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 progressive use of the official language. To Promote Hindi as Official Language in day to day working in line with the Government policies, Official Language Implementation Cell of the Company continued to function effectively. Various Cash Incentive Schemes have been introduced in the Company. 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, 2009. Several periodical meetings, training programmes, workshops, essay writings, noting and drafting competitions were organized to propagate the use of HINDI. All documents coming under Sec. 3 (3) of the Official Language Act, 1963 are issued in bilingual form. Efforts are being made to fulfill the targets set in the Annual Programme issued by Department of Official Language, Ministry of Home Affairs. Website of the Company is prepared in Hindi also.

ISO CERTIFICATION :

Quality Management System (QMS) of Rasayani Unit was re-certified in January, 2008 and we are in the process of upgrading to ISO-9001 : 2008 standards by end November, 2010 as per the requirements of the standards.

GMS of Kochi was upgraded in June 2009 to ISO – 9001 : 2008 standards. This is valid up to June, 2011. ISO - 14001 : 2004 was re-certified in October, 2008. This is valid up to November, 2011.

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 outstanding deposits worth Rs. 18.04 lakhs as on 31.3.2009 have been settled in the year 2009-10 and nothing is remained unpaid as on 31.3.2010.

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 in Annexure VI

RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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.

HINDUSTAN FLUOROCARBONS LIMITED (Subsidiary) :

During the year under review HFL has achieved production of 85.88 MTs of PTFE & 940.50 MTs of CFM-22 as against 21.73 MTs of PTFE and 890.17 MTs of CFM 22 in the previous year. HFL posted a Net profit of Rs.306.27 Lakhs in the current year under review as compared to Net profit of Rs. 55.51 lakhs of the previous year .

STATUS OF CDM

Key Project Mile Stones :

- Project Registration Date – 14.11.2008
- Pre-verification meeting at HFL between HFL, SRF & PWC – 29.12.2009
- First Phase Thermal Oxidation – from 15.1.2010 to 28.2.2010 – Total quantity incinerated is 36.881 MT.
- Second phase of Thermal Oxidation – from 22.3.2010 to 28.3.2010 – Total quantity Incinerated is 5.787 MT.

Reasons for delay :

- The first verification period was permitted by DOE as 14.11.2008 to 28.2.2010 as per UNFCCC. Thus, the verification exercise could only start in March, 2010.
- Prior to verification, the verifier (SGS) has pointed out certain issues with the registered PDD in form of corrective action request / clarification request (CAR/CL) which needs to justify. To expedite this activity, meeting was held at SRF, Gurgaon between SRF, HFL and PWC on 17.3.2010. To response formulation to CAR/CL raised by DOE require LONG TERM APPROACH TO ENSURE THE CERTAINTY in view CER by document collection so as to response CAR/CL and also addressing larger issues such as revision of monitoring plan of the registered PDD.
- As per recent UNFCCC guidelines Part 13 (EB52) it has been made mandatory to public monitoring report on UNFCCC website interface at least two weeks prior to undertaking the verification site visit. This notification came around Feb,2010.

Considering the above additional activities, enclosed schedule is made.



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 Comptroller & Auditor General of India, under its letter No. CA V/COY/CENTRAL GOVT.HOCL(2)/26 dated 12/8/2009 has appointed M/s NBS & Co. Chartered Accountants, Mumbai as 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, 2010.

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

The report of the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956, on the Accounts of the Company for 2009-10 is annexed to the Statutory Auditors' Report in the Annual Report.

Pursuant to directions from the Ministry 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 2009-2010.

DIRECTORS

During the year 2009-10 (w.e.f. 8-12-2009) Shri Mahesh Kumar Mittal has been appointed as Director (Finance), HOCL. Further, Shri. S.C. Gupta, IAS, Joint Secretary Dept. of Chemical & Petrochemical, Govt. of India has been appointed (w.e.f. 7-01-2010) as Govt. Nominee Director, in place of Shri. B.P. Pandey, IAS, Joint Secretary. Later, during the Current Year 2010-11, Dr. V. Rajagopalan, AS&FA has been appointed (w.e.f. 4/5/2010) as Govt. Nominee Director, in place of Shri Mathew C. Kunnunkal, SS & FA.

In terms of Article 76(4) of the Articles of the Association of the Company, Government Directors, Shri S.C. Gupta, Joint Secretary and Dr. V. Rajagopalan, Additional Secretary and Financial Advisor, will retire at this AGM and are eligible for re-appointment as per Government letter dated 6th July 2010.

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.

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.

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

A.S. Didolkar

A.S.DIDOLKAR

Chairman & Managing Director

Place: Mumbai
Date : 13th July, 2010

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 2009-2010	172.83
	ii) For Previous financial year	31.32
	iii) Cumulative Total (Loss)	(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 2009-2010	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 hot oil blower.
 - Installation of new lighting transformer for township lighting distribution balancing to save power.
 - Power saving due to stoppage of frac II pumps.
- Total savings achieved due to implementation of power savings schemes is Rs. 40.37 lakhs.

Future Plans:

- More areas are being explored to install Variable Frequency Drives at Kochi unit and Rasayani unit to save electrical power.
- 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.
- Feed stock of boiler is being changed from Furnace oil to natural gas.
- One high efficiency boiler is planned in place of existing oil boiler.



Form- A						
Disclosure of Particulars with Respect to Conservation of Energy						
A. Power and Fuel Consumption:						
	Current Year 2009-10	Previous Year 2008-09				
1. Electricity						
a) Purchased (unit)	7,45,15,740	6,35,94,540				
Total amount (Rs.)	33,90,53,275	26,83,41,872				
Rate per unit (Rs.)	4.55	4.22				
b) Own generation						
i) Through LSFO	22,10,421	92,02,812				
j) units per Kg. of LSFO	4.79	4.73				
Cost per unit (Rs.)	5.56	4.66				
ii) Through steam generation	NIL	NIL				
Units per litre of fuel oil	-	-				
Cost per unit (Rs.)	-	-				
2. Coal	NIL	NIL				
3. Furnace Oil/ LSFO						
Quantity (MT)	22,273	25,866				
Total Amount (Rs.)	52,37,41,090	61,71,86,255				
Average rate (Rs.)	23,515	23,851				
4. Others/ Internal Generation	NIL	NIL				
(a) Others- Diesel (Litre)	4,985	2,985				
(b) Internal Generation	NIL	NIL				
Consumption per unit of Production						
Product	Standard		2009-10		2008-09	
	Power consumption (kwh/MT)	Prod. (MT)	Power consumption (kwh/MT)	Prod. (MT)	Power consumption (kwh/MT)	Prod. (MT)
Nitrobenzene	56	11,033	21	10,136	19	
Hydrogen	570	383	620	484	582	
Aniline	280	5538	290	6823	260	
Sulfuric acid	70	16789	121	23309	77	
Formaldehyde	100	32784	85	31335	86	
Nitrotoluene	170	2034	72	2913	155	
Conc. Nitric Acid	840	8688	1050	3934	1041	
Caustic soda	2700	2981	3145	1794	3035	
Propylene	30	23610	32	28755	19	
Phenol/Acetone	599	59835	483	69985	454	
Hy. Peroxide - 50%	2711	9814	842	10934	983	

FORM - B				
1. SPECIFIC AREAS IN WHICH R&D WORK CARRIED OUT BY THE COMPANY				
(a)	Studies on the improvements of activity of eco-friendly chrome-free copper oxide catalyst for the production of Aniline.			
(b)	Further studies on the improvements of activity of repelletized chrome-free copper oxide catalyst for re-use in the production of Aniline.			
(c)	Studies on further improvements in the repelletization of spent formaldehyde catalyst for commercial application.			
(d)	Studies on further improvements in the continuous process to produce cyclohexylamine.			
2. BENEFIT DERIVED AS A RESULT OF THE ABOVE R&D				
(a)	Evaluation of activity of eco-friendly chrome-free copper oxide catalyst for export was done.			
(b)	Studies on the improvement of activity of repelletized chrome-free copper oxide catalyst for the production of Aniline were successfully completed up to 5 kg scale. Commercial application of the repelletized catalyst in Aniline plant is under progress.			
(c)	Studies for the improvement of activity of the spent repelletized catalyst to produce formaldehyde indicate that the repelletization needs further improvements.			
(d)	Studies for a vapor phase continuous process for cyclohexylamine have been started by identifying a suitable commercial catalyst.			
(e)	Nine Patent Applications for Intellectual Property Rights in India and US under PCT have been filed with a potential of revenue generation in future.			
3. FUTURE PLANS				
(a)	Implementation of repelletized catalyst on plant scale to produce Aniline.			
(b)	Studies on the scale up of the batch process to produce specific grade kerosene fuel - ISRO Project.			
(c)	Studies on vapor phase continuous process on identified commercial catalyst for cyclohexylamine from Aniline.			
(d)	Intellectual Property Rights – Patents Marketability.			
4. EXPENDITURE ON R&D				
(a)	Capital	Rs. 5.20 lakhs		
(b)	Revenue	Rs. 108.40 lakhs		
(c)	Total	Rs. 113.60 lakhs		
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION				
1.	Efforts in brief, made towards technology absorption, adaptation and innovation			
a)	Commercial exploitation of eco-friendly chrome free copper oxide catalyst for the production of Aniline was continued.			
b)	Preparation of the repelletized catalyst up to 5 kg scale with a comparable activity of the fresh catalyst was successful. Commercial production of the catalyst for plant application is under consideration.			
c)	Studies on the repelletized spent catalyst for formaldehyde indicate need for further improvements for its commercial viability.			
d)	Results on vapor phase continuous process for cyclohexylamine indicate requirements for suitable catalyst and process parameters.			
e)	Through a jointly developed patented chrome free copper oxide catalyst exported to Japan, Company has earned about Rs 6 lakhs as royalty.			
2.	Benefit derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.			
a)	Continued commercial benefits due to regular utilization of the eco-friendly chrome free copper oxide catalyst to produce Aniline.			
b)	Commercial application of the repelletized catalyst in Aniline plant will eliminate procurement of new catalyst with a substantial saving. Further, it is an environment friendly way of disposal of waste material through reutilization.			
c)	With further improvements, the repelletized catalyst for formaldehyde will eliminate procurement of new catalyst and its disposal.			
d)	A vapor phase continuous process for cyclohexylamine will increase its productivity and consequently lead to higher earnings.			
e)	Through a jointly developed and patented chrome free Aniline catalyst exported to Japan, Company has earned about Rs 6 lakhs as royalty.			
ANNEXURE III				
Consolidated Report as on 31-03-2010 (SC/ST/WOMEN)				
Rasayani & Kochi Unit.				
Group	Total	SC	ST	Women
A	480	70	28	26
B	363	57	11	36
C	478	62	18	48
D	47	10	4	3
Total :	1368	199	63	113

**Annexure-IV****Reply of the Management on the Auditor's Report to the Members for the Financial Year 2009-10:**

SR NO	AUDITOR'S REPORT PARA NO.	AUDIT OBSERVATION	MANAGEMENT REPLY
	Para-f	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.	
1	Para-f i).	Note No 2 (c) regarding non provision of penal interest of Rs.348.37 lacs on overdue loan from Government of India,	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, or the demand, no provision is required to be made in the accounts towards penal interest on unpaid/delayed paid interest or installments.
2	Para-f ii).	Note No 8 (i) regarding non provision of liabilities of wages revision for the period 1.01.1997 to 31.12.2000 Rs.2308.08 lacs and for the period from 01.01.2007 to 31.07.2009 Rs.1479.60 Lacs.	No provision has been made for the liability towards wage revision of employees for the period 01.01.1997 to 31.12.2000 amounting to Rs 2308.08 Lacs and Rs 1479.60 Lacs for the period 01.01.2007 to 31.07.2009 since the arrears are payable only with the prior approval of Administrative Ministry and when the company generates 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.83.08 crore during the year 2009-10. The accumulated losses as on 31st March 2010 are Rs 338.49 Crore. Unless these losses are wiped out and adequate surplus is generated by the company, the liability to pay arrears does not arise. Accordingly no provision for arrears for the above mentioned periods has been made. Adequate disclosure has been made at Note No. 8 (Part-B, Notes on Accounts) which forms part of the accounts.
3	Para-f iii).	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.	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.
	Para-g	In respect of the following items, no provision/charge to profit and loss a/c has been done.	
4	Para-g-i).	Regarding claims of JNPT of minimum guaranteed throughput charges of Rs.1284.34 lacs.	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 favorable decision and without prejudice, the amount is shown under contingent liability.
5	Para-g-ii).	Regarding short provision of Rs.426.01 lacs on account of escalation @ 10% per annum on lease rentals on leased land payable to JNPT.	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 favorable decision and without prejudice, the company is providing for lease rentals with old rates without considering the escalation @ 10% per annum.
6	Para-g-iii).	Regarding Rs.273.91 lacs on account of decree order passed by the Civil Court, Panvel in case of M/sNarendra construction Company.	The company has appealed in the High Court against the decree order passed by Civil Court, Panvel. Hence provision is not made in the accounts for Rs.273.91 lacs. However, amount of Rs.273.91 lacs has been shown as contingent liability.
	Para-h	Reference is also invited to the following notes on accounts in Part B Schedule 22 with regards to pending accounting treatment, the precise impact of which on the balance sheet and the profit and loss a/c could not be ascertained for the reasons stated therein.	
7	Para-h-i).	Note No 17 regarding pending confirmation and reconciliation of balances of sundry debtors, sundry creditors, loans and advances, other current assets and other debit/credit balances. Further Bank balances are subject to direct confirmation from the Banks even though confirmations are received by the company.	Adequate disclosure has been made at Note No.17 - Balance confirmation (Part B: Notes on Accounts) which forms part of the accounts.
	Companies (Auditor's Report) order 2003. Annexure to Auditor's Report.		
8	Para (ii) (b).	In our opinion the procedure 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 reading reported by the Distribution Control System.	The procedures of physical verification of inventories followed by the company are reasonable and adequate in relation to the size of the company and nature of its business. In respect of physical verification of inventory in storage tanks at Kochi Unit the Reliance is placed only on the electronic reading reported by the Distribution Control System (DCS). The Tank Level Monitoring System (TLMS) which is integral part of DCS is being used at Kochi Unit for ascertaining stock position since inception. This is Japanese Technology and is the most advanced Technology for verification of the stock. The stock can be more accurately verified by this system than by using dip measurement. Also with use of this system the weight of packaged drums/carboys are uniform as the weight is preset and filling will be cut-off automatically once the quantity of the product filled reaches the preset weight.
9	Para (ix) (a).	The company is generally regular in depositing undisputed statutory dues including investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable with appropriate authorities. However an unreasonable delay beyond period of more than two months in depositing Provident Fund and general delay in depositing TDS dues of the Company with appropriate authorities is observed.	The company is generally regular in depositing undisputed statutory dues including investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable with appropriate authorities. However delay in depositing Provident Fund and TDS with appropriate authorities happened due to cash crunch up to December 2009. Now all the statutory payments are being made in time.

Place : Mumbai
Date : 13/07/2010

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

A.S. Didolkar

(A.S. Didolkar)
Chairman & Managing Director



ANNEXURE - V 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 as per WTO Guidelines.

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 31/3/10			Year ended 31/3/9		
	Target	Product	Percentage	Target	Product	Percentage
	MT	MT	Achieved	MT	MT	
Chemicals	236460	221249	93.57%	228360	245192	105.98%

PRODUCTWISE PERFORMANCE (MAIN PRODUCTS)

Product	Cumulative for the year-2008-09	
	Target	Actual
Nitrobenzene Products	25000	11033
Aniline	15000	5538
Formaldehyde	33000	32784
Suphuric Acid	43000	17346
Phenol	36000	36751
Acetone	22400	23084
H2O2	5225	4907

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

The management is working toward enhanced efficiencies in consumption of raw materials, reduction in input costs.

- 1) The feed stock change of hydrogen plant from Naphtha to natural gas will be commissioned in this year.
- 2) The contract with M/s GAIL has been signed.
- 3) The boilers will be operated with natural gas instead of furnace oil.
- 4) All equipments have been ordered for the above scheme.
- 5) Refurbishment of CNA plant has been planned.

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/modernization 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 those Recommendations.

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. 478.63 crores against Rs. 546.54 crores for the previous year showing a decrease of 12.42%. There was an Operating Loss before interest and depreciation of Rs. 34.57 crores against the Operating Profit of Rs 23.17 crores for the previous year. Company incurred an Interest expenditure of Rs. 23.23 crores against Rs. 22.10 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 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..

INFORMATION TECHNOLOGY – 2010

Company has effective information systems for core business areas. Aligning IT with core business activities is imperative for improving business operations. Company has envisaged a plan to meet changing demands and challenges keeping in view the technological changes and the way information & communication technology offering innovative services suiting to every business needs. Management has taken proactive approach towards implementation of Enterprise Resource Planning (ERP) at Corporate office and manufacturing units and the ERP implementation is going on, which is scheduled to be completed by 31st August, 2010. ERP implementation will lead to upgrade present IT infrastructure, adopting suitable IT & security policy and establishing connectivity amongst manufacturing units and branch offices for effective, efficient & proactive services to attain desired business benefits.

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 downturn 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 31-03-2010)**

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

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's Management, its Board, its shareholders and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are also set. 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 31-03-2010 the Board of HOCL consisted of Nine members with 3 Executive Directors and 6 Non-Executive Directors, who are acknowledged as leading professionals in their respective fields. Other than the Three Whole Time Directors, the other Six members of the Board are non-executive, Independent /and Government Nominee Directors.

During the year, the GOI has also appointed vide GOI Order dated 17th September, 2009, Shri Mahesh Kumar Mittal as Director Finance, HOCL (w.e.f. 8th December, 2009), and has also appointed Shri S.C. Gupta, Government Nominee Director in place of Shri B.P. Pandey vide GOI Order No. 51/11/95-CH.III dated 7th January, 2010. Director (NOID) Dr. S. K. Bhattacharyya has resigned from the HOCL Board w.e.f. 28/12/2009 (the date of his letter).

Further in place of Director Shri Mathew C. Kummumkal, Special Secretary & Financial Advisor, the GOI has appointed Dr. V. Rajagopalan, AS&FA vide Order dated 4/5/2010

Accordingly, currently as on 31/03/2010 the Board of HOCL consists of 4 Independent Non-Official Directors , 2 Government Nominee Directors and 3 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 2009-10.

The constitution of the Board is given below :

Details of the Board of Directors during the year 2009-10 were as under:- (As on 31-03-2010).

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 Board / Committee
1.	Shri A.S.Didolkar ,	(ED) CMD	2	2	5
2.	Shri R.N.Madangeri	(ED) Dir. (Tech.)	2	2	-
3.	Shri M. K. Mittal	(ED) Dir. (Fin.)	2	2	-
4.	Shri. M.C.Kunnumkal **	NED Govt. (Nominee) Director	5	-	-
5.	Shri B. P. Pandey,	NED Govt. (Nominee) Director	1	2	1
6.	Shri S. C. Gupta	NED Govt. (Nominee) Director	1	-	-
7.	Shri Madan Verma	NEID	3	1	1
8.	Dr. Sukumar Devotta.	NEID	1	2	-
9.	Dr. B.D.Kulkarni.	NEID	2	1	-
10.	Dr.N.J.Gaikwad.	NEID	-	-	-
11.	Dr.Subir Kumar Bhattacharyya	NEID	2	2	1

ED-Executive Director

NED-Non-Executive Director

NEID - Non-Executive Independent Director

** - In place of Director Shri Mathew C. Kunnumkal Special Secretary & Financial Advisor the GOI has appointed Director Dr. V. Rajagopalan, AS & FA vide letter dated 4/5/2010

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

**Changes in the Board of Directors.**

- GOI has appointed Director Shri Mahesh Kumar Mittal as Director (Finance) on the Board of HOCL vide GOI Order dated 17th September, 2009. Shri M.K. Mittal has assumed the charge as Director(Finance) in HOCL w.e.f. 8/12/2009.
- Dr. V. Rajagopalan AS & FA has been appointed in place of Shri. Mathew C. Kunnumkal, Special Secretary & Financial Advisor by the GOI as Govt. Nominee Director on the Board of HOCL w.e.f. 4/05/2010 vide GOI Order No. 51/11/95-Ch III (Vol-III) dated 4/5/2010.
- Shri Suresh Chandra Gupta, Joint Secretary has been appointed as Government Nominee Director in place of Shri B.P.Pandey, Joint Secretary, Dept. of Chemicals and Petrochemicals, GOI, w.e.f. 7/01/2010, vide GOI Order No. 51/11/95-CH.III dated 7th January, 2010.
- Director, Dr. S. K. Bhattacharyya, NOID, has been resigned from HOCL Board w.e.f. 28/12/2009.

b) Brief resume of Directors appointed, their other Directorship, Membership/Chairmanship in other Committees etc.**Shri. Mahesh Kumar Mittal :-**

Qualifications : FICWA, FCS
Business/Occupation: Director (Finance) in HOCL w.e.f. 8/12/2009
Experience : Worked 4 years in RECL (Up to 7.12.2009) as Zonal Manager. Having 16 years experience in HSEB/HVPN, Panchkula as Chief Accounts Officer & Company Secretary. Worked 3 years with American Refrigerator Co. Ltd., Kolkata as Works Accountant.

Shri. Suresh Chandra Gupta :-

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

Dr. V. Rajagopalan

Official Govt. Nominee Director
Qualification : IAS, M. Tech, P. D, Government Service.
Additional Secretary & Financial Advisor, Dept. of Chemicals & Petrochemicals, 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 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 7 times during the financial year 2009-10 on the following dates :

6/04/2009, 30/06/2009, 29/07/2009, 29/10/2009,
27/01/2010, 19/02/2010 & 31/03/2010.

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

d) The attendance of the Board Meetings and Annual General Meetings were as under: For the year 2009-10.

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE LAST AGM
Shri A.S.Didolkar	7	Yes
Shri. R.N.Mdangeri	7	Yes
Shri M. K. Mittal	3	*
Shri. Mathew C. Kunnumkal	3	No
Shri B.P.Pandey	2	No
Shri S. C. Gupta	2	-
Shri. Madan Verma	6	Yes
Dr. Sukumar Devotta	4	No
Dr. B.D.Kulkarni	5	No
Dr. N.J.Gaikwad	5	Yes
Dr.Subir K. Bhattacharyya	2	No

* Joind in HOC on 8/12/2009

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.

3. Remuneration of The Directors

Details of remuneration paid / payable to the Directors for the year ended March 31, 2010 are as follows :

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2009-010

Name	Amt.in Rs.				
	Directors Salary including Perks (Rs.)	Arrears	Retirement benefits	Sitting Fees & OPE	Total Rs.
Shri A.S.Didolkar, CMD	11,16,660	Nil	1,22,268	-	12,38,928.00
Shri. R.N.Madangeri, DT	8,00,958	Nil	99,481	-	9,00,439.00
Shri M. K. Mittal DF	3,06,635	Nil	31,855	-	3,38,490.00
Shri. Mathew C. Kunnumkal	N.A.	Nil	Nil	Nil	NIL
Shri B.P.Pandey, JS	N.A.	Nil	Nil	Nil	Nil
Shri. S. C. Gupta	N.A.	Nil	Nil	Nil	Nil
Shri. Madan Verma	N.A.	Nil	24,000	24,000	24,000.00
Dr.Sukumar Devotta	N.A.	Nil	18,000	18,000	18,000.00
Dr. B.D.Kulkarni	N.A.	Nil	20,000	20,000	20,000.00
Dr. N.J.Gaikwad	N.A.	Nil	10,000	10,000	10,000.00
Dr. Subir K. Bhattacharyya	N.A.	Nil	4,000	4,000	4,000.00

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 4 Committees - Viz. Audit Committee of Directors, Executive Committee, Share/Bonds Transfer /Shareholders' Bond holders'/Investors' Grievance Committee and 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 Audit Committee.

The Committee met 6 times during the year on the following dates : 10/06/2009; 29/06/2009; 29/07/2009; 29/10/2009; 16/01/2010 & 31/03/2010

Directors	No. of Audit Committee Meeting Attended
Shri A. S. Didolkar	6
Shri R. N. Mdangeri	6
Shri M. K. Mittal	2
Shri Madan Verma	6
Dr. Sukumar Devotta	5
Dr. B. D. Kulkarni	5
Shri B. P. Pandey	1

- (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 consisting of followings as Members:

- (a) Chairman & Managing Director, Shri A.S. Didolkar (b) Director (Technical), Shri R.N. Madangeri, (c) Director (Finance), Shri M.K. Mittal, (from 8/12/2009), (d)CVO, Shri Anand Kumar, (e) GM Kochi Unit I/c, Shri M.A. Pillai, (f) GM(P&A) Rasayani Unit I/c, Shri N.B. Jogdand (g) GM (Engg.) Kochi Unit, Shri K.A. Nathan and (h) Company Secretary, Smt. Susheela 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, GM(R&D & TSS), (e) Dr. C.S. Shukla, CM(R&D), (f)Unit Incharge of Rasayani Unit/or Kochi Unit (as may be relevant).

IV. Share/Bonds Transfer / Shareholders' Bond holders' / Investor' 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), Shri M.K. Mittal (from 19-02-2010) and Mrs. S. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Three Directors. Mrs. S. S. Kulkarni, Company Secretary is designated as the Compliance Officer and acts as Secretary to the Committee.

Share/Bonds Transfer System

The Company's Share/Bonds Transfer / Shareholders Grievance Committee is authorised to transfer securities as and when they are received and to redress the investor's 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 21 times during the year. The Details are as under:

16/04/09,	12/05/09,	22/05/09,	22/06/09,	30/06/09,
21/07/09,	03/08/09,	24/08/09,	07/09/09,	23/09/09,
14/10/09,	05/11/09,	17/11/09,	30/11/09,	17/12/09,
01/01/10,	18/01/10,	01/02/10,	19/02/10,	04/03/10
& 20/03/10 .				

Summarised information on complaints received and resolved during 1st April, 2009 to 31st March, 2010

Sr. No.	Nature of Complaint	Received	Redressed	Pending as on 31/3/10
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	01	01	-

**No. of Pending Share Transfers**

As on 31st March, 2010 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.

5. Annual General Meetings

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

Particulars	FY 2007-2008	FY 2008-2009	FY 2009-2010
Date and Time	29-09-2008 3.00 p.m.	30 -09-2009 3.00 p.m.	27-08-2010 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.

6. 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 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;
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause - are provided in this report;

7. 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.
- 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.
- Management Discussion and Analysis Report forms part

of this Annual Report.

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

8. 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.

a) Annual General Meeting

Date & Time : August 27, 2010 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 13-08-2010 to 27-08-2010 (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 e, Exchange,
Andheri – Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400 072

h) Demat ISIN at NSDL / CDSL : INE048A01011**i) Market Price Data**

- High/Low of market price of the equity shares traded on the National Stock Exchange of India Ltd., Mumbai for the year 2009-10 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2009	24.85	18.35
May, 2009	40.45	21.60
June, 2009	45.40	31.35
July, 2009	40.00	26.50
August, 2009	44.50	32.40
September, 2009	43.90	38.45
October, 2009	46.90	34.75
November, 2009	43.40	32.10
December, 2009	42.85	37.15
January, 2010	59.90	41.60
February, 2010	55.60	39.25
March, 2010	42.70	35.80



- b) High/Low of market price of the equity shares traded on the Bombay Stock Exchange Ltd., Mumbai for the year 2009-10 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2009	23.95	19.05
May, 2009	40.30	22.05
June, 2009	43.90	33.00
July, 2009	37.85	27.30
August, 2009	42.95	33.05
September, 2009	42.95	39.25
October, 2009	45.70	35.45
November, 2009	42.10	32.70
December, 2009	41.30	37.25
January, 2010	57.00	42.40
February, 2010	52.90	40.00
March, 2010	41.70	36.00

j) Distribution Of Shareholding

The distribution of holdings as on March 31, 2010 was as follows :

Description	Holders(s)		Holding(s)	
	Folios	%	Shares	%
Less than 500	59123	89.15	9026303	13.40
501 - 1000	3914	5.90	3360437	4.99
1001- 2000	1691	02.55	2703035	4.01
2001- 3000	561	0.85	1476412	2.19
3001- 4000	218	00.33	790887	1.17
4001- 5000	268	00.40	1285849	1.91
5001- 10000	305	00.46	2294608	3.41
10001 and Above	238	00.36	46428569	68.92
	66318	100.00	67366100	100.00

k) Shareholding Pattern as on 31st March, 2010 was as under:

Particular	No. of Shares held	Percentage of Shareholding
A Promoters	39481500	58.61
Foreign Institutional Investors (FII)	97000	0.14
NRI's/OCB/Non Domestic Companies	845147	1.25
Mutual Funds, Banks, financial Institutions, Insurance Companies	25100	00.04
Private Corporate Bodies	5516354	8.19
Individuals / Others :	21400999	31.77
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. 96.09% of the share capital of the Company has

been dematerialised as on 31st March, 2010 – total Accounts dematerialised is **45427** involving **64731027** shares (which constitutes 96.09% of the share capital)

m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date & likely impact in equity - NONE/NIL

n) Plant Locations

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

o) 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, behind Sakinaka Telephone, Exchange,
Andheri – Kurla Road, Sakinaka, Andheri (E),
Mumbai - 400 072
Tel : 022-67720314 / 67720300 / 67720400
Fax No. 022-28508927 / 022 – 67720416
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 - 67720700

9. CFO Certification of the Company :

Shri M.K. Mittal, Director Finance and CFO, certifies that as on 31-3-2010 :

- (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 :



- (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.

10. Secretary's Responsibility Statement

The Company Secretary confirms that as of 31/03/2010, 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 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.

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.

11 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.

12. Re-appointment of Directors

Two Non-executive Govt. Nominee Directors viz. Dr. V. Rajagopalan, AS & FA and Shri S.C. Gupta, JS are due for retirement by rotation at the ensuing 49th Annual General Meeting of the Company and are eligible for re-appointment as per Govt. of India letter dated 6th July 2010.

ANNEXURE VII

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 for the year ended 31st March, 2010 as stipulated in Clause 49 of Listing Agreement of the Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been 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 explanation given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registered and Share Transfer Agents of the Company, as on 31st March, 2010 there was no investor grievance remaining unattended / pending for more than 30 days.
5. 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 NBS & Co.
Chartered Accountants

Devdas Bhat
Partner
M. No.48094

Mumbai, the 21st July, 2010

**AUDITOR'S REPORT**

To the Members of

Hindustan Organic Chemicals Limited

We have audited the attached Balance Sheet of Hindustan Organic Chemicals Limited. (HOCL) as at 31st March, 2010 the Profit and Loss Account and also the Cash flow Statement for the year ended on that date annexed thereto, in which is incorporated the Balance Sheet, Profit & Loss a/c and the 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 on these financial statements based on our audit.

We have 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 misstatements. 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred above, we report that :-

- a) 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.
- b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the units except stated specially in report elsewhere.
- c) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss account and Cash Flow Statement read with the Schedule 22 Part B, notes thereon forming part of the accounts comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- e) The conditions specified in Section 274(l)(g) of the Companies Act, 1956 in respect of qualifications of directors is not applicable to the company being government company.
- f) 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:
 - i) Note No 2 (c) regarding penal interest of Rs.348.37 lacs on overdue loan from Government of India,
 - ii) Note No 8 (i) regarding liabilities of wages revision for the period 1.01.1997 to 31.12.2000 Rs.2308.08

lacs.

The pay scales of the Board level and below Board level executives have been revised by the Board with effect from 01.01.2007. In exercise of the powers conferred under Article 139 of the Articles of Association of the company, the President has approved the pay revision and directed the company to implement the pay revision with effect from 01.01.2007 as per DPE guidelines. As per the presidential directive, fitment benefit proposed shall be payable @15% in the first stage and the balance fitment benefit shall be paid when the dip in profit is fully recouped to the original level and the company is able to absorb the financial burden consequent on revision. As per the orders issued by the company in pursuance of the presidential directives, the actual payment of revised salary including fitment benefit payable @ 15% in the first stage is payable from 01.08.2009 and the arrears from 01.01.2007 to 31.07.2009 would be considered to be paid in installments in two financial years, i.e financial year 2010-2011 and 2011-2012, subject that the company generates adequate cash resources through improved productivity and profitability. No provision has been made by the company for liability arising on account of pay revision amounting to Rs.772.86 Lakhs for Officers Category and Rs.706.74 lakhs for Staff/ Workmen of Rasayani and Kochi units for the period from 01.01.2007 to 31.07.2009 as per presidential orders. [Refer note 8(i) and (ii) of Rasayani Unit and Kochi Unit of Part B of Schedule 22 forming part of the accounts wherein the company has taken the view that the non-provision is in accordance with the pay revision order of the Competent Authority.]

- iii) Note No.6 (d) regarding non provision on account of misappropriation of Company's fund to the tune of Rs64.81 lacs,pending final report from CBI and outcome of the civil suit.
- g) In respect of the following items, no provision/charge to profit and loss a/c has been done,
 - i. regarding claims of JNPT of minimum guaranteed throughput charges of Rs.1284.34 lacs.
 - ii. Regarding short provision of Rs.426.01 lacs on account of escalation @ 10% per annum on lease rentals on leased land payable to JNPT.
 - iii. Regarding Rs.273.91 lacs on account of decree order passed by the Civil Court, Panvel in case of M/s Narendra Construction Company.
- h) Reference is also invited to the following notes on accounts in Part B Schedule 22 with regards to pending accounting treatment, the precise impact of which on the balance sheet and the profit and loss a/c could not be ascertained for the reasons stated therein.
 - i) Note No 17 regarding pending confirmation and reconciliation of balances of sundry debtors, sundry creditors, loans and advances, o t h e r current assets and other debit/credit balances. Further Bank balances are subject to direct confirmation from the Banks, even though confirmations are received by the Company.
 - i) We further report that had the effect of items mentioned at (f) and (g) above considered, loss for the year would have been increased by Rs.6185.12 lacs resulting into a loss of Rs.14492.91 lacs and the accumulated loss as at the year end would be higher by the



same amount i.e Rs. 6185.12 Lacs. Further, the current liabilities/provisions would have been higher by Rs.6185.12 lacs and the balance of profit and loss account in the asset side of the balance sheet would have been higher by Rs.6185.12.

- j) We also report that the effect of items mentioned at (h) above is not ascertainable.
- k) Subject to our comments in para (i) and (j) above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the Significant accounting policies and Notes on accounts appearing in the Schedule 22, give the information required by the Companies Act 1956, in the manner so required and gives the true and fair view in conformity with the Accounting Principles generally accepted in India:

In the case of Balance Sheet, of the state of affairs of the company as at 31 st March 2010.

In the case of Profit & Loss account, of the Loss for the year ended on that date and

In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For NBS & Co
Chartered Accountants

S/d

CA Devdas Bhat

Partner

Date : 21st May 2010

Place : Mumbai

M.No. 48094

COMPANIES (AUDITOR'S REPORT) ORDER, 2003.

Annexure referred to in Paragraph 3 of our Report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (i) (b) As explained and informed to us, the Management has conducted physical verification of major items of fixed assets during the year and we are informed that no material discrepancies were noticed on such verification.
- (i) (c) No substantial part of the Fixed Asset has been disposed off during the year so as to affect the going concern.
- (ii) (a) As per information and explanation given to us the management has carried out physical verification of inventories at reasonable intervals during the year. In our opinion the frequency of such verifications are reasonable.
- (ii) (b) In our opinion the procedure 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 reading reported by the Distribution Control System.
- (ii) (c) The company is maintaining proper records of inventory. It is explained to us that no material discrepancies on such physical verification were noticed.
- (iii) (a) Based on information, the company has not granted any loans, secured or unsecured, to companies, firms, or other parties listed in the register maintained under

section 301 of the Companies Act, 1956 and as such clauses (iii)(b),(c) and (d) are not applicable.

- e) Based on information, the company has not taken any loans, secured or unsecured, from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and as such clauses (iii)(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanation 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 major weakness in internal control system.
- (v) According to the information and explanation 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 explanations given to us, Company has not accepted deposits from the public. Hence the provisions of section 58A and 58AA of the Companies Act, 1956 with regard to acceptance of deposits from public 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, are not applicable. 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) In our opinion the company has an internal audit system commensurate with its size and nature of its business.
- (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 investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable with appropriate authorities. However a unreasonable delay beyond period of more than two months in depositing Provident Fund and general delay in depositing TDS dues of the Company with appropriate authorities is observed.
- (ix) (b) According to the information and explanations given to us no undisputed amount payable in respect of sales tax, income tax, wealth tax, excise duties, custom duties, cess and other statutory dues were in arrears as at 31st March 2010 for a period of more than six months from the date they become payable.
- (ix) (c) According to the records of the company, details of outstanding dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which are not been deposited on account of any dispute are given below.



Sl. No	Name of Statute	Nature of Dues	Period to which dispute relates	Amount of Disputes (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	1999-2000	7.62	Commissionerate
3.	Central Excise Act	Shortage of inputs	2002-2003	6.82	Commissionerate
4.	Central Excise Act	Shortage of inputs		13.64	Commissionerate
5.	Central Excise Act	Shortage of inputs		18.66	High Court
6.	Central Excise Act	Shortage of inputs		5.84	High Court
7.	Central Excise Act	ARO Case		19.28	Customs, Excise and Service Tax Appellate Tribunal
8.	Central Excise Act	Clearance of SSA to fertilizer manufacturing units		112.78	Commissionerate
9.	Central Excise Act	Reversal of CENVAT Credit availed on inputs lost in flood.	2006-2007	18.66	Commissionerate
Total				212.01	
2.Kochi Unit					
1.	Employees Family Pension Scheme	Damage for default payment	11/95 to 12/97	18.05	High Court of Kerala.
2.	ESI Corporation	ESI Contribution of employees	1/04/1992 to 31/10/1992	2.17	Employees Insurance Court (Industrial)
3.	Central Excise Act, 1944	Disallowance of CENVAT Credit availed on the ground that duty is paid by debiting DEPB license	2004-05	10.31	Appeal with Customs, Excise and Service Tax Appellate Tribunal, Bangalore. Recommended to J.C.Ex Ernakulam
4.	Central Excise Act, 1944	Disallowance of CENVAT Credit availed on the ground that duty is paid by debiting DEPB license	10/04 to 05/05	0.59	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
5.	Finance Act 1994	Non payment of Service Tax on commercial coaching/training	4/06 to 3/08	7.64	Commissioner of Central Excise Appeals, Ernakulam
6.	Finance Act 1994	Non payment of Service Tax on commercial coaching/training and renting of immovable property to Sterling Gas	04/08 to 03/09	1.76	Asst. Commissioner of Central Excise, Muvattupuzha
7.	Finance Act 1994	Availing of CEVAT credit on outdoor catering services	04/06 to 11/08	46.90	Commissioner of Central Excise Appeals, Erankulam
8.	Finance Act 1994	Availing of CEVAT credit on outdoor catering services	12/08 to 09/09	22.84	Asst. Commissioner of Central Excise, Muvattupuzha
9.	Finance Act 1994	Availing of CEVAT credit on service tax on transportation of final products to customers premises	01/05 to 08/06	4.34	Commissioner of Central Excise Appeals, Erankulam
10.	Finance Act 1994	Availing of CEVAT credit on service tax on transportation of final products to Rasayani Depot	04/03 to 12/06	30.65	Commissioner of Central Excise Appeals, Erankulam
11.	Finance Act 1994	Security services and repair works at HOC township	02/06 to 12/06	0.97	Commissioner of Central Excise Appeals, Erankulam
12.	Central Excise Act 1944	Duty on sale of waste/scraps	upto 01/02 and 05/02 to 03/03	8.81	CESTAT Bangalore appeal filed by the department
13.	Central Excise Act 1944	Demand for additional remittance of 75% on GTA (abatment)	04/07 to 02/08	15.79	Joint Commissioner of Central Excise Appeals, Erankulam
14.	Customs Act 1962	Demand to remit duty for excess quantity of imported Benzene	Nov.08	0.71	Commissioner of Central Excise Appeals, Erankulam
Total				171.53	



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|---|---|
| <p>(x) During the year, company has incurred cash losses .It has not incurred cash losses during the immediately preceding financial year. However, after giving effect to the qualifications in the auditors report, there will not be any effect on cash loss.</p> <p>(xi) The company has not defaulted in repayment of dues to the bond holders during the current year.</p> <p>(xii) According to the information and explanations given to us, adequate documents and records are maintained for loans granted to subsidiary company on the basis of security given by them.</p> <p>(xiii) The Company is not a chit fund/nidhi/mutual benefit fund/ society as such clauses (xiii)(a) to (d) are not applicable.</p> <p>(xiv) The Company is not a trader or dealer in any shares, securities or debentures of other companies.</p> <p>(xv) According to the information and explanation given to us, the company has given guarantee of Rs.3.45 crores for loan taken by M/s Hindustan Fluorocarbons Ltd from State Bank of Hyderabad, the terms and conditions thereof are not prejudicial to the interest of the company.</p> | <p>(xvi) In our opinion and according to the information and explanation given to us, the company has taken term loans during the year and same were applied for the purpose for which the loans were obtained.</p> <p>(xvii) Based on our examination of the books of account and Balance Sheet of the units, we are of the opinion that funds raised on short term basis have not been used for long term investments.</p> <p>(xviii) Company has not made any preferential allotment of shares to parties/companies covered in the register maintained u/s 301 of the companies Act 1956.</p> <p>(xix) The company has raised Rs.100 crores by way of issuing bonds during the year, in respect of which proper security is created.</p> <p>(xx) The company has not raised any money through public issues during the year.</p> <p>(xxi) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation furnished by the management we report that no fraud is noticed or reported during the year by the company.</p> |
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For NBS & Co
Chartered Accountants
 S/d
CA Devdas Bhat
 Partner
 M.No. 48094

Date : 21 May, 2010
 Place : Mumbai

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 2010.

The preparation of financial statements of Hindustan Organic Chemicals Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the 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 21 May 2010.

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 2010. 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
 S/d
(ALKA BHARDWAJ)
 Principal Director of Commercial Audit and
 Ex-Officio Member, Audit Board-1, Mumbai

Place: Mumbai
 Date: 07 July, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010		(Rs.in lacs)	
	Schedule No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
1. Share holders' Funds			
a. Share Capital	1	33727.36	33727.21
b. Reserves and Surplus	2	6478.23	7724.53
		40205.59	41451.74
2. Loan Funds			
a. Secured Loans	3	7028.15	6064.79
b. Unsecured Loans	4	18333.84	17078.69
		25361.99	23143.48
		65567.58	64595.22
APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross block		70579.12	70278.08
b. Less: Depreciation		51378.48	48733.82
c. Net block	5	19200.64	21544.26
d. Capital Work-in-progress	6	3068.97	3132.65
		22269.61	24676.91
2. Investments	7	1106.00	1106.00
3. Current Assets, Loans and Advances			
a. Inventories	8	7626.19	6695.35
b. Sundry Debtors	9	4723.71	3886.46
c. Cash and Bank Balances	10	2894.84	4641.35
d. Other Current Assets		622.42	703.42
e. Loans and Advances	11	7279.93	8020.95
		23147.09	23947.53
Less: Current Liabilities and Provisions			
a. Liabilities	12	9653.45	7694.13
b. Provisions	13	5150.88	4215.58
		14804.33	11909.71
Net Current Assets		8342.76	12037.82
4. Miscellaneous Expenditure (to the extent not written off or adjusted) - Deferred Revenue Expenditure		-	183.07
5. Profit and Loss Account		33849.21	26591.42
		65567.58	64595.22
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 HOC Ltd.		
For NBS & Co. Chartered Accountants Sd/- (CA Devdas Bhat) Partner Membership No.48094	Sd/- (A.S.Didolkar) Chairman & Managing Director	Sd/- (R.N.Madangeri) Director (Technical) Sd/- (Mrs.Susheela Kulkarni) Company Secretary	Sd/- (M.K.Mittal) Director (Finance)
Place: Mumbai Date: 21/05/2010	Place: Mumbai Date: 07/05/2010		



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2010		(Rs.in lacs)	
	Schedule No.	Year ended 31st March 2010	Year ended 31st March 2009
INCOME:			
Sales (Gross)		52071.24	62090.54
Less:Excise duty		4207.83	7436.84
Net Sales		<u>47863.41</u>	<u>54653.70</u>
Other Income	14	1745.59	5503.87
Profit on Sale of Assets		0.98	0.85
Increase/(Decrease) in Stock-in-Trade	15	(212.72)	2,210.54
		<u>49397.26</u>	<u>62368.96</u>
EXPENDITURE :			
Materials Consumed	16	31489.89	39894.04
Excise duty		165.13	28.68
Employees' Remuneration and Benefits	17	9037.86	7493.36
Manufacturing,Administrative and Selling Expenses	18	12020.43	12614.78
Interest	19	2323.10	2210.37
Depreciation		2652.28	2680.12
Provisions	20	139.89	2.41
Loss on sale/disposal of Assets		0.63	18.71
		<u>57829.21</u>	<u>64942.47</u>
Profit/(Loss) for the year before Tax		(8,431.95)	(2,573.51)
Less:Provision for Taxation		-	-
Less:Provision for Fringe Benefit Tax		-	39.35
Less:Fringe Benefit Tax - Previous Year		-	0.14
Profit/(Loss) After Tax		<u>(8431.95)</u>	<u>(2613.00)</u>
Less:Reserve/Provision no longer required, Prior period & extra ordinary items	21	(124.16)	(85.42)
Profit/(Loss) after Tax & Adjustments		<u>(8,307.79)</u>	<u>(2,527.58)</u>
Add: Opening Balance of Profit and Loss Account		(26,591.42)	(24,063.84)
Add: Transferred from General Reserve		-	-
Add: Transferred from Bond Redemption reserve no longer required		1,050.00	-
Balance carried to Balance Sheet		<u>(33849.21)</u>	<u>(26591.42)</u>
Earnings per Share		(12.35)	(3.75)
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 HOC Ltd.	
For NBS & Co.			
Chartered Accountants			
Sd/-	Sd/-	Sd/-	Sd/-
(CA Devdas Bhat) Partner	(A.S.Didolkar) Chairman & Managing Director	(R.N.Madangeri) Director (Technical)	(M.K.Mittal) Director (Finance)
Membership No.48094		Sd/-	
		(Mrs.Susheela Kulkarni) Company Secretary	
Place: Mumbai Date: 21/05/2010	Place: Mumbai Date: 07/05/2010		



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2010	As at 31.03.2009	
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	9.25	9.40	
	<u>33727.36</u>	<u>33727.21</u>	
	<u>31.03.2010</u>	<u>31.03.2009</u>	
SCHEDULE -2: RESERVES & SURPLUS			
Capital Reserve			
Nominal value of Freehold land Re.1/- (Previous Year Re.1/-)	-	-	
Share Premium Account			
6674.53	6674.53	6923.52	
Less:Securities Premium receivable on unpaid Allotment money (others) Rs.38.88 lacs (Previous year Rs.38.88 lacs)			
196.30	196.30	248.99	
	<u>6478.23</u>	<u>6674.53</u>	
Bond Redemption Reserve			
Balance as per last Balance Sheet	1050.00	1050.00	
Less:Transfer to Profit & Loss Account	1050.00	0.00	
	<u>0.00</u>	<u>1050.00</u>	
General Reserve			
Less:Transfer to Profit & Loss Accounts	-	-	
	<u>-</u>	<u>-</u>	
	<u>6478.23</u>	<u>7724.53</u>	



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
		As at 31.03.2010	As at 31.03.2009
SCHEDULE-3: SECURED LOANS			
From State Bank of India on Cash Credit Account	1	5512.29	5120.56
From Central Bank Of India	2	1515.86	944.23
		<u>7028.15</u>	<u>6064.79</u>
<p>Note : 1. Loan from bank on cash credit account is secured by :</p> <p>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.</p> <p>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.</p> <p>2. Short Term Loan from Central Bank Of India against pledge of Fixed Deposit.</p>			
		As at 31.03.2010	As at 31.03.2009
	Note		
SCHEDULE - 4: UNSECURED LOANS			
(Nil) 1000 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
1000 (Nil) Unsecured 6.40% Taxable Bonds of Rs.1000000/- each redeemable at the end of one year with yearly interest payment. Due on 28.08.2010	1	10000.00	-
From Government of India, includes overdue Rs.2605.30 lacs (Previous Year Rs.1800.80 lacs)		5744.00	4241.00
Add: Interest Accrued and due		2240.23	2425.44
		<u>7984.23</u>	6666.44
Other Loans			
Others, payable within one year Rs.65.50 lacs (Previous year Rs.58.66 lacs)		349.61	412.25
		<u>18333.84</u>	<u>17078.69</u>
<p>1. 1000 Unsecured Bonds of Rs.10,00,000/- 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 28.08.2009 i.e.date of allotment.</p>			



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

Item Description	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	As at 01.04.2009	Additions	Sales	Adjustments	As at 31.03.2010	Up to 01.04.2009	Sales	Adjustments	Provided during the year	Impairment of Assets	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009	
	(Rs. in lacs)													
1. Land & Land Development	669.56	-	-	-	669.56	-	-	-	-	-	-	669.56	669.56	
2. Leasehold Land *	381.64	-	-	5.28	386.92	60.55	-	0.04	8.39	-	68.98	317.94	321.09	
3. Buildings	3568.85	2.13	-	(0.71)	3570.27	1538.64	-	-	59.43	-	1598.07	1972.20	2030.21	
4. Drainage, Effluent & Pollution Control System	991.53	-	-	-	991.53	842.46	-	-	16.00	-	858.46	133.07	149.07	
5. Water Supply System	256.70	3.97	-	-	260.67	167.42	-	-	10.70	-	178.12	82.55	89.28	
6. Chemical & Utility Plant	55630.28	241.98	-	(0.03)	55872.23	39191.27	-	0.01	2243.20	-	41434.48	14437.75	16439.01	
7. R & D Plants	153.99	-	-	-	153.99	130.06	-	-	3.09	-	133.15	20.84	23.93	
8. Elect. Inst., AC & Elect. Equipments	4161.34	7.85	0.52	-	4168.67	3315.61	0.45	-	183.08	-	3498.24	670.43	845.73	
9. Furniture, Fixtures & Equipments	3353.53	48.40	9.21	-	3392.72	2522.08	7.23	-	107.67	-	2622.52	770.20	831.45	
10. Railway Sidings	35.53	-	-	-	35.53	33.77	-	-	-	-	33.77	1.76	1.76	
11. Vehicles	90.40	0.24	-	-	90.64	54.34	-	-	4.73	-	59.07	31.57	36.06	
12. Library Books	74.98	1.66	-	-	76.64	70.99	-	-	1.62	-	72.61	4.03	3.99	
13. Plants held for disposal	909.75	-	-	-	909.75	806.63	-	-	14.38	-	821.01	88.74	103.12	
Total	70278.08	306.23	9.73	4.54	70579.12	48733.82	7.68	0.05	2652.29	-	51378.48	19200.64	21544.26	
Previous year	67670.31	2868.16	183.76	(76.63)	70278.08	46275.47	166.07	55.70	2660.12	-	48733.82	21544.26	21394.84	

* : Leasehold Land includes Rs. 5.28 Lacs being capitalisation of development expenses incurred during previous year and the corresponding depreciation.



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2010	As at 31.03.2009	
SCHEDULE -6: CAPITAL WORK-IN-PROGRESS			
1. J.N.P.T. Tank Terminals Project	2972.22	2967.22	
2. Combined Heat & Power Project	41.99	35.07	
3. Refurbishment of CNA Plant - Advance	38.69	-	
4. Kharghar Land	-	5.28	
5. ERP Project Kochi Unit	10.11	0.00	
6. Misc.Capital Purchase - Advance	1.61	10.16	
7. Gas based Power Plant	4.35	-	
8. Other Assets - Kochi Unit	-	114.92	
	<u>3068.97</u>	<u>3132.65</u>	
	As at 31.03.2010	As at 31.03.2009	
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	-	-	
	<u>1106.00</u>	<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	
	<u>-</u>	<u>-</u>	
	<u>1106.00</u>	<u>1106.00</u>	
	As at 31.03.2010	As at 31.03.2009	
SCHEDULE - 8 : INVENTORIES (AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT)			
Stores and Spares			
Less: Provision for obsolescence	2188.76	2416.20	
	431.05	457.09	
	<u>1757.71</u>	<u>1959.11</u>	
Raw Materials			
Materials-in-transit	1185.02	731.19	
	918.54	27.41	
	<u>2103.56</u>	<u>758.60</u>	
Stock-in-Process			
i) For Sale	674.19	529.32	
ii) Finished goods pending inspection			
a) Captive	138.95	134.25	
b) Sale	16.67	39.01	
	<u>829.81</u>	<u>702.58</u>	
Finished Products			
i) For Captive Consumption	858.36	1518.06	
ii) Main Products for sale	2051.61	1735.36	
iii) By-Products	25.14	21.64	
	<u>2935.11</u>	<u>3275.06</u>	
	<u>7626.19</u>	<u>6695.35</u>	



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2010	As at 31.03.2009	
SCHEDULE - 9 : SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months	2987.64	3121.06	
Other Debts	4620.53	3722.81	
	<u>7608.17</u>	<u>6843.87</u>	
Less: Provision for Doubtful Debts	2884.46	2957.41	
	<u>4723.71</u>	<u>3886.46</u>	
NOTE:			
Secured-considered good, in respect of which Company holds Bank Guarantees/Letters of Credit	2140.62	1617.51	
Unsecured considered good	2583.09	2268.95	
Unsecured considered Doubtful	2884.46	2957.41	
	<u>7608.17</u>	<u>6843.87</u>	
Less: Provision for Doubtful Debts	2884.46	2957.41	
	<u>4723.71</u>	<u>3886.46</u>	
SCHEDULE - 10 : CASH AND BANK BALANCES			
Cash in hand	1.82	3.89	
Cheques in hand	130.09	159.52	
With Scheduled Banks			
In Current Account	109.21	159.35	
In Saving Bank Account(Towards Rental Payments)	102.56	90.49	
In Term Deposit Account (Out of this Rs.23.30 Crs. is lien marked against loan of Rs.15.16 Crs.and Bank Gurantee Rs.8.14 Crs.obtained from Central Bank of India (Previous year Rs.18.38 Crs).	2551.16	4228.10	
	<u>2894.84</u>	<u>4641.35</u>	
SCHEDULE - 11 : LOANS AND ADVANCES			
Advances to Subsidiary Company M/s.Hindustan Fluorocarbons Ltd., (Secured considered good)			
Advances	3500.49	3500.49	
Interest accrued but not received	252.68	96.44	
	<u>3753.17</u>	<u>3596.93</u>	
Advance to Joint Venture Co. (Unsecured-considered doubtful)			
Advances	1065.62	1065.56	
Less: Provision for doubtful advance	1065.62	1065.56	
	<u>-</u>	<u>-</u>	
Loans to Public Sector Undertaking (Unsecured-considered doubtful)			
Loans	171.08	171.08	
Less: Provision for doubtful of recovery	171.08	171.08	
	<u>-</u>	<u>-</u>	



SCHEDULES FORMING PART OF THE BALANCE SHEET		(Rs.in lacs)	
	As at 31.03.2010	As at 31.03.2009	
Advances recoverable in cash or in kind or for value to be received :			
Staff Loans			
Secured-considered good	125.21	173.39	
Other Loans			
Unsecured-considered good	2732.52	3562.93	
Unsecured-considered doubtful	32.42	32.11	
Less: Provision for doubtful advances	32.42	32.11	
	-	-	
Balances with Customs, Excise, Post Office, Telephones, Electricity etc. (Unsecured-considered good)	669.03	687.70	
Unsecured-considered doubtful	1.80	1.80	
Less: Provision for doubtful deposits	1.80	1.80	
	-	-	
	<u>7279.93</u>	<u>8020.95</u>	
Dues from (excluding advances for purchases and expenses for the Company)			
Directors	-	-	
Officers	24.67	23.72	
Maximum amount due at any time during the year			
Directors	-	-	
Officers	31.85	30.87	
	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>	
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors			
- Dues to Micro & Small Scale Industrial Unit	34.62	99.67	
- Dues to Others	3816.42	3315.61	
- Dues to Employees	985.90	481.48	
Amount due to Customers	1022.84	740.52	
Deposits from Contractors and Others	928.07	432.55	
Interest accrued but not due	610.62	793.88	
Other Liabilities	2254.98	1830.42	
	<u>9653.45</u>	<u>7694.13</u>	
	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>	
SCHEDULE - 13 : PROVISIONS			
For leave encashment	2989.43	2447.24	
For M&R- Fixed Assets	10.97	354.79	
For Accumulated Gratuity	1684.83	1175.06	
For Statutory Claims	18.05	20.05	
For Employees Remuneration	229.42	121.43	
For Fringe Benefit Tax	97.01	97.01	
For Diff.in Fixed Assets on physical verification	12.94	-	
For Waiver of Delayed Payment Charges	108.23	-	
	<u>5150.88</u>	<u>4215.58</u>	



SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT		(Rs.in lacs)	
	Year ended 31st March 2010	Year ended 31st March 2009	
SCHEDULE-14 :OTHER INCOME			
INTEREST:			
On Call and Term Deposits(Gross) tax deducted at source Rs.46.71 lacs (Previous year Rs.66.84 lacs)	336.59	508.43	
On Advances and Deposits with MIDC,MSEB and others(Tax deducted at source Rs.0.05 lac) (Previous year Rs.Nil)	16.15	12.15	
On loan to the Subsidiary Co.,M/s.HFL (Tax deducted at source Rs.Nil (Previous year Rs.35.19 lacs))	121.05	118.89	
	<u>473.79</u>	<u>639.47</u>	
OTHERS:			
Estate Rent (Tax deducted at source Rs.1.28 lacs) (Previous year Rs.1.80 lacs)	88.58	90.47	
Transport, Water,Electricity,etc.	78.15	75.70	
Delayed payment charges(Tax deducted at source Rs.Nil)(Previous year Rs.Nil)	212.05	316.33	
Exchange Rate Difference Gain	0.54	-	
Miscellaneous Income (Tax deducted at source Rs.1.49 lacs) (Previous year Rs.0.87 lac)	892.48	4381.90	
	<u>1271.80</u>	<u>4864.40</u>	
	<u>1745.59</u>	<u>5503.87</u>	
	<u>Year ended 31st March 2010</u>	<u>Year ended 31st March 2009</u>	
SCHEDULE-15 :INCREASE/(DECREASE)IN STOCK IN TRADE AND IN PROCESS			
OPENING 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	
	<u>3977.64</u>	<u>1767.10</u>	
CLOSING STOCK			
Stock-in-Process	829.81	702.58	
Stock for Captive Consumption	858.36	1518.06	
Finished Products (including Rs.25.15 lacs By-products) (Previous year Rs.14.54 lacs)	2076.75	1757.00	
	<u>3764.92</u>	<u>3977.64</u>	
(Decrease) / Increase	<u>(212.72)</u>	<u>2210.54</u>	
	<u>Year ended 31st March 2010</u>	<u>Year ended 31st March 2009</u>	
SCHEDULE-16 : MATERIALS CONSUMED			
	MT	MT	
A. RAW MATERIALS			
Sulphur	6849	306.56	7867 1326.66
Benzene	40763	17691.41	47976 21435.71
Methanol	14253	1875.42	13413 2025.11
Nitric acid	1465	197.40	3460 511.50
Toluene	1647	675.44	2248 1010.79
Naphtha	2027	658.15	2333 864.90
Ammonia	2690	410.16	1298 287.18
Acetic Acid		-	2.58 0.88
Liquified Petroleum Gas	19884	7313.72	23383 9656.18
Hydrogen (M ³)	3451990	618.43	3622165 620.71
Other Raw Materials		450.03	
	<u>30196.72</u>	<u>1293.17</u>	<u>38394.84</u>
B.Stores and Spare Parts (Including catalyst consumed)	<u>31489.89</u>	<u>1499.20</u>	<u>39894.04</u>



SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT		(Rs.in lacs)
	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE - 17 EMPLOYEES' REMUNERATION AND BENEFITS		
Salary, Wages, Bonus, Incentives and Allowances includes Rs.183.07 lacs(Previous year Rs.183.07 lacs) being amortisation of VRS expenses.	5566.95	5132.60
Company's contribution to Provident Fund, Family Pension Fund and other Funds	537.23	485.27
Gratuity payments including premium for Group Gratuity-cum-Life Insurance Scheme	1017.48	244.46
Provision for Wage Revision	229.42	121.43
Provision for leave encashment	767.14	660.82
Employees Welfare Expenses		
Medical Amenities	268.57	221.83
Educational Amenities	99.25	103.56
Canteen and Nutrition Amenities	421.02	408.89
Other Welfare Expenses	105.45	92.47
Directors' Remuneration		
Salary and Allowances (including Leave Travel Allowance, Leave Encashment and Medical Expenses)	22.97	19.67
Company's contribution to Provident Fund	2.26	2.10
Gratuity payment including Premium for Group Gratuity-cum-Life Insurance Scheme	0.12	0.26
	<u>25.35</u>	<u>22.03</u>
	<u>9037.86</u>	<u>7493.36</u>
	<u>9037.86</u>	<u>7493.36</u>
	Year ended 31st March 2010	Year ended 31st March 2009
SCHEDULE- 18 : MANUFACTURING , ADMINISTRATION AND SELLING EXPENSES		
Power	3267.62	2588.31
Fuel	5379.01	6593.86
Water	329.28	333.53
Repairs and Maintenance to :		
Buildings	112.58	102.01
Plant and Machinery	470.49	369.02
Other Assets	331.62	393.22
	<u>914.69</u>	<u>864.25</u>
Research and Development	0.63	-
Consultancy Charges	49.00	60.66
Rent	83.60	82.87
Rates and Taxes	97.47	74.94
Insurance	64.00	73.69
Exchange Rate Difference-Loss	-	22.65
Payment to Auditors		
As Auditors	4.26	4.52
In Other Capacity		
- Other Matter	1.17	3.25
- Out of pocket expenses	0.40	0.40
Tax Audit Fees	0.90	0.90
	<u>6.73</u>	<u>9.07</u>
Other Expenses including Directors' Travelling Rs.15.32 lacs(Previous year Rs.14.82 lacs)	1217.11	1225.24
Rebate & Discount on Sales	607.09	681.02
Expenditure on export	-	-
Sales promotion and Publicity	4.20	4.69
	<u>12020.43</u>	<u>12614.78</u>
	<u>12020.43</u>	<u>12614.78</u>



SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT		(Rs.in lacs)	
	Year ended 31st March 2010	Year ended 31st March 2009	
SCHEDULE - 19 : INTEREST			
On Fixed Loans	1461.12	1614.00	
On Other Loans	861.98	596.37	
	<u>2323.10</u>	<u>2210.37</u>	
SCHEDULE - 20 : PROVISIONS			
For Doubtful debts	18.35	1.02	
For Doubtful of Advance/Receivables	0.31	1.27	
For Waiver of DPC-One time settlement	108.23	-	
For Doubtful recovery of advance to HOC Chematur	0.06	0.12	
For Fixed Assets on physical verification	12.94	-	
	<u>139.89</u>	<u>2.41</u>	
SCHEDULE - 21 : RESERVE/PROVISION NO LONGER REQUIRED/PRIOR PERIOD AND EXTRA ORDINARY ITEMS			
1. PRIOR YEAR ADJUSTMENTS:			
INCOME			
Miscellaneous income	(1.91)	1.07	
Others income	-	(81.47)	
Sundry Debtors	0.53	-	
Reversal of Debit Notes for DPC	-	52.38	
Insurance Premium	-	0.78	
Interest on KSEB deposit	-	(16.43)	
Sales tax refund	-	34.61	
Sales	0.75	-	
EXPENDITURE			
Sales	-	(0.29)	
Raw Material	0.66	-	
Excise duty	2.28	-	
Salaries arrears,incentives & other benefits	0.49	143.17	
General Expenses	0.25	(21.83)	
Repairs and Maintenance	(0.90)	(5.30)	
Interest	-	(0.89)	
Depreciation	0.05	12.82	
Insurance Claim	19.44	24.14	
Service Tax	(1.53)	(0.24)	
Rates & Taxes	-	21.80	
Diesel Consumption	18.58	-	
Bond Interest	0.21	-	
	<u>38.90</u>	<u>164.32</u>	
2. EXCESS PROVISION / RESERVE WRITTEN BACK			
Bad Debt provision written back	(5.94)	(82.15)	
M&R - CPP Engine Repair	-	(84.52)	
Statutory Claims	-	(83.07)	
Stores & Spares	(26.04)	-	
Discounts	(9.65)	-	
Employees' Remuneration	(121.43)	-	
	<u>(163.06)</u>	<u>(249.74)</u>	
	<u>(124.16)</u>	<u>(85.42)</u>	


**SCHEDULE 22
NOTES ON ACCOUNT**
PART A:
SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

- Fixed Assets are stated at historical cost less depreciation.
- The constructed/fabricated capital assets are capitalized as and when the same are installed in the plants.
- 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.
- 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".
- 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.

- In case of continuous process plants and computer systems
 - 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.
 - Acquired after 1.4.1993 :
Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act 1956.
- In case of other Fixed Assets :
 - 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.
 - 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.
 - 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.
- 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

- Inventories are valued at lower of cost and net realizable value except in case of:
 - Stores and spares, which are valued at cost, determined as per weighted average cost method,
 - By-products which are valued at estimated net realizable value, and
 - 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.
- 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.
- The cost of Catalyst is amortised over their estimated useful lives. Balance unamortised portion has been shown under the head "Stores and Spares".

6. SUNDRY DEBTORS

Provision for Doubtful debts/Loans/Advances: Full provision is made in the books, in respect of Sundry Debtors outstanding for more than 3 years (except in respect of receivables from Government departments/Companies) except where the company has filed a civil suit for recovery of dues and the suit is yet to be

decided, other than wherever found necessary in the circumstances of the case. In respect of other Debtors, Loans & Advances the provisions are made to the extent considered not recoverable by the management.

7. REVENUE RECOGNITION

- The "Sales" are stated on the basis of invoices net of sales tax and trade discounts.
- Revenue from sale of Scrap and obsolete stores is accounted for at the time of disposal.
- Delayed payment charges due from customers other than Government Companies/Departments are accrued as income where Management is certain about its recoverability.
- 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.
- Interest income is recognized when no significant uncertainty as to its realization exists.
- Benefit of Duty Credit are accounted for on the basis of actual utilization or transfer of credit.

8. 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.

9. BOND ISSUE EXPENSES

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

10. 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.

11. RETIREMENT BENEFITS.

- Company's contribution to provident fund is accounted for on accrual basis.
- 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.

12. BONUS

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

13. INVESTMENTS

- Long term investments are stated at cost less decline, if any, other than temporary in value on individual investment basis.
- 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.

14. 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.

15. 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

- Interest on bonds, which are live at the year end is provided at the contracted rate.
- 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. Nil (Previous year Rs. 131.25 lacs), the reduction in liability on account of reversal of interest for earlier years amounting to Rs.Nil (Previous year Rs. 47.54 lacs) is credited to miscellaneous income.
- As per the existing practice followed by the Company, the cheques in hand as on 31.03.2010 amounting to Rs. 130.09 lacs (previous year Rs. 159.52 lacs) are included under cash and bank balance as well as in Bank on cash credit account (under the head secured loan).

2. SCHEDULE 4 – UNSECURED LOANS

- 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. Nil (Previous year Rs. 50 lacs), the reduction in liability on account of reversal of interest for earlier years amounting to Rs.Nil (Previous year Rs. 2.81 lacs) on bonds is credited to the miscellaneous income.
- Other Loans (Schedule – 4) comprises of the following:

	31.3.2010 (Rs. in lacs)	31.3.2009 (Rs. in lacs)
LIC Housing Finance Ltd. (Refinance)	278.67	299.04
HDFC (Corporate Housing loans)	32.98	44.48
Canara Bank (Housing loans)	37.96	68.73



<p>c) In 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. 348.37 lacs since the same are leviable at the discretion of Government of India. The company has not received any such demand.</p>	<p>5. SCHEDULE 8 – INVENTORIES</p> <p>a) Excise duty and Educational Cess provided on goods manufactured but not removed Rs.315.06 lacs (Previous year Rs. 189.47 lacs).</p> <p>b) Inventories include items not moved for last more than five years Rs.498.76 lacs (previous year Rs.504.82 lacs) and obsolete inventory of Rs.30.66 lacs (previous year Rs.26.81 lacs). An adhoc provision of Rs.431.05 lacs (previous year Rs.457.09 lacs) has been made in the Accounts for obsolescence.</p>																								
<p>3. SCHEDULE 5 – FIXED ASSETS</p> <p>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.</p> <p>b) i) Lease hold land having Written Down Value (WDV) of Rs.2.50 lakhs (previous year Rs. 5.26 lacs) relates to JNPT Project.</p> <p>ii) Capital Work-in-Progress and Expenditure during Construction includes Rs.2972.22 lacs (previous year Rs.2967.22 lacs) towards cost of JNPT Tank Terminal 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.</p> <p>iii) Company has incurred an expenditure of Rs.41.99 lacs (previous year Rs.35.06 lacs) towards feasibility study for Combined Heat and Power Project and captive Cogen. Power Plant to be erected at Rasayani which is shown as capital work in progress. The said expenditure will be capitalized after the erection and commissioning of the proposed Gas based power plant.</p> <p>c) i. Hydrogen Ph.-I, Dinitrobenzene, Formaldehyde-I, Butendiol, Acetyldehyde, Plants having WDV at Rs.88.75 lacs (previous year Rs. 103.12 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.</p> <p>ii. Certain plants viz. PUSH, MCB & NCB, having Gross Block Rs.5986.13 lacs (previous year Rs. 5986.13 lacs), Net Block Rs. 1459.89 lacs (previous year Rs. 1762.73 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 Cautic Soda plant in the month of September, 2008 (Gross Block Rs.11378.62 lacs).</p> <p>d) An amount of Rs. 38.69 lacs spent on Refurbishment of C.N.A. plant which has been shown under Capital Work in Progress.</p> <p>e) The company has appointed consultant/valuers for assessing the impairment of Fixed Assets as per the provisions of AS-28 (impairment of Fixed Assets) at Rasayani Unit. As per the reports of the consultant and according to management there has been no impairment of Fixed Assets and hence no provision has been made on this Account.</p>	<p>6. SCHEDULE 11 – LOANS AND ADVANCES</p> <p>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. 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.</p> <p>In view of above during the previous year, HOCL had written back the provision for doubtful advances amounting to Rs. 2609.72 lacs.</p> <p>b) Short term loan amounting to Rs.890.77 lacs (previous year Rs. 890.77 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.</p> <p>c) Expenses amounting to Rs.1065.62 lacs (previous year Rs.1065.56 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.</p> <p>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.</p> <p>e) Deposits/Advances include Rs.97.60 lacs which are more than three years old. No provision has been made against these Deposits/Advances as the same are found to be good and fully recoverable.</p> <p>f) In respect of Kochi Unit, physical verification of Fixed Assets was conducted during the year and was compared with the Fixed Asset Register of the unit. It was revealed that certain items of Fixed Assets such as furniture, fixtures, electrical & other equipment which has either been scraped or not identifiable with a written down value of Rs.12.94 lacs as of 31.03.2010 is appearing in the Fixed Assets Register. Provision has been created for an amount of Rs.12.94 lacs (Previous year Rs.Nil) by debiting the Profit & Loss Account during the year.</p>																								
<p>4. SCHEDULE 7 – INVESTMENTS</p> <p>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. Guarniflon, 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:</p> <p>i. Implementation of Modified Draft Rehabilitation Scheme (MDRS) approved by BIFR for revival of HFL.</p> <p>ii. As apart of rehabilitation scheme implementation at HFL a CDM project is under implementation which is expected to generate substantial revenue earning through sale of Carbon Credits (CERs), generating the profits in coming years on sustainable basis.</p> <p>iii. Re-listing of HFL shares on BSE. Also HOCL has opened new Demat trading account for transaction of HFL shares.</p> <p>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).</p> <p>In view of above changes during the last year, the company reversed the provision made earlier towards doubtful investment in its subsidiary company M/s. HFL.</p> <p>b) 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, 2010, 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.</p>	<p>7. SCHEDULE 12 - CURRENT LIABILITIES</p> <p>A. SUNDRY CREDITORS.</p> <p>Amount due to Micro enterprises and small enterprises:</p> <table border="1" data-bbox="853 1299 1380 1713"> <thead> <tr> <th></th> <th colspan="2" style="text-align: right;">(Rs. In Lakhs)</th> </tr> <tr> <th></th> <th style="text-align: right;">2009-10</th> <th style="text-align: right;">2008-09</th> </tr> </thead> <tbody> <tr> <td>a) i) Principal amount remaining unpaid as at the end of each accounting year</td> <td style="text-align: right;">34.62</td> <td style="text-align: right;">99.69</td> </tr> <tr> <td>ii) Interest due thereon</td> <td style="text-align: right;">Nil</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>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.</td> <td style="text-align: right;">Nil</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>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.</td> <td style="text-align: right;">Nil</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>d) The amount of interest accrued and remaining unpaid at the end of each accounting year</td> <td style="text-align: right;">Nil</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>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.</td> <td style="text-align: right;">Nil</td> <td style="text-align: right;">Nil</td> </tr> </tbody> </table> <p>B. ADVANCE FOR CAPITAL WORKS</p> <p>An amount of Rs.279.38 lacs received during the year being 10% advance payment for procurement of materials from ISRO towards refurbishment of CNA/ N2O4 Plant has been shown under Schedule Current Liabilities (deposit from Contractors and Others) The expenses incurred on this account of Rs.38.69 lacs has been shown under Capital Work-in-Progress.</p>		(Rs. In Lakhs)			2009-10	2008-09	a) i) Principal amount remaining unpaid as at the end of each accounting year	34.62	99.69	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
	(Rs. In Lakhs)																								
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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																							

**C. JNPT Escalation Charges**

As per Lease Agreement with JNPT, the Lease Rentals provide for escalation @ 10% on Leased Land payable to JNPT. The Company provides for Lease Rentals with old rates without considering the escalation @ 10% per annum as the matter is under arbitration. The amount accumulated till date as such comes to Rs. 426.01 Lacs.

8. PROVISION FOR ARREARS OF WAGES**RASAYANI UNIT :**

- i) 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) and Rs. 854.61 lacs for the period 1st Jan, 2007 to 31st July, 2009 since the arrears are payable only with the prior approval of Administrative Ministry and when the company generates adequate surplus.
- ii) **Wage Settlement / Salary Revision w.e.f.1/1/2007:**
As per the recommendations of the 2nd Pay Revision Committee, the revision of pay and allowances of Board level and below Board level executives had become due from 01.01.2007. The pay revision of the officers has been approved by the Board of Directors, and the Administrative Ministry, vide letter No. 51/09/2009-CH-III dtd. 17.7.2009, and the Presidential directive has already been received. Accordingly officers' pay revision order has been issued. As per the pay revision order of officers, the pay scales are revised with effect from 1st January, 2007 for a period of 10 years. However, the actual payment of the revised salary will be made w.e.f. 1st August, 2009. The Prior Period arrears from 1st January, 2007 to 31st July, 2009 would be considered to be paid in two installments in two financial years i.e. the financial year 2010-2011 and 2011-12 subject that the company generate adequate cash resources through improved productivity and profitability. Accordingly the revised salary to the officers has been paid from December 2009 and provision for arrears of salary amounting to Rs. 56.50 lacs has been made from 1st August, 2009 to 30th November, 2009. For staff, though revision of pay scales is due with effect from 1st April, 2007, the same has not been implemented. However, an adhoc provision of Rs.74.42 lacs has been made for the period 1st August, 2009 to 31st March, 2010, based on the pay revision parameters applied to officers, which is shown under Head : Provisions.

KOCHI UNIT:

- i) The revision of pay and allowances with effect from 1-1-2007 of Board level and below Board level executives was sanctioned by the competent authority during the year. The unit has paid the revised pay and allowances from August, 2009. As per the order, the prior period arrears from 01.01.2007 to 31.07.2009 would be considered to be paid in installments in financial years 2010-11 and 2011-12 subject that the company generates adequate cash resources through improved productivity and profitability and subject to the approval of the Board. As the company has not generated cash surplus and has incurred losses in F.Y 2009-10, the wage revision arrears amounting to Rs.227.98 Lakhs for Officers and Rs.397.01 Lakhs for Staff/workmen from 01.01.2007 to 31.07.2009 has not been provided which is in line with the Pay revision orders of the Competent Authority of HOC. In view of this, no liability has been provided for the revised salary for the period from 01.01.2007 to 31.07.2009 and the interim relief provided in 2008-09 against the Pay revision arrears has been written back during the year.
- ii) The wage settlement for Staff/workmen is due from 1-1-2007. Negotiations with Trade Unions representing the workers of the unit is in progress and the wage settlement has not been arrived at yet. By adopting the same basis applicable to executive category in respect of the fitment benefit and other allowances and as a matter of prudence, the unit has made a lump sum provision for Rs.155 Lakhs being the approximate amount of pay and allowances due from 1-8-2009 to 31-03-2010. The interim relief provided for in 2008-09 against wage revision arrears has been written back during the year.
However, an amount of Rs. 3787.68 lacs for arrears of wages (Rasayani & Kochi Unit) has been shown under Contingent Liability.

9. EMPLOYEES BENEFIT PLAN :

- a) **Provision for Leave Encashment**
Company has made provision of Rs. 767.14 lacs (Previous Year Rs. 660.82 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 employees' salary/wages. 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 through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation, of liability done by 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 (based on the present limit of Rs. 3.50 lacs) :

Particulars	(Rs. in lakhs)	
	2009-10	
Present value of obligation as at the beginning of the year	2158.87	
Interest Cost	172.71	
Current Service Cost	34.18	
Benefits paid	(96.57)	
Actuarial (gain)/loss on obligations	(6.64)	
Present value of obligations at the end of year	2262.54	
(ii) Reconciliation of opening and closing balances of fair value of the plan assets:		
Particulars	(Rs. in lakhs)	
	2009-10	
Fair value of plan assets at beginning of year	983.81	
Expected return on plan assets	91.35	
Contributions	133.34	
Benefits Paid	(96.57)	
Actuarial gain/(loss) on plan assets	NIL	
Fair value of plan assets at the end of year	1111.93	
(iii) Reconciliation of present value of obligations and fair value of plan assets:		
Particulars	(Rs. in lakhs)	
	2009-10	
Fair value of Plan Asset at the end of the year	1111.93	
Present value of obligations at the end of year	2262.54	
(Liability)/Asset recognized in the Balance Sheet	1150.61	
(iv) Expenses recognized during the year:		
Particulars	(Rs. In lakhs)	
	2009-10	
Current Service Cost	34.18	
Interest cost	172.71	
Expected return on plan assets	(91.35)	
Actuarial (gain)/loss	(6.64)	
Expenses Recognised in Profit & Loss Account	108.89	
(v) Assumptions used to determine the defined benefit obligations		
	2009-10	
Mortality Table (LIC) (1994-96 Ultimate)		
Discount rate (p.a.)	8%	
Expected rate of increase in salary (p.a.)	1%	
Withdrawal rate	1% to 3% depending on age	
(vi) The company has revised the limit of gratuity from Rs.3.50 lacs to Rs.10 lacs with effect from 01.01.2007. The additional provision required consequent to the increase in the limit has been arrived at based on actuarial valuation of the liability as on 31 st March, 2010 by LIC of India and necessary provision in the Accounts to the tune of Rs.708.31 lacs have been made in the accounts. Also the liability on account of difference of gratuity payable to employees who have retired from service from 01.01.2007 to 31.03.2010 has been assessed and necessary provision has been made under current liabilities for an amount of Rs.255.60 lacs. In respect of Kochi Unit the Gratuity paid in excess of Rs 3.50 Lacs has been debited to Profit & Loss Accounts under Employees Remuneration and Benefits.		
10. FINANCIAL RESTRUCTURING		
The Government of India has approved financial restructuring scheme on 9 th 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. This amount of Rs.270.00 crores is shown as 8% Non-Cumulative Preference Shares.		
11. 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. 183.07 lacs) has been charged to Profit & Loss account during the year.		
12. MISCELLANEOUS INCOME :		
Miscellaneous income includes Rs.758.97 lacs being write back of penal interest waiver granted by the GOI provided in earlier years on overdue Government Loan as a result of waiver order from Government of India order dated 26.08.2009.		
13. EARNING PER SHARE		
Earnings per share has been calculated as follows :		
Net Profit/Loss after Tax & Adjustment	Rs. (8307.79) lacs	Rs. (2527.58) 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.(12.35)	Rs.(3.75)
14. 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.		



15. RELATED PARTY DISCLOSURE AS PER AS-18		(Rs.in lacs)			
a) Related Parties		2009-10	2008-09		
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) M.K. Mittal, Director (Finance) from 8 th December 2009.					
16. ACCOUNTING FOR TAXES ON INCOME AS PER AS 22					
The company had reviewed its net deferred tax assets as at 31 st 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.					
17. BALANCE CONFIRMATION					
Balances of debtors, creditors, loans, advances, other current assets and borrowings are subject to confirmation/reconciliation and subsequent adjustments.					
18. CONTINGENT LIABILITIES		(Rs.in lacs)			
		2009-10	2008-09		
1 a) Contingent Liabilities					
Claims against the Company not Acknowledged as debts:					
i) Differential tax on account of concessional forms in respect of concessional sales		521.27	473.02		
ii) Income Tax Claims		Nil	220.86		
iii) Excise Claims		212.01	117.18		
iv) Customs claim		10.80	10.80		
v) Other Claims *		7307.22	5859.04		
20. 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	13067	491.52	183.88	1027.10	489.34	5024.71	2294.70	
	Previous year	37380	55430	13049	276.22	151.64	491.52	183.88	3620.26	2267.49	
2.	Hydrogen	1200	1600	383	0.09	0.22	0.05	0.12	28.77	70.71	
	Previous year	1200	1600	484	0.00	0.00	0.09	0.22	18.28	64.37	
3.	Aniline	12000	25100	5538	51.27	26.02	348.62	275.16	5231.56	3090.85	
	Previous year	12000	25100	6823	20.97	18.46	51.27	26.02	6792.76	4955.47	
4.	Acetanilide	4000	3000	0	0.00	0.00	0.00	0.00	0.00	0.00	
	Previous year	4000	3000	0	0.00	0.00	0.00	0.00	0.00	0.00	
5.	Acids	73800	63000	26151	1235.11	49.45	768.67	50.20	12588.63	720.40	
	Previous year	73800	63000	27243	1181.23	108.92	1235.11	49.45	17368.51	1029.91	
6.	Formaldehyde	15000	33000	32784	750.46	68.41	1532.08	141.62	32002.67	2576.03	
	Previous year	15000	33000	31335	146.21	18.92	750.46	68.41	30729.63	2885.62	
7.	Chlorobenzene	4400	15650	0	3.39	0.31	3.39	0.32	0.00	0.00	
	Previous year	4400	15650	0	0.50	0.05	3.39	0.31	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	5595	0.00	0.00	0.00	0.00	5435.37	511.25	
	Previous year	62700	36000	1794	0.00	0.00	0.00	0.00	1794.14	183.25	
10.	Phenol	40000	40000	36751	2209.00	1165.99	1289.00	847.83	37671.00	24026.35	
	Previous year	40000	40000	42641	492.00	325.40	2209.00	1165.99	40924.00	26044.02	
11.	Acetone	24640	24640	23084	713.00	344.04	1140.00	557.89	22657.00	10832.11	
	Previous year	24640	24640	26544	176.00	80.57	713.00	344.04	26007.00	12870.43	
12.	Hydro Peroxide	5225	5225	4907	10.00	4.29	54.00	22.21	4863.00	1817.51	
	Previous year	5225	5225	5467	76.00	32.43	10.00	4.29	5533.00	2368.01	
13.	Propylene	7000	29000	23610 #	86.00	34.87	43.00	17.21	0.00	0.00	
	Previous year	7000	29000	28755	123.00	46.69	86.00	34.87	0.00	0.00	
14.	Cumene	0.00	54000	49378 \$	2891.00	1373.97	1010.00	506.37	0.00	0.00	
	Previous year	0.00	54000	61029	219.00	105.44	2891.00	1373.97	0.00	0.00	
15.	Other Chemicals	1800	10750	0	18.15	1.97	7.16	1.68	9.77	0.34	
	Previous year	1800	10750	27	7.54	0.39	18.15	1.97	27.21	0.95	
Total Main Products		299645	402725	221249	8458.98	3253.42	7223.07	2909.95	125512.48	45940.24	
Previous year		299645	402725	245192	2718.66	888.91	8458.99	3253.42	132814.79	52669.52	
By Products		0.00	0.00	17395	255.80	21.64	271.95	25.14	18235.00	1923.16	
Previous year		0	0	17441	193.36	14.54	255.80	21.64	17373.90	1984.16	
GRAND TOTAL :		299645	402725	238643	8714.78	3275.06	7495.02	2935.09	143747.48	47863.40	
Previous year		299645	402725	262633	2912.02	903.45	8714.79	3275.05	150188.69	54653.68	

Includes 23653 Mt(28792 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 51259 Mt (58357 Mt) for Captive Consumption.



<p>21 Value of Imports (on CIF basis)(Rs.in lakhs) (Rs.in lakhs)</p> <table border="1"> <thead> <tr> <th></th> <th>2009-2010</th> <th>2008-2009</th> </tr> </thead> <tbody> <tr> <td>Component & Spare Parts</td> <td>115.44</td> <td>312.78</td> </tr> <tr> <td>Raw Materials & Trading Goods</td> <td>2688.37</td> <td>2580.17</td> </tr> <tr> <td>Capital Goods</td> <td>0.00</td> <td>8.99</td> </tr> </tbody> </table> <p>22 Consumption of Indigenous/Imported</p> <p>Materials</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2009-2010</th> <th colspan="2">2008-2009</th> </tr> <tr> <th>Value</th> <th>Consumption %</th> <th>Value</th> <th>Consumption %</th> </tr> </thead> <tbody> <tr> <td>A) Raw Materials</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Imported</td> <td>1944.16</td> <td>6.44</td> <td>2577.90</td> <td>6.71</td> </tr> <tr> <td> Indigenous</td> <td>28252.56</td> <td>93.56</td> <td>35816.93</td> <td>93.29</td> </tr> <tr> <td></td> <td><u>30196.72</u></td> <td><u>100</u></td> <td><u>38394.83</u></td> <td><u>100.00</u></td> </tr> <tr> <td>B) Component & Spare Parts</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Imported</td> <td>265.17</td> <td>20.51</td> <td>169.71</td> <td>11.32</td> </tr> <tr> <td> Indigenous</td> <td>1028.01</td> <td>79.49</td> <td>1329.49</td> <td>88.68</td> </tr> <tr> <td></td> <td><u>1293.18</u></td> <td><u>100.00</u></td> <td><u>1499.20</u></td> <td><u>100.00</u></td> </tr> <tr> <td>Grand Total</td> <td><u>31489.90</u></td> <td></td> <td><u>39894.03</u></td> <td></td> </tr> </tbody> </table> <p>23 Expenditure incurred in foreign currency</p> <table border="1"> <thead> <tr> <th></th> <th>2009-10</th> <th>2008-09</th> </tr> </thead> <tbody> <tr> <td>A) Foreign Travelling</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>B) Know-how Engineering and Consultancy</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>C) On Account of site supervision</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>d) Others</td> <td>4.13</td> <td>1.48</td> </tr> </tbody> </table> <p>24 The Company has not paid any dividends in foreign currencies during the year to Non-Resident Shareholders. 0.00 0.00</p> <p>25 Earnings in foreign currency</p> <p>FOB value of goods exported 12.69 3.01</p> <p>26 Previous year's figures have been regrouped and readjusted wherever necessary and practicable.</p> <p>27 Previous year's figures are shown in bracket.</p>		2009-2010	2008-2009	Component & Spare Parts	115.44	312.78	Raw Materials & Trading Goods	2688.37	2580.17	Capital Goods	0.00	8.99		2009-2010		2008-2009		Value	Consumption %	Value	Consumption %	A) Raw Materials					Imported	1944.16	6.44	2577.90	6.71	Indigenous	28252.56	93.56	35816.93	93.29		<u>30196.72</u>	<u>100</u>	<u>38394.83</u>	<u>100.00</u>	B) Component & Spare Parts					Imported	265.17	20.51	169.71	11.32	Indigenous	1028.01	79.49	1329.49	88.68		<u>1293.18</u>	<u>100.00</u>	<u>1499.20</u>	<u>100.00</u>	Grand Total	<u>31489.90</u>		<u>39894.03</u>			2009-10	2008-09	A) Foreign Travelling	0.00	0.00	B) Know-how Engineering and Consultancy	0.00	0.00	C) On Account of site supervision	0.00	0.00	d) Others	4.13	1.48	<p>Balance Sheet Abstract and Companies General Business Profile:</p> <p>I Registration Details</p> <p>Registration No. 11895 State Code 11 CIN L99999MH1960GOI011895 Balance Sheet Date 31 3 2010 Date Month Year</p> <p>II Capital Raised During The Year (Amount in Rs. Thousands)</p> <table border="1"> <tbody> <tr> <td>Public Issue</td> <td>Right Issue</td> </tr> <tr> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>Bonus Issue</td> <td>Private Placement</td> </tr> <tr> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table> <p>III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</p> <table border="1"> <tbody> <tr> <td>Total Liability</td> <td>Total Assets</td> </tr> <tr> <td>6556758</td> <td>6556758</td> </tr> <tr> <td>Sources of Funds</td> <td></td> </tr> <tr> <td>Paid up Capital</td> <td>Reserve & Surplus</td> </tr> <tr> <td>672736</td> <td>647823</td> </tr> <tr> <td>Preference Shares</td> <td></td> </tr> <tr> <td>2700000</td> <td></td> </tr> <tr> <td>Secured Loans</td> <td>Unsecured Loans</td> </tr> <tr> <td>702815</td> <td>1833384</td> </tr> <tr> <td>Application of Funds</td> <td></td> </tr> <tr> <td>Net Fixed Assets</td> <td>Investment</td> </tr> <tr> <td>2226961</td> <td>110600</td> </tr> <tr> <td>Net Current Assets</td> <td>Misc. 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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010		(Rs. In lacs)	
	2009-10	2008-09	
CASH FLOW FROM OPERATING ACTIVITIES:			
Net profit before tax and extraordinary items	(8431.95)		(2573.51)
Adjustments for:			
Depreciation	2652.28	2680.12	
Loss on sale of Assets/	0.63	18.71	
Profit on sale of Assets/	(0.98)	(0.85)	
Interest paid	2323.10	2210.37	
Provisions	443.20	579.08	
Interest received from subsidiary	(121.05)	(118.89)	
Interest Received (SCHEDULE-14)	(352.74)	(520.58)	
Misc. Exp. paid(BOND ISSUE EXP.)	(196.30)	(248.99)	
Operating Profit Before Extra Ordinary Items	4748.14		4598.97
Add:- Extra Ordinary Items	(3683.81)		2025.46
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	302.74		313.96
Adjustments for:	(3381.07)		2339.42
Trade & Other Receivables	(764.30)	2786.73	
Inventory	(904.80)	(821.51)	
Current liability & provisions	2169.17	(2534.04)	
Loans & Advances	741.02	(4488.13)	
CASH GENERATED FROM OPERATING ACTIVITIES	1241.09		(5056.95)
Direct Taxes (Net)	0.00	39.49	(2717.53)
	0.00		39.49
NET CASH FROM OPERATING ACTIVITIES (A)	(2139.98)		(2757.02)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	(242.54)	(1211.05)	
Sale of Fixed Assets	2.40	(0.17)	
Purchase of Investment	0.00	(1056.30)	
Interest Received	554.79	567.48	
NET CASH USED IN INVESTING ACTIVITIES (B)	314.65		(1700.04)
CASH FLOW FROM FINANCING ACTIVITIES			
Share application Money Received	0.15	0.10	
Long Term Borrowings(Net)	2011.99	1042.85	
Bank Borrowings(Net)	391.73	3452.53	
Interest paid	(2325.05)	(1684.01)	
NET CASH FROM FINANCING ACTIVITIES (C)	78.82		2811.47
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(1746.51)		(1645.59)
CASH & CASH EQUIVALENTS AS AT 01.04.09 (OP.BAL.)	4641.35		6286.94
CASH & CASH EQUIVALENTS AS AT 31.03.10 (CL.BAL.)	2894.84		4641.35

Note : 1. Figures in brackets represents 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/- (R.N. Madangeri) Director (Technical)	sd/- (M. K. Mittal) Director (Finance)	sd/- (Mrs. S. S. Kulkarni) Company Secretary
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Mumbai
Date: 07-05-2010

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, 2010, which has been identified by us on 21-05-2010. 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 NBS & Co.
Chartered Accountants

Place: Mumbai
Date: 21-05-2010

Sd/-
CA Devdas Bhat
Partner
Membership No. 48094

**BALANCE SHEET AS AT 31st MARCH 2010**

SCH	AS AT 31-03-2010		AS AT 31-03-2009	
	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	0.00	1961.46
2 Loan Funds				
a. Secured Loans	3	4803.30	4488.58	
b. Unsecured Loans	4	0.00	0.00	4488.58
TOTAL		6764.76		6450.04
APPLICATION OF FUNDS				
1 Fixed Assets				
a. Gross block	5	5380.51	5245.39	
Less: Depreciation		4968.32	4940.84	
Net block		412.19		304.55
b. Capital Work in Progress		0.00		57.42
2 Current Assets, Loans & Advances				
a. Inventories	6	1844.63	1084.74	
b. Sundry Debtors	7	196.22	8.96	
c. Cash and Bank Balances	8	8.17	33.84	
d. Loans and Advances	9	248.53	183.63	
		2297.55	1311.17	
Less: Current Liabilities & Provisions	10			
a. Current Liabilities		914.62	665.14	
b. Provisions		226.88	178.94	
Net Current Assets		1141.50	844.08	467.09
3 Misc. Assets				
Profit and Loss Account		4900.28	5206.55	
Refurbishment exp. Not written off		184.46	228.12	
Expenditure not written off - VRS		111.78	186.31	5620.98
TOTAL		6764.76		6450.04
Notes to the Accounts	20			

As per our report of even date

By Order of the Board

for **SIVA KRISHNA & NARAYAN**
Chartered Accountantssd/-
R V N SASTRY
Partnersd/-
A S DIDOLKAR
Chairmansd/-
R.N.MADANGERI
Directorsd/-
T S GAIKWAD
Managing Directorsd/-
E SURYA RAO
DY. General Manager (Finance)PLACE: MUMBAI
DATE : 05-05-2010


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

SCH	YEAR ENDED 31-03-2010		YEAR ENDED 31-03-2009	
	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs
INCOME				
Sales	11	1751.35	1381.12	
Other Income	12	159.15	38.79	
Accretion/(Decretion) in stocks	13	749.93	843.78	
		2660.43	2263.69	
EXPENDITURE				
Materials Consumed	14	941.94	937.32	
Employees Remuneration and Benefits	15	450.84	454.57	
Manufacturing, Admn. and Selling Exp.	16	526.76	452.59	
Interest and Financial charges	17	270.08	205.05	
Depreciation	5	27.46	32.39	2081.92
VRS expenditure		74.52		37.26
Loss on Impairment of Assets		0.00		34.25
Loss on Discarded / Deleted Assets	18	0.00		0.00
Refurbishment expenses written off		61.49		57.03
Total		2353.10	2210.46	
Profit before Prior period Adjustments		307.33	53.23	
Prior Period Adjustments (net)	19	1.06	(4.78)	
Profit / (Loss) before Taxes		306.27	58.00	
Provision for Fringe Benefit Tax (FBT)		-	2.49	
Profit		306.27	55.51	
Balance Brought forward from the Prev. year		5206.55	5262.06	
Balance of Loss carried to Balance Sheet		4900.28	5206.55	
Notes to the Accounts	20			

as per our report of even date

By Order of the Board

for **SIVA KRISHNA & NARAYAN**

Chartered Accountants

sd/-

R V N SASTRY

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 : 05/05/2010

	As at 31-03-2010 Rs.in Lacs	As at 31-03-2009 Rs.in Lacs		As at 31-03-2010 Rs.in Lacs	As at 31-03-2009 Rs.in Lacs
SCHEDULE -10 CURRENT LIABILITIES & PROVISIONS			SCHEDULE -14 CONSUMPTION OF MATERIAL		
A CURRENT LIABILITIES			Raw material 908.22 941.94 929.58		
1. Sundry Creditors	0.00	30.51	Stores & Spares 33.72 7.74 937.32		
SSI units	12.48	8.00	SCHEDULE -15 EMPLOYEES REMUNERATION & BENEFITS		
Capital Goods	374.27	234.90	1 Salaries,Wages,Bonus,Gratuity and other allowances 391.67 382.61		
Other Creditors	386.75	273.41	2 Contribution to Provident & other funds 28.22 28.30		
	238.07	153.59	3 Contribution to ESI 0.61 1.13		
For expenses	57.35	45.33	4 Workmen and staff welfare expenses 30.35 450.84 42.53 454.57		
Dues to Employees			SCHEDULE -16 MANUFACTURING,ADMN & SELLING EXPENSES		
2 Other Liabilities	83.78	129.10	Power 233.82 160.32		
3 Advances from Customers	97.60	59.83	Fuel 125.60 99.08		
4 Officers Salary arrears	2.78	2.78	Water Charges 43.85 37.17		
5 Deposits from Contractors & others	9.05	1.10	Rent 3.24 2.70		
6 Excise Duty	5.47	0.00	Rates & Taxes 4.21 7.09		
7 Freight on Sales	0.00	0.00	Repairs and Maintenance		
8 CST	33.77	0.00	To Building 0.14 5.66		
	914.62	665.14	To Machinery 5.07 21.63		
			To Other Assets 0.00 5.21 30.66		
B PROVISIONS			Insurance 20.47 7.36		
Out standing Provisions			Travelling Expenses 5.39 4.94		
Opening at the beginning of the year	178.94	150.41	Conveyance 45.61 51.38		
Add: Addl.Provision	124.10	28.53	Auditors Remuneration		
Less:Utilised	76.16	0.00	- Audit Fee 1.35 0.66		
Less:Reserves	0.00	0.00	- Quaterly Review fee 0.24 0.24		
			- Less: Service Tax Credit 1.59 0.90 0.84		
			Professional charges 6.47 12.83		
			Printing & Stationery 3.23 2.12		
			Postage,Telephone & Telex Charges 8.40 5.94		
			Security Service Charges 7.22 11.09		
			Job work expenditure 3.93 9.68		
			Other Misc.Expenses 5.79 5.75		
			Advertisement & Publicity 0.59 0.60		
			Transit House Maintenance 0.00 1.70		
			Entertainment Expenses 0.99 0.53		
			Office Maintance 1.30 0.80		
			Total 526.76 452.59		
			SCHEDULE -17 INTEREST AND FINANCING CHARGES		
			Interest - SBH 73.99 21.72		
			Interest on Working Capital 45.47 29.15		
			Interest on Funded Interest -IFI'S 0.00 0.00		
			Interest on unsecured loan-HOC 128.98 110.98		
			Interest on Others 12.96 11.42		
			Bank Charges 8.68 31.78		
			Total 270.08 205.05		
			SCHEDULE -18 LOSS ON DELETED / DISCARDED ASSETS		
			Fax Machines & Cell Phone 0.00 0.00		
			Total 0.00 0.00		
			SCHEDULE -19 PRIOR PERIOD EXPENSES		
			1 Repairs & Maintenance 0.00 0.00		
			2 Rates & Taxes 0.05 0.08		
			3 Transport 0.00 0.02		
			4 FBT Diff 0.00 0.28		
			5 Advance to Suppliers 0.00 0.00		
			6 Office Maintenance 0.00 0.10		
			7 Sharepro Service 1.01 0.54		
			8 Canteen Expenses 0.00 0.00		
			9 Subscriptions 0.00 0.01		
			10 Bank Charges 0.00 0.01		
			11 Professional Charges 0.00 0.16		
			12 Postage/Courier 0.00 0.05		
			13 Security Services 0.00 0.00		
			14 Stores Overhead 0.00 0.22		
			15 PF Pension Contribution 0.00 0.01		
			16 Telephones 0.00 0.00		
			Total 1.06 1.48		
			PRIOR PERIOD INCOME		
			1 Sundry Debtors & Creditors 0.00 0.00		
			2 Transportation charges 0.00 6.26		
			Total 0.00 6.26		
			1.06 (4.78)		
YEAR ENDED 31-03-2010 Rs. in Lacs			YEAR ENDED 31-03-2009 Rs. in Lacs		
SCHEDULE -12 OTHER INCOME			SCHEDULE -13 ACCRETION/(DECRETION) IN STOCKS		
Interest received from others(Gross TDS Deducted Rs.1.46 lacs previous year Rs.1.32 lacs)	4.55	4.16	Closing stock		
Sale of Hydrochloric acid	29.26	19.66	Stock-in-process 1581.61 863.12		
Miscellaneous Income	125.34	14.97	Finished products 58.62 23.50		
Reversal of Interest on IFI's & HOCL	0.00	0.00	1640.23 886.62		
	159.15	38.79	Less:Opening Stock		
			Stock-in-process 863.12 27.51		
			Finished products 23.50 886.62 15.50 43.01		
			753.61 843.61		
			Less: Increase/(Decrease) in Excise duty on Finished products -3.68 0.17		
			749.93 843.78		

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 Last year an amount of Rs.223.57 lacs had incurred towards VRS payments for 31 employees in accordance with BIFR's Modified Draft Rehabilitation Scheme(MDRS). Out of this, an amount Rs.74.52 lacs was charged to P&L Account in the current year. The balance will be written off in the next two years (Rs.74.52 Lacs in 2010-11 and Rs.37.27 Lacs in 2011-12) 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 This year an amount of Rs.17.84 lacs was incurred whereas last year an amount of Rs.285.14 lacs has been incurred towards Refurbishment Expenditure on Plant and Machinery. Out of which Rs.61.49 lacs was charged to Profit & Loss account during the Current year. The balance will be written off in 3 equal installments of Rs.61.49 Lacs in the next three 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 deviating from AS issued by ICAI.

6. REVENUE RECOGNITION.

Sales are recognized when all significant risks and rewards of ownership have been transferred to the buyer.

7. INVENTORIES

- 6.1) Export incentives under various schemes are recognized as Income on certainty of realization.
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
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. FOREIGN CURRENCY TRANSACTIONS:

- Foreign currency transactions are accounted for at the exchange rates prevailing on the date of transaction.
9.1 Fixed assets are translated at the exchange rates on the date of transaction. The exchange difference in each financial year, upto the period of settlement is taken to profit and loss account.
9.2 The monetary items in foreign currencies are translated at the closing exchange rate on the date of balance sheet and gains/losses there on adjusted in the profit and loss account.

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. 3753.17 lacs (Previous year Rs.3596.93 lacs) is due to Hindustan Organic Chemicals Limited (HOCL) including Rs.128.98 lacs (Previous year Rs.110.98 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.0.00 lacs).

6 CONTINGENT LIABILITIES NOT PROVIDED FOR:

	2009-10 Rs.in lacs	2008-09 Rs.in lacs
A Claims against the Company not acknowledged as debts.	12.01	12.01
B FLC/ILC Obtained as on 31-03-2010	0.00	134.50
C E S I	13.46	13.46
D Salary arrears for Officers	600.00	570.00
E Salary arrears for Non-officers	1100.00	1030.00
F Differential Sales Tax due to non submission of "C" forms	13.88	276.07
TOTAL	1739.35	2036.04

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. Excise duty on closing finishing goods in respect of goods manufactured by the company amounting to Rs.5.47 lacs (previous year 1.79 lacs) is included in the valuation of such stocks.
10. Unpaid overdue amounts due on 31st March, 2010 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.
11. Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.
12. As required by Accounting Standard 28 loss on impairment of incinerator system an amount of Rs.0.00 (Previous year 34.25 lacs) is charged off during the year.
13. 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:

	2009-10 Rs.in lacs	2008-09 Rs.in lacs
Profit / Loss available to equity shareholders	306.27	55.52
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.1.56	Rs.0.28

14. 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.
15. Auditors remuneration includes Statutory Audit fee Rs.0.60 lacs and Limited review Rs.0.24 lacs.

16. During the year HFC viz. R-23 gas storage facilities were created under CDM project. The company accumulated HFC-23 Gas 42.5 MT, stored in the tank has been considered for eligible CERs to the tune of 497250 CERs. Out of this SRF (BOT Contractor of CDM Project) share is two years installments amount 263800 CERs and PWC - CDM Project Consultant's share is around 5% i.e. 11672.5 CERs. Balance is pertaining to HFL i.e. 221777.50 CERs. Insurance coverage is also taken for Rs.43.50 crores to cover any eventuality for one year accumulation of HFC-23 Gas. The eligible CERs of our portion 221777.50 CERs is considered as WIP and valued at the lowest rate quoted during the year in the international market i.e. Euro 10.5 per CER at exchange conversion rate of Rs.60 per EURO as on 31.3.2010. The value of CERs taken as WIP is Rs.1397.00 lacs. As per AS-2 issued by ICAI in respect of closing stock valuation shall be made at Cost or Net Realizable 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.

17. Quantitative details regarding consumption of Raw Materials:

	2009-2010		2008-2009	
	Qty MT.	Value Rs.in lacs	Qty MT.	Value Rs.in lacs
a. AHF	526.69	431.83	497.690	519.61
b. Chloroform	1487.305	373.62	1416.540	382.41
c. RM-258	0.00	0.00	75.00	7.44
d.Others		136.49		27.86
TOTAL		941.94		937.32

18. Consumption of Raw Materials:

	2009-2010		2008-2009	
	Rs.in lacs	% of Total consumptions	Rs.in lacs	% of Total consumptions
a. IMPORTED	0.00	0.00	0.00	0.00
b. Indigenous	941.94	100.00	937.32	100.00
Total	941.94	100.00	937.32	100.00

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

A. PTFE	2009-2010		2008-2009	
	Qty MT.	Value Rs.in lacs	Qty MT.	Value Rs.in lacs
Licensed capacity	500TPA*	--	500TPA*	-
Installed capacity	500TPA*	--	500TPA*	-
Opening stock	4,142	21.71	3,39	13.31
Production	85.88	21.73
Captive Consumption	-	-	-	-
Sales	75.85	353.27	20.98	126.19
Closing Stock	14.17	58.62	4.142	21.71
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	64.66	83.55	5.61	7.37
Production	940.50	-	890.17	-
Captive Consumption	637.11	-	162.76	-
Sales	311.50	653.86	668.363	1177.59
Closing Stock	56.548	71.98	64.66	83.55
* As certified by the Management and relied upon by the auditors, being a technical matter.				
20.		2009-10 Rs.in lacs		2008-09 Rs.in lacs
a) CIF value of imports of Raw materials and Stores and Spares.		29.48		41.80
b) FOB Values of Exports		0.00		0.00
21. Managerial remuneration included in employee's remuneration and benefits		2009-10 Rs.in lacs		2008-09 Rs.in lacs
Managing Director				
Salary		4.83		4.59
Accommodation Rental		1.57		1.39
Medical reimbursement		0.04		0.04
Company Contribution to PF		0.48		0.46
Leave Travel Allowance		0.00		0.00
Total		6.92		6.48
Less: Conveyance recovery		(0.02)		0.00
TOTAL		6.90		6.48
Managing Director's Remuneration for the period from 01-04-2009 to 31-03-2010.				
22.	Previous year figures have been regrouped/reclassified/recast wherever necessary to conform to current year's classification.			
As per our report of even date By order of the Board				
For SIVA KRISHNA & NAYARAN Chartered Accountants				
	sd/- R V N SASTRY (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 : 05-05-2010				
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	2010	
	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	790626		Total Assets	790626
Sources of Funds				
Paid-up Capital	196146		Reserves & Surplus	NIL
Secured Loans	480330		Unsecured Loans	NIL
Application of Funds				
Net Fixed Assets	41219		Investments	NIL
Net current Assets	115605		Misc.Expenditure	29624
Accumulated Losses	49028			
IV. Performance of Company (Amount in Rs.Thousands).				
Turnover	175135		Total Expenditure	235310
Profit Before Tax	30627		Profit After Tax	30627
V. Earning per Share in Rs.	1.56		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	
	sd/- E SURYA RAO DGM (Finance)			
PLACE: MUMBAI				
DATE : 05-05-2010				

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010		
	2009-2010 Rs. In lacs	2008-2009 Rs. In lacs
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and Extraordinary items	307.33	53.23
Adjustments for :		
Depreciation	27.46	32.39
Loss on deleted / discarded assets	0.00	0.00
VRS Payment written off during the year	74.52	37.26
Refrurbishment expenditure written off	61.49	57.03
Loss on Impairment of assets	0.00	34.25
Operating Profit before working capital changes	470.80	214.16
Adjustments for		
(Increase)/Decrease in Loans & Advances	(64.89)	(36.15)
(Increase)/Decrease in Trade receivables	(187.26)	6.85
(Increase)/Decrease in Inventories	(759.89)	(857.73)
Increase/(Decrease) in working capital borrowings	120.18	94.57
Increase/(Decrease) in Trade payables & Provisions	297.42	45.85
Cash generated from operations	(123.64)	(532.45)
Direct taxes paid	0.00	(2.49)
Cash flow before extraordinary items	(123.64)	(534.94)
Less: Prior Period expenses	(1.06)	4.78
Net Cash flow from Operating activities	(124.70)	(530.16)
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(77.70)	(56.38)
Amount incurred for VRS PAYMENT	(0.00)	(223.57)
Amount incurred for Refurbishment Expenditure	(17.82)	(285.15)
	(95.52)	(565.10)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Secured Loans - Long Term Loans	194.56	4,179.62
Increase in Unsecured Loans	0.00	-3052.41
Net cash used in financing activities	194.56	1127.21
Net increase in cash and cash equivalents	(25.67)	31.95
Cash and cash equivalents at the beginning of period	33.84	1.89
Cash and cash equivalents at the ending of period	8.17	33.84
Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.		
Place : MUMBAI		
DATE : 05/05/2010		
	sd/- T S GAIKWAD Managing Director	sd/- E SURYA RAO Dy.General Manager (Finance)
AUDITORS' REPORT		
We have examined the attached cash flow statement of M/s Hindustan Fluorocarbons Limited for the year ended on 31st March 2010. 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. 05-05-2010 to the members of the company.		
Place : MUMBAI		
DATE : 05-05-2010		
for SIVA KRISHNA & NARAYAN Chartered Accountants		
	sd/- R V N SASTRY Partner	



HINDUSTAN ORGANIC CHEMICALS LIMITED

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

ATTENDANCE SLIP

49th Annual General Meeting, the Friday, 27th August, 2010

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-NINE ANNUAL GENERAL MEETING of the Company to be held at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Friday, 27th August, 2010.

(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

49th Annual General Meeting, the Friday, 27th August, 2010

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-NINE ANNUAL GENERAL MEETING of the Company to be held at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Friday, 27th August, 2010

Signed _____ day of _____ 2010.

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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Mumbai – 400 072.
Tel : 67720300 / 351 / 352, 67720400 / 211872 ,
Fax : 28591568,
e-mail : sharepro@shareproservices.com.

49TH
ANNUAL REPORT 2009-2010



HINDUSTAN ORGANIC CHEMICALS LIMITED