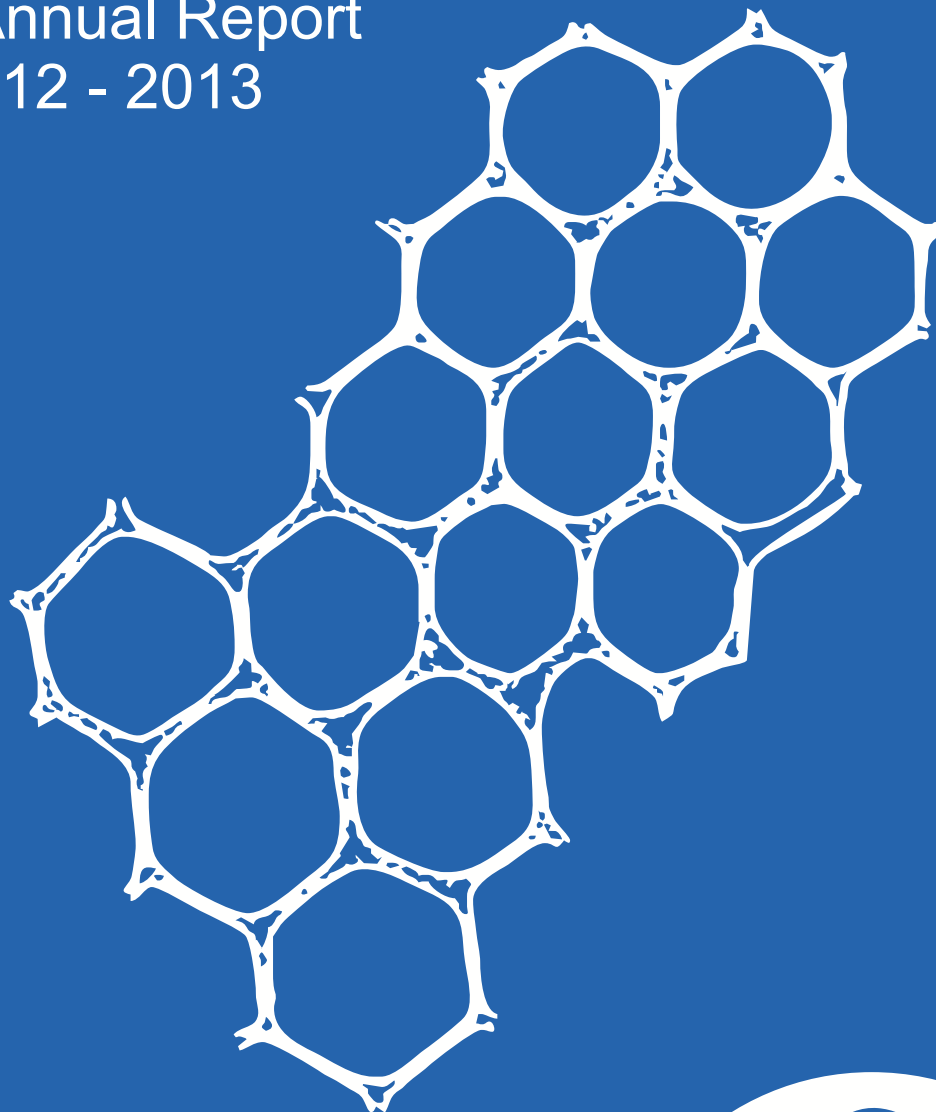


52nd Annual Report
2012 - 2013



HINDUSTAN ORGANIC CHEMICALS LIMITED



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Branch Auditors – Kochi Unit M/s Sasi Vijayan & Rajan, Chartered Accountants Kochi	
COST AUDITORS M/s.V.J. Talati & Co. Mumbai	
M/s. Panicker & Company Kochi	
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. Tel : 022-67720400 / 67720401 / 67720402 Fax No. 022-28508927 / 022 – 67720416 Email: sharepro@shareproservices.com	
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	
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HINDUSTAN ORGANIC CHEMICALS LIMITED

Regd.Office & Rasayani unit :
Rasayani, Dist.Raigad,
Maharashtra, Pin - 410 207.
Tel : (02192) 258500-502
Fax : (02192) 258503
E-mail id : : rasayani.cs@hocl.gov.in grievances@hocl.gov.in
Website : hocl.gov.in

KOCHI UNIT :
Ambalamugal,
Dist. Ernakulam, Pin - 682 302.
Tel : (0484) 2720911 / 2720912 / 13
Fax : (0484) 2720893
E-mail : hindustanorganic@bsnl.in

REGIONAL & MARKETING OFFICES

BARODA :
3/A, Kirti Tower, Tilak Road,
Baroda - 390 001.
Telefax : (0265) 2438 122

MUMBAI :
Harchandrai House,
81, Maharshi Karve Road, Marine Lines
Mumbai - 400 002.
Tel : (022) 22014269/71/72
Fax : (022) 22059533
E-mail id : corporate.cs@hocl.gov.in grievances@hocl.gov.in

DELHI :
Core-6, Scope Complex,
1st Floor, Lodi Road,
New Delhi - 110 003.
Tel : (011) 24361610 / 24364690
Fax : (011) 24360698

HYDERABAD :
303, Babukhan Estate,
Bashir Bagh,
Hyderabad - 500 001.
Tel : (040)23329850 (Dir.)
Tel.Fax:23240058
Fax : (040) 23296455

CHENNAI :
D-1, Nelson Chambers,
115, Nelson Manickam Road,
Aminji Karai, Chennai - 600 029.
Tel : (044) 2374 1853

Subsidiary Company
HINDUSTAN FLUOROCARBONS LTD.
303, Babukhan Estate, Bashirbagh, Hyderabad - 500 001
Tel : (040) 23241051 / 23237125. Fax : (040) 23296455
E-Mail : hiflonptfe@yahoo.co.in


BOARD OF DIRECTORS

SHRI V.B. RAMACHANDRAN NAIR	Chairman & Managing Director (w.e.f. 17/06/2013)
SHRI J. N. SURYAWANSHI	Acting CMD (from 01/05/2013 to 17/06/2013) & Director (Marketing)
SHRI R.N. MADANGERI	Chairman & Managing Director (upto 30/04/2013)
SHRI SURESH KUMAR R.	Director (Finance) (w.e.f. 11/05/2012)
SHRI S.B. BHIDE	Director (Technical) (w.e.f. 14/06/2012)
SHRI V.K. SUBBURAJ, AS&FA	Director (Govt. Nominee) (w.e.f. 14/05/2013)
Dr. V. RAJAGOPALAN, SS&FA	Director (Govt. Nominee) (upto 14/05/2013)
Dr. A.J.V. PRASAD, JS	Director (Govt. Nominee)
Dr. N.J. GAIKWAD	Non-Official Independent Director
SMT. SUSHEELA S. KULKARNI	Company Secretary

AUDIT COMMITTEE OF THE BOARD (Re-constituted on 29/05/2012)

Dr. V. RAJAGOPALAN, SS&FA Govt. Nominee Director, Chairman A.C.	Dr. N.J. GAIKWAD Director, Member A.C.
Dr. A.J.V. PRASAD, JS Director, Member A.C.	Shri R.N. MADANGERI CMD, Invitee of A.C. (upto 30/4/2013)
SHRI J.N. SURYAWANSHI ACMD & Director(Mktg.) Invitee of A.C.	SHRI SURESH KUMAR R. Director(Fin.), Invitee of A.C.
SHRI S.B. BHIDE Director (Tech.), Invitee of A.C.	SMT. SUSHEELA S. KULKARNI, C.S. Secretary to A.C.

AUDIT COMMITTEE [A.C.] OF THE BOARD (Reconstituted on 29/05/2013)

SHRI V.K. SUBBURAJ, AS&FA Govt. Director & Chairman A.C.	Dr. A.J.V. PRASAD, JS Govt. Nominee Director, Member A.C.
Dr. N.J. GAIKWAD NOID, Member, A.C.	SHRI J.N. SURYAWANSHI ACMD & Director(Mktg.), Invitee of A.C.
SHRI SURESH KUMAR R. Director(Fin.), Invitee of A.C.	SHRI S.B. BHIDE Director (Tech.), Invitee of A.C.
SMT. SUSHEELA S. KULKARNI, C.S. Secretary to A.C.	

AUDIT COMMITTEE [A.C.] OF THE BOARD (Reconstituted on 5/08/2013)

SHRI V.K. SUBBURAJ, AS&FA Govt. Director & Chairman A.C.	Dr. A.J.V. PRASAD, JS Govt. Nominee Director, Member A.C.
Dr. N.J. GAIKWAD NOID, Member, A.C.	SHRI V.B. RAMACHANDRAN NAIR CMD, Invitee of A.C.
SHRI J.N. SURYAWANSHI Director (Mktg.), Invitee of A.C.	SHRI SURESH KUMAR R. Director(Fin.), Invitee of A.C.
SHRI S.B. BHIDE Director (Tech.), Invitee of A.C.	SMT. SUSHEELA S. KULKARNI, C.S. Secretary to A.C.

SHARES/BONDS TRANSFER, SHAREHOLDERS' BONDS HOLDERS / INVESTORS' GRIEVANCE COMMITTEE (As on 31-03-2013).

SHRI R.N. MADANGERI CMD, Chairman (upto 30/04/2013)	SHRI J. N. SURYAWANSHI Director (Mktg.) Member [& ACMD & Chairman of the Committee] (from 01-05-2013 to 17-6-2013).
SHRI SURESH KUMAR R. Director(Fin.), Member	SHRI S.B. BHIDE Director (Tech.), Member
SMT. SUSHEELA S. KULKARNI CS, Member & Secretary	

SHARES/BONDS TRANSFER, SHAREHOLDERS' BONDS HOLDERS / INVESTORS' GRIEVANCE COMMITTEE (Reconstituted on 5/08/2013)

SHRI V.B. RAMACHANDRAN NAIR CMD, Chairman of the Committee	SHRI J. N. SURYAWANSHI Director (Mktg.), Member
SHRI SURESH KUMAR R. Director (Fin.), Member	SHRI S.B. BHIDE Director (Tech.), Member
SMT. SUSHEELA S. KULKARNI CS, Member & Secretary	

**NOTICE**

Notice is hereby given that the 52nd Annual General Meeting of the Members of the Company will be held on the Friday 27th, September, 2013 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 as **Ordinary Business** :-

1. To receive and to adopt the Audited, Statement of Profit & Loss of the Company for the period from 1st April, 2012 to 31st March, 2013 and the Audited Balance Sheet as at 31st March, 2013 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director or any other Director (as may be appointed by the GOI in its Order) in place of Shri. V.K. Subburaj, AS&FA, who retires at this AGM and being eligible offers himself for re-appointment.
3. To appoint a Director or any other Director (as may be appointed by the GOI in its Order) in place of Dr. A.J.V. Prasad, who retires at this AGM and being eligible offers himself for re-appointment.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

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

Place : Rasayani

Date : 05/08/2013

Registered Office :

P.O.Rasayani

Dist.Raigad, Maharashtra 410 207.

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. Members/Proxies should bring their attendance slip, duly filled in, at the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 20th September, 2013 to Friday, the 27th September, 2013 (both days inclusive).
4. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
5. 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.
6. In view of the MCA Circular dt. 21st April, 2011, the Shareholders, who wish to have the service of document by the Company, can be made through electronic mode by registering their email ID's with : corporate.cs@hocl.gov.in, and sharepro@shareproservices.com .

By Order of the Board of
Hindustan Organic Chemicals Ltd.

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

Place : Rasayani

Date : 05/08/2013

Registered Office :

P.O.Rasayani,

Dist.Raigad, Maharashtra 410 207.

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 31ST MARCH, 2013.

The preparation of financial statement of Hindustan Organic Chemicals Limited for the year ended 31st March, 2013 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 29th May, 2013.

I, on the 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 31st March, 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' 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
(Y.N. Thakare)
Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-1, Mumbai.

Place: Mumbai

Date: 27/06/2013

CHAIRMAN'S STATEMENT**Dear Shareholders,**

My Colleagues on the Board and I extend warm welcome, and express gratitude, to all of you present here at this 52nd Annual General Meeting of your Company. The Audited Annual Accounts together with the Directors' Report and Auditors' Report of the Company for the year 2012-13 and the AGM 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 2012-13.

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 2012-13 due to excellent quality of its products manufactured at Kochi and Rasayani. During the year under review, your Company could achieve sales valuing **Rs. 555.01 Crores** (net of excise duty).

The Company had however taken the best possible measures both in cost reduction as well as in other areas. The high labour cost and high incidence of cost on closed plants at Rasayani units are the major concern. Your Company has continued its cost cutting measures to counter this problem and in order to be competitive and improve performance and profitability. Despite this, your Company was under loss of Rs. 137.99 crores during the year.

It is expected that with the continued efforts on improved operations and marketing, the performance and profitability of the Company would further improve.

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.

FUTURE PLAN & REVIVAL / TURN AROUND PLAN:

Future course of Action/Revival Plan

Rasayani Unit

Retrofitting of Conc. Nitric Acid plant (C.N.A), where N2O4 is produced has been completed in January 2013 and production has started whereby 500 TPA of N2O4 for ISRO could be produced. This will reduce the cost of production of C.N.A which is used as input in Nitrobenzene and Aniline Plants.

Approval has been obtained for disposal of non performing (closed) plant and machinery at Rasayani Unit to generate funds to the tune of Rs 12.51 Crore (Rounded off). This amount will be utilized for clearing the outstanding Working Capital dues.

The Tankage facility in the 5 Acres leased land at JNPT to be operated on BOT basis with a third party investment with the approval from JNPT authorities.

It is proposed to carryout retrofitting of Nitrobenzene and Aniline Plant at a cost of Rs 12 Crore (Approx) whereby the turnover could increase by Rs 60 Crore from the increased production and also reduction in cost of production to improve the margins.

In order to raise resources for repayment of Rs 100 Crore bonds and to meet working capital requirement, it is proposed to dispose of 8 Acre of temporary township land at Panvel, with the approval from the Govt of Maharashtra and Govt of India.

In connection with investment in future expansion plans, it is proposed to dispose of 50 acres of land at Rasayani .

Kochi Unit

HOCL Kochi Unit is using LSFO as fuel for boilers, Hot oil furnace and CPP. GAIL has laid pipeline network for the supply of gas and has already installed the metering station for LNG in HOCL premises. Kochi Unit has modified its burner and other accessories in boiler, hot oil unit to suit LNG and LSFO (dual fired) during the annual shutdown in the month of June'2013. The supply of LNG is expected to commence from September, 2013. The replacement of LSFO by LNG as a fuel will give substantial cost reduction and savings to the company. The estimated annual saving on expenditure is Rs. 10 crore per annum.

The de-bottlenecking of Hydrogen peroxide plant at Kochi has been completed at the cost of Rs. 2 crores, which will increase the production capacity of the plant by 4000 MTPA (40% increase) and increase in turnover by Rs. 12 crores.

CORPORATE SOCIAL RESPONSIBILITY :

Company since its inception is very much aware about its social responsibility. For over five decades, as a socially responsible and sensitive corporate your Company continuous to remain committed to social thought and action to serve society through providing basic civic amenities to the neighboring villages, rendered assistance in different forms, drinking water, etc. Company has also undertaken tree plantation programme in the surrounding area.

During the current year under review, as per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company has constituted Board level Corporate Social Responsibility (CSR) and Sustainability (SD) Committee comprising of Independent Director & other two Directors from the Board of the Company. The terms of reference of the said CSR&SD Committee included among others, the



set-up of the Committee with existence of the two tier organization structure with mandatory membership of an Independent Director on the Board level committee, frequency of meeting, range of decision, staff stakeholder involvement etc.

SAFETY, HEALTH AND ENVIRONMENT :

In the areas of Health, Hygiene and Environment the company has undertaken periodic medical examination as well as statutory requirements of fitness check-up under form no. 23 for its employees. In our commitment to environment we have ensured that the level of pollutants from the factory and nearby surroundings were much below the permissible levels. Our expertise in the field helped us to generate revenue of the order of Rs. 5 to 6 lakhs.

HOC Kochi unit received pollution control award among very large scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control in 2012.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012.

ISO CERTIFICATION:

HOCL, Rasayani Unit, has been awarded ISO-9001:2008 certificate on 11.01.2011. This certificate has been awarded by M/s Bureau Veritas Certification (India) Pvt. Ltd. and is valid till 9/02/2014.

Second Surveillance Audit was carried out under ISO-9001:2008 standard on 24th & 25th January, 2013 by M/s. BVCI.

HOCL Kochi unit is an ISO 9001: 2008 (Quality Management System) and ISO 14001: 2004 (Environmental Management System) certified company. The existing certificate for ISO 9001 & ISO 14001 is valid up to 2014.

INDUSTRIAL RELATIONS:

The overall Industrial Relation situation continues to be peaceful and cordial during the year. There was no strike or lockout affecting production / profitability.

RESEARCH & DEVELOPMENT

Successful scale up from laboratory to pilot plant scale for the 'in-house' developed vapour phase continuous process for ISRO – specific grade kerosene by name ' ISROSENE ' has been the most significant R&D achievement. Sample from initial pilot runs meets all the desired specifications. Our further efforts in the area of IPR (intellectual property rights) have resulted in grant of two numbers of Indian patents during this period. A royalty to the tune of Rs. 11.5 lakhs was also earned based on an MOU with respect to technological development of improved catalyst.

CORPORATE GOVERNANCE :

The Company has complied with the various requirement of Corporate Governance. The details in this regard form part of this report in **Annexure VI**.

HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY :

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

CLEAN DEVELOPMENT MECHANISM (CDM) :

Company has received payment of second and Third issuance during the financial year. Main customer for CERs was European Union, but due to various reasons they have banned the trading of CERs generated from R-23 Project.

Hence it is not economically viable to generate CER from R-23 Project.

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, Government of Maharashtra, Government of Kerala, Banks particularly our Bankers State Bank of India, Central Bank of India, Board Members, Statutory/Govt. Auditors, Cost Auditors and all the agencies concerned. My gratitude is also to the shareholders, Bondholders 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.



(V.B. RAMACHANDRAN NAIR)
CHAIRMAN & MANAGING DIRECTOR

**DIRECTORS' REPORT**

To the Members of

HINDUSTAN ORGANIC CHEMICALS LIMITED

Dear Shareholders

Your Directors are pleased to present the 52nd Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31st March, 2013.

The financial performance of the Company for the year ended March 31, 2013 is summarized below:

	(Rs.in Lacs)	
	Year ended 31/03/2013	Year ended 31/03/2012
Sales	62419.40	60636.71
Operating Profit/(Loss)	(8411.98)	(2880.50)
Less: Interest	2824.15	2474.33
Depreciation	2232.95	2335.98
Profit/(Loss) before tax	(13469.08)	(7690.81)
Less: Provision for taxation	-	-
Less: Prior Period adjustments & Exceptional Items	(329.83)	(116.04)
Profit/(Loss) after tax & Prior period adjustments, Provisions and Exceptional Items	(13798.91)	(7806.85)

[Note: Previous years figures have been regrouped wherever necessary in the Current year]

In view of continuous incurring of losses during the current year as well as in the previous years, the Board of Directors did not recommend any Dividend for the current year under review.

Reporting to BIFR under SIC(SP)Act, 1985 :

In view of the fact that as on 31-03-2013 as the Company's Accumulated Losses have resulted into 100% erosion of Net worth, Company is taking necessary steps for making a reference to Board for Industrial & Financial Reconstruction (BIFR) under prescribed Section of the Sick Industrial Companies (Special Provisions) Act, 1985.

RESULTS OF OPERATIONS :

During the year under review the Company has suffered **Net loss of Rs. 137.99 crores**, as against the Net Loss of the previous year of Rs. 78.07 crores .

As regards the unit wise performance, the **Net Loss of Kochi Unit was Rs.36.05 crores** as compared to the previous year's profit of Rs.26.02 crores. The **Rasayani Unit recorded a Net Loss of Rs. 101.94 crores** as compared with the previous year's loss of Rs. 104.10 crores.

OPERATIONS :

During the year under report your company's Rasayani unit achieved a sales turnover of 55562 MTs valuing Rs.16164 lacs as against 51268 MTs valuing Rs.11627 lacs registering a 39 % increase in sales.

During the year under report your company's Kochi unit achieved a sales turnover of 55242 MTs valuing Rs.39337 Lacs as against 64298 MTs valuing Rs.43200 Lacs of the previous year.

With the production of 150979 MTs during the year 2012-13 as against the production of 178792 MTs in 2011-12, your company could achieve an overall capacity utilization of 37% during the year. Your company has recorded the sale of 110804MTs during the year (previous year 115566 MTs) valuing Rs55501 lacs (previous year Rs. 54827 lacs).

The high labour cost and high incidence of cost on closed plants at Rasayani Unit are the major concerns. Company decided to operate those plants which were giving contribution. 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 100003 MTs of production as against the previous year production of 126076 MTs. The capacity utilization for the year was 65 %.

Rasayani Unit:

During the year your company's Rasayani unit could achieve 50976 MTs of production as against the previous year production of 52716 MTs. The capacity utilization for the year was 20 %. Capacity utilization is affected due to high fixed cost & finance constrains.

MARKETING :

The chemical market is very much volatile, slow down demand of HOC main products as well as downstream products based on HOC products & stiff competition from import of HOC's main products at cheaper rate, increased raw material prices, during the Year 2012-13, Company has achieved in the highly competitive market , the sales turnover of Rs. 555.01 Crores (net of excise duty) as against Rs548.27 crores (net of excise duty) of the previous year(2011-12). The sale value could be achieved because of continued support from its valuable customers and due to excellent quality products produced at Kochi and Rasayani Units. The sales volume during year 2012-13 was 1,10,804 MTs as against 1,15,566 MTs for the year 2011-12. During last quarter of the financial year there was good demand for Company's products due to improved market conditions.

CURRENT / PRESENT SCENARIO.

The Kochi unit of the Company which was making profits continuously, year after year for the last (gap of) 10 years , but during the current year under review, for the first time (in the span of 10 years), the Kochi Unit has incurred a loss of Rs.36.05 Crores (during the current year) . The main reason for the loss suffered by the unit was due to withdrawal of Anti-Dumping Duty on the Phenol and Acetone manufactured at Kochi unit, resulting in large scale import of /dumping of those imported products and forcing the company to reduce the prices to match the imported price of Phenol and Acetone. The raw material cost also went up drastically which increased the cost of production. The company has filed review petition & fresh application for Anti-Dumping Duty to the concerned Authority, which will help to improve the better realisation.

STATUS OF OPERATIONS AND FUTURE PLANS & TURNAROUND/REVIVAL PLAN

Future course of Action/Revival Plan

The following are the future course of action planned for revival of the company.

Rasayani Unit

Retrofitting of Conc. Nitric Acid plant (C.N.A), where N2O4 is produced has been completed in January 2013 and production has started whereby 500 TPA of N2O4 for ISRO could be produced. This will reduce the cost of production of C.N.A which is used as input in Nitrobenzene and Aniline Plants.

Approval has been obtained for disposal of non performing (closed) plant and machinery at Rasayani Unit to generate funds to the tune of Rs 12.51 Crore (Rounded off). This amount will be utilized for clearing the outstanding Working Capital dues.

The Tankage facility in the 5 Acres leased land at JNPT to be operated on BOT basis with a third party investment with the approval from JNPT authorities.

It is proposed to carryout retrofitting of Nitrobenzene and Aniline Plant at a cost of Rs 12 Crore (Approx) whereby the turnover could increase by Rs 60 Crore from the increased production and also reduction in cost of production to improve the margins.

In order to raise resources for repayment of Rs 100 Crore bonds and to meet working capital requirement, it is proposed to dispose of 8 Acre of temporary township land at Panvel, with the approval from the Govt of Maharashtra and Govt of India.

In connection with investment in future expansion plans, it is proposed to dispose of 50 acres of land at Rasayani.

Kochi Unit

HOCL Kochi Unit is using LSFO as fuel for boilers, Hot oil furnace and CPP. GAIL has laid pipeline network for the supply of gas and have already installed the metering station for LNG in HOCL premises. Kochi Unit has modified its burner and other accessories in boiler, hot oil unit to suit LNG and LSFO (dual fired) during the annual shutdown in the month of June'2013. The supply of LNG is expected to commence from September 2013. The replacement of LSFO by LNG as a fuel will give substantial cost reduction and savings to the company. The estimated annual saving on expenditure is Rs. 10 crore per annum.

The de-bottlenecking of Hydrogen peroxide plant at Kochi has been completed at the cost of Rs. 2 crores, which will increase the production capacity of the plant by 4000 MTPA (40% increase) and increase in turnover by Rs. 12 crores.

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

Our R&D efforts for the 'in-house' development vapour phase continuous process for ISRO-specific grade kerosene by name 'ISROSENE' have succeeded in scale up of the laboratory scale process (developed during the previous year) to the pilot plant ,(HOC's multi-purpose pilot plant) scale. Initial runs and samples from the same meet the desired specification. Further runs to establish the plant scale process Parameters are also successful. Optimization of the same is being done to establish technology for commercial scale implementation. Two nos. of Indian patents have been granted to our Company in the area of Intellectual Property Rights (IPR). We earned a royalty of Rs. 11.5 lakhs based on the MOU for joint technological development of improved chrome-free copper oxide catalyst, with M/s Sud - Cheme (I) Pvt. Ltd.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

Human Resource is a vital resource and Company has recognized the importance of the same. To meet the challenges of global competitive environment, the Company is up grading the skills of their employees by systematically identifying training need of employees. Accordingly, Company is arranging in house training programmes at its Training Centre and also sponsoring employees for outside training programmes. The position relating to SC/ST/Women personnel in the Company is given in **Annexure - III** to the Directors' Report.

II. Training:

Training were imparted to employees based on operational requirement/needs identifications with the allocated resources to enhance Soft Skills, Technical and Managerial Skills. Due importance was given and constant efforts were made to impart Health, Safety and Environment aspects considering the nature of hazards in our



Unit. During 2012-13 we have organized training programmes both Internal/External covering 505 mandays with the help of Internal/External Experts. Specific user training in functional module of ERP was also imparted to the employees so as to make the SAP system more user friendly. Regular refresher course in Safety and Environmental Management were organized.

Apart from employees training our Company has extended the facilities and resources to students coming from different Engineering Colleges, Management Institutions to enhance their practical knowledge/for experiential learning. Company also enages Graduate/Technical/Trade/Vocational Apprentices to undergo Apprenticeship Training in different discipline under the Apprentices Act 1961.

III. Industrial Relations :

By and large the climate of harmonious and cordial Industrial Relations was maintained in the Company throughout the year.

IV. Suggestion Scheme:

The Suggestion Scheme is in existence in the Company. All employees and Company Trainees are eligible to participate in this scheme. The Suggestions received from the employees are evaluated by a Suggestion Committee and the selected suggestions are awarded with Cash Prizes also.

CORPORATE SOCIAL RESPONSIBILITY

Company since its inception is very much aware about its social responsibility. For over five decades, as a socially responsible and sensitive corporate, your Company continuous to remain committed to social thought and action to serve society. Company has provided basic civic amenities to the neighbouring villages, rendered assistance in different forms, drinking water, etc. Company has also undertaken tree plantation programme in the surrounding area. Company is also giving medicines to the needy poor persons in and around the area through Dr. Kasbekar Memorial Trust.

To promote the School education, Company is giving scholarship to SC/ST students studying in X and XIIth Stds.

Company has also constructed and maintained a hall in the name of Bharatratna Dr. Babasaheb Ambedkar with a view to provide a platform for discussion/ seminar/ symposiums on principles/ teaching of Dr. Babasaheb Ambedkar.

Kochi Unit has donated Rain Coats to Ambalamedu Police Station for the use of Police personnel.

During the current year under review, as per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company has constituted Board level Corporate Social Responsibility (CSR) and Sustainability (SD) Committee comprising of Independent Director & other two Directors from the Board of the Company. The terms of reference of the said CSR&SD Committee included among others set up of the Committee with existence of the two tier organization structure with mandatory membership of an Independent Director on the Board level committee, frequency of meeting, range of decision, staff / stakeholder involvement etc.

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 2012-13 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 Department, headed by Chief Vigilance Officer, appointed by Government of India on deputation, has three main functional officers, one each at Rasayani (Raigad) in Maharashtra, and at Ambalamugal (Kochi) in Kerala and third at Corporate office, Mumbai. Keeping in view of the Principles of Corporate Governance, the main focus of the Vigilance Department has been to help the sincere, dedicated and honest personnel working in the Organization to discharge their duties effectively and efficiently so that the target of optimum turnover and profitability are achieved in a transparent manner. More emphasis is given in improving the functioning of all sections and maintaining transparency.

The Vigilance department takes appropriate and timely action in respect of complaints received. There is a comprehensive complaint handling policy and prescribed punitive action is duly suggested, after conducting fair and impartial investigation/enquiry, where ever required. The Annual Property Returns of the officers are periodically scrutinized and inspection of departmental activities are undertaken to detect deviations, if any, and suggest corrective measures. Vigilance Awareness Programmes, as per guidelines issued by the CVC, are observed and awareness sessions are conducted for the personnel regarding vigilance related matters as well as in respect of CDA Rules, RTI Act, PIDPI (Whistle Blowers Act) etc. The vigilance department has been instrumental in updating the existing manuals and policies i.e. the Purchase Policy, the Works Policy, the Marketing Manual, the Vigilance manual etc., so that the laid down procedures, policies, rules, regulations etc., of the Company and that of Central Vigilance Commission are duly followed.

The Vigilance Department maintains close interaction with CVC, CBI and other Government agencies. The Vigilance wing has been sincerely and consistently helping all personnel of the Organization in improving their efficiency and effectiveness and, in turn, achieving the set goals of the Organization.

HEALTH, ENVIRONMENT, FIRE & SAFETY

Health :

- Physical Check-up, the Special Certificate of Fitness in Form No. 23 and ascertaining Health Status in Form No. 7 of all employees have been carried out by the Certifying Surgeon for the year 2012.
- Periodic Medical Check-up of all employees as well as various health awareness training programmes were carried out by specialist doctors for the benefit of employees.
- No Complaints are noticed among the employees working in the various plants.

Environment, Fire & Safety :

Revenue generation by Health and Hygiene department giving analytical support and technical support to nearby industries, as well as miscellaneous income amounting to total Rs. 5.36 lakhs.

- Our Laboratory is recognized by CPCB, undertaken outside samples analysis for physical and chemical parameter on chargeable basis generating a revenue to the tune of Rs.1 lakh.
- To ascertain that the level of pollutants are maintained within acceptable limits, ambient air quality monitoring, Stack emissions, Noise monitoring, workplace monitoring & analysis of inorganic and organic chemicals is being carried out a various locations in plants and in other locations.
- Testing of Flammable gases for issue of hot permit under safety policy.

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 or Fire. 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. In order to augment our fire fighting capacity, mutual and scheme for emergency help between HOC, BPCL-KR & FACT (CD) is in existence.

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.

HOC Kochi unit could maintain the quality of treated effluent, stack emission and ambient air quality well within the limits stipulated by statutory authorities throughout the year.

HOC Kochi unit received pollution control award among very large scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control in 2012.

The following improvements carried out in the field of environment control.

- Dewatering system is installed in effluent treatment plant for filtering excess biological sludge bleed off from the system.
- Installed system hardware at our main control room with software for online transmission of treated effluent pH analyser data to KSPCB / CPCB server.
- Recorders in effluent treatment plant are changed to paperless recorder system. It help to retrieve the old data.
- Level instruments with recorder is provided for Mixing Tank and Raw Effluent Sump at ETP control room for better process control in ETP.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012.

Security System :

Kochi Unit of HOC has been classified as 'MAJOR ACCIDENT HAZARD INSTALLATION' by the Govt. of Kerala. The security requirements are met from the agencies sponsored by the Director General (re-settlement), Ministry of Defense, Govt. of India. Security Guard are posted in the identified areas inside the Factory premises and also in Township round the clock.

In view of the increased threat perception in Kochi, the Unit has been advised to take suitable measures for upgrading the security by the concerned authorities. Action is being taken to upgrade the present security system.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY .

During the year, your Company continued its intensive and extensive efforts for progressive use of the official language. To promote Hindi as official language is 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 & Kochi units and the Corporate Office in Mumbai during Sept. 2012. Several periodical meetings, training programmes, workshops, essay writing, noting & drafting, Hindi Typing, Quiz Recitation, Word formation, Passage etc. Competitions were organized to progress the use of Hindi. Rasayani unit received a symbol for the best Hindi work done in year 2011-12 on "B" Region on behalf of Hindi advisory committee of Parliament. Kochi Unit received first prize for the best implementation of Official Language from Kochi Town Official Language Implementation Committee.

- 1) All documents coming Under Sec. 3(3) of the Official Language Act, 1963 are issued in bilingual form.
- 2) The Hindi letters received are being replied in Hindi to comply with the rule 5 of Official Language Rules 1976. All nameplates, Sign Board, Visiting Cards, Demi-Official letters heads are prepared in bilingual form.
- 3) Web site of the Company is prepared to Hindi also www.hocl.hindi.gov.in
- 4) Every day one bilingual word being exhibited in the pest Board.

Every year effort are made to fulfill the targets set in the Annual programme issued by Department of Official Language Ministry of Home Affairs.

ISO CERTIFICATION :

HOCL, Rasayani Unit, has been awarded ISO-9001:2008 certificate on 11.01.2011. This certificate has been awarded by M/s Bureau Veritas Certification (India) Pvt. Ltd. and is valid till 9/02/2014.

Second Surveillance Audit was carried out under ISO-9001:2008 standard on 24th & 25th January, 2013 by M/s. BVC.

HOCL Kochi unit is an ISO 9001: 2008 (Quality Management System) and ISO 14001: 2004 (Environmental Management System) certified company. The existing certificate for ISO 9001 & ISO 14001 is valid up to 2014.

BVCI Conducted routine surveillance audit periodically for both the systems.

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

With regard to Fixed Deposits, nothing is outstanding towards FDR for the Financial Year 2012-13.

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:

- a) 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;
- b) 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;
- c) 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;
- d) that they have prepared the annual accounts on a going concern basis.

HINDUSTAN FLUOROCARBONS LIMITED: (Subsidiary)

OPERATION AND OVERALL PRODUCTION AND MARKETING PERFORMANCE:

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

CLEAN DEVELOPMENT MECHANISM (CDM):

Company has received payment of second and Third issuance during the financial year. Main customer for CERs was European Union, but due to various reasons they have banned the trading of CERs generated from R-23 Project.

Hence it is not economically viable to generate CER from R-23 Project.

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)/76 dated 27/7/2012 has appointed M/s FORD RHODES PARKS & 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. Vide CAG under its letter No.CA. V/COY/CENTRAL GOVT.HOCL (2)/76 dated 27/7/2012 has appointed M/s SASI VIJAYAN & RAJAN, Cochin as Branch Auditors to audit the accounts of Cochin unit for the year ended 31st March, 2013.

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 2012-13 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 of Rasayani Unit and also as Lead Auditors for the Year 2012-2013 for cost audit of Company's Sulphuric Acid, Aniline, Formaldehyde, Caustic Soda, Nitro Benzene products (of Rasayani unit) and M/s Panikar & Company as cost Auditors of Kochi Unit for the year 2012-13 for Kochi Unit products viz. Phenol, Acetone & Polypropylene products.

DIRECTORS

Recently during the current FY 2013-14, during June, 2013, the Government of India, vide its Order (GOI Order No. P 51011/8/2012-32-CH.III) dated 13th June, 2013 has appointed Shri. V.B. Ramachandran Nair, Chief General Manager, HOCL as Chairman-cum- Managing Director (CMD), on the Board of HOCL. Shri. V.B. Ramachandran Nair, has assumed charge (from Shri J.N.Suryawanshi, DM&ACMD) on 17/6/2013 (F.N.) for the period of five years or till the date of superannuation or till further orders, whichever is earlier.

Earlier, on 30-04-2013, Shri R.N. Madangeri , Chairman & Managing Director, HOCL was retired on superannuation from the services of the Company in terms of GOI's Order(of 9th June, 2011) and Shri. J.N. Suryawanshi, Director (Marketing) HOCL held the additional charge of Chairman & Managing Director, in addition to his duties & responsibilities as Director (Marketing), as per GOI Order No. P.51011/01/2013-32-Ch-III dated 30/4/2013 upto 17-06-2013.(Forenoon).

Further, GOI has appointed also Shri. V.K. Subburaj, Additional Secretary & Financial Advisor in the Ministry of Chemicals & Fertilizers as part-time Government Director in place of Dr. V. Rajagopalan, SS&FA, on the Board of HOCL, vide GOI Order No. 51/11/95-Ch-III-(Vol.II) dated 14th May, 2013.

During the previous year, during April, 2012 GOI has appointed [vide its Order dated 9th April, 2012] Dr. N.J. Gaikwad from Nagpur, as Non official part time Director on the Board of HOCL who took the charge on 22nd May, 2012.

Further, in the same year 2012, GOI has appointed Director Shri Suresh Kumar R. , [ex GM(Fin./Kochi Unit)] as Director (Finance) on the Board of HOCL(vide GOI Order No. 51/18/2011-Ch-III dated 11th May, 2012) w.e.f.11-05-2012. And GOI has also appointed Shri S.B. Bhide, Chief General Manager, as Director (Technical) on the Board of HOCL [vide GOI Order No. 51/14/2011-Ch-III dated 14th June, 2012] w.e.f.14-06-2012.

In terms of Article 76(4) of the Articles of the Association of the Company, Government Nominee Directors, viz. Shri V.K. Subburaj, Additional Secretary & Financial Advisor and Dr. A.J.V.Prasad, Joint Secretary, will retire at this 52nd AGM in 2013 and are eligible for reappointment. Company has placed its request letter to the Government for reappointing Shri V.K. Subburaj AS&FA and Dr. A.J. V.Prasad , JS from the ensuing 52nd AGM of 2013 and till the holding of the next A.G.M. of the Company to be held in 2014 or till further Orders(which ever is earlier as per GOI Order).

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/Cost and Tax Auditors, Bondholders, and Investors at large.

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 the entire Workers' Unions and Employees' Unions and their members for the smooth functioning of the Company's operations.

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

Sd/-

Place : Mumbai
Date : 05/08/2013

V.B. Ramachandran Nair
Chairman & Managing Director



ANNEXURE -I

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

Rs.in lakhs

Sr.No.	Particulars	
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 : Extent of holding in the subsidiary	1,10,60,000 Equity Shares of Rs.10/- each fully paid up. 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 2012-2013 ii) For Previous financial year iii) Cumulative Total – (Loss)	Rs.53.54 lacs Rs.142.34 lacs Rs.(2443.23) lacs
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 2012-2013 ii) For Previous financial year iii) Cumulative Total	Nil Nil Nil

ANNEXURE -IA

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANY: HOC-CHEMATUR LTD.

Rs.in lakhs

Sr.No.	Particulars	
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 : Extent of holding in the subsidiary	30050 Equity Shares of Rs.10/- each fully paid up. 60%
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 2012-2013 ii) For Previous financial year iii) Cumulative Total – (Loss)	Nil (60% of Profit/loss i.e. Nil) Nil (60% of Profit/loss i.e. Nil) Nil (60% of Profit/loss i.e. Nil)
4.	Net aggregate amount of the Profits of the Subsidiary after deducting its losses or vice versa dealt with in the Company's account :- i) For 2012-2013 ii) For Previous financial year iii) Cumulative Total	Nil Nil Nil

ANNEXURE II

ENERGY CONSERVATION/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation Measures taken:

A. Rasayani and Kochi Units :

- Conversion of boiler and hot water oil furnace for usage of dual fuel (liquid fuel and LNG) at Kochi Unit.
- Commissioning of new Apex Metering System at 220kV switchyard in Rasayani Unit completed in December 2012 at the cost of Rs. 1.26 Crores. With this reduction in contract demand from 14 MVA to 9 MVA, minimum chargeable demand has also come down to 4.5 MVA from 7 MVA. There is saving of Rs. 4.75 lakhs per month due to reduction in demand charges.

Future Plans (Rasayani & Kochi Units):

- Installation of screw compressor to replace reciprocating compressor in instrument air system (Kochi Unit)
- Replacing hot oil HT Circulation motor with LT motor to conserve energy. (Kochi Unit)

Form- A

Disclosure of Particulars with Respect to Conservation of Energy

A. Power and Fuel Consumption:

	Current Year 2012-13	Previous Year 2011-12
1. Electricity		
a) Purchased (unit)	4,62,57,045	5,87,69,351
Total amount (Rs.)	26, 37, 05,353	28, 64, 68, 665
Rate per unit (Rs.)	5.70	4.87
b) Own generation		
i) Through LSHS	6,23,880	8,66,916
Units per Kg. of LSHS	4.36	4.83
Cost per unit (Rs.)	9.43	7.71
iii) Through steam generation	NIL	NIL
Units per litre of fuel oil	-	-
Cost per unit (Rs.)	-	-
2. Coal	NIL	NIL
3. Furnace Oil/ LSHS		
Quantity (MT)	14,603	16,432
Total Amount (Rs.)	58, 10, 08,574	59, 50, 82,052
Average rate (Rs.)	39, 785	36,215
4. Others/ Internal Generation	NIL	NIL
(a) Others- Diesel (Litre)	NIL	NIL
(b) Internal Generation	NIL	NIL

C. Consumption per unit of Production

Product	Standard		2012-13		2011-12	
	power consumption (kwh/MT)	Prod. (MT)	power consumption (kwh/MT)	Prod. (MT)	power consumption (kwh/MT)	Prod. (MT)
Nitrobenzene	56	16871	29	12029	23	
Hydrogen	570	499	423	253	472	
Aniline	280	7279	240	3681	267	
Sulfuric acid	70	NIL	-	NIL	-	
Formaldehyde	100	25368	86	28284	92	
Nitrotoluene	170	NIL	-	NIL	-	
Conc. Nitric Acid	840	897	2092	8153	1226	
Propylene	30	15436	28	19949	31	
Phenol/Acetone	599	39496	644	48769	571	
Hy. Peroxide - 50%	2711	8963	673	9749	845	

Note:

- Power consumption in Conc. Nitric Acid plant is high during the year due to low capacity utilization and the refurbishment work.

FORM-B

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

- Scale up laboratory scale kerosene hydrogenation processes to pilot plant scale and initial runs at this scale.
- Development of scale-up model based on laboratory scale process as highlighted in part (a).
- Intellectual Property (Patent) Rights (IPR).

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

- Successful scale - up of 'in-house' developed vapour phase continuous process for ISRO – specific grade kerosene from laboratory to pilot plant (HOC's multi-purpose pilot plant) scale.
- All the process Parameters for the scale process have been correlated by a model which will be useful for scale to pilot scale and then on commercial production.
- Two nos. of Indian Patents have been granted to the Company in the area of IPR (Patents).
- A royalty amount of Rs. 11.5 lakhs was received from M/s Sud-Chemie Co. Pvt. Ltd. based on our MOU for joint technological development of improved chrome-free, copper oxide catalyzed.

3. FUTURE PLANS

- Pilot plant Parameters optimization for commercial scale implementation.
- Identification of vendors for supplying packaged unit type multi-tabular reactor systems.
- Intellectual Property Rights (Patent) (IPR).

4. EXPENDITURE ON R&D :

- Capital Expenditure : Rs. NIL
- Revenue Expenditure : Rs. 80.44 Lakhs
- Total : Rs. 80.44 Lakhs



TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(Details if any, may be obtained from Production)

1. Efforts in brief, made towards technology absorption, adaptation and innovation

- (a) Vapour phase continuous process for specific grade kerosene for meeting ISRO's requirement.
- (b) The different processes available with R&D have been displayed on HOC's website for Licensing.

2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- (a) The vapour phase continuous process for the preparation of specific grade kerosene fuel will help ISRO's fuel development programmes.
- (b) Through a jointly patented aniline catalyst exported to Japan, company has earned Rs.11.5 lakhs as Royalty.

Annexure – III – Consolidated report as on 31-03-2013 (SC/ST/WOMEN) Rasayani & Kochi Unit.

Group	Total	SC	ST	Women
A	362	52	22	21
B	368	62	13	38
C	434	51	14	41
D	68	13	4	3
Total	1232	178	53	103

Annexure-IV

Reply of the Management on the Auditors Report to the members for the Financial Year 2012-13.

Sl No	Significant Qualifications made by the Statutory Auditor	Management Reply
A.	No Provision has been made in the Financial Statements for the following Amounts:-	
(i)	Penal interest of Rs. 830.30 lacs on overdue loan from Government of India (Note No 5A(ii))	The Company has provided the liability for Interest on loan received from the Government of India at the rate stipulated in the Sanction letter of the Government. As per the terms of sanction, Govt. of India (GOI) reserves the right to charge additional (penal) rate of Interest in case of default in payment of Principal/Interest on due dates. In the absence of any intimation/demand from GOI for payment of additional (penal) interest, no provision was made in the accounts towards the same. The amount has been included under contingent liability and disclosed in the Annual Accounts for the Year 2012-13 under Note 5A(ii).
(ii)	Loss on account of misappropriation of Company's funds amounting to Rs. 64.81 Lacs pending final report from CBI and outcome of the civil suit (Note no 37)	During 2001-02 a case of misappropriation of Company's funds to the tune of Rs 64.81 by one official of the company was detected. The case is under investigation of CBI. In the meantime based on the report of Vigilance Department, a civil suit has been filed for recovery of the amount from the concerned employee who was dismissed from the service 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.
(iii)	Liabilities of wages revision for the period 01.01.1997 to 31.12.2000- Rs. 1928.51 Lacs at Rasayani Unit (Note no 33A)	No provision has been made for liability towards wage revision of employees of Rasayani Unit for the period from 01/01/1997 to 31/12/2000 amounting to Rs.1928.51 lacs, since the arrears are payable when the company generate adequate surplus with the prior approval of administrative Ministry. Accordingly no provision for the arrears payable as above was made in the accounts. However, during the year 2011-12 the Board of Directors with the concurrence of the administrative Ministry have decided to settle the dues of employees of Rasayani Unit during the next 4 years' time period. During the current year the company has paid an amount of Rs. 379.57 lacs towards the above dues and charged as current year wage expenses. On the same basis necessary accounting of the arrears payable will be made in the accounts depending on the release of dues in the subsequent years.
(iv)	Liabilities of wages Revision for the period 01.01.2007 to 31.03.2008 Rs 164.74 Lacs to Officers and Rs 148.93 Lacs to Staff at Rasayani Unit. (Note no 33B and 33C)	In respect of revision of wages with effect from 01.01.2007, the Board in its 327 th Meeting held on 9-8-2010 decided to release arrears subject to the condition that the Company generates adequate cash surplus. Accordingly, no provision has been made for arrears payable for the period 01.01.2007 to 31.03.2008 amounting to Rs 164.74 lacs in respect of officers & Rs 148.93 Lacs to staff of Rasayani Unit. During the current year an amount of Rs.114.22 lacs to officers and Rs.97.38 lacs to staff has been paid and charged to current year wage expenses. On the same basis necessary accounting will be made in subsequent years as and when the above dues are paid to the employees.

(v)	Claims of JNPT amounting to Rs.1137.83 lacs short provided in respect of-(Note no 34E) a) Lease rentals and escalation on leased land b) Water charges c) Way leave charges	As per lease agreement, JNPT had the obligation to provide suitable infrastructure facilities such as approach road, common manifold etc. within the specified time. JNPT failed to provide the said facilities which resulted in non-commissioning of the tank terminal. The matter was under arbitration and pending a favorable decision the company had shown liability towards way leave charges and the escalation in rental charges as a contingent liability. The arbitration in respect of lease rent escalation pertaining to HOCL tank terminal is in progress.
B.	Capital Work in Progress includes an Amount of Rs 2978.91 Lacs incurred on JNPT Tank Terminal Project. The construction has been suspended for more than 5 years and the lease has been called off by the lessor-JNPT after the expiry of the lease period in June 2010. The status of the project is stagnant, incomplete and of no utility since long. No Provision is made for the impairment in the value of this asset, if any, pending ascertainment of the recoverable amount (Note no 34 E).	The expenditure on the JNPT tank farm was incurred during the years 1995-97. As the market condition deteriorated the management decided to stop the construction of JNPT tank farm activity and concentrate on core business of HOCL. The Board also decided to sell the assets of JNPT Tank farm on As is Where Is Basis. The attempts made by the Company to dispose-off the partially completed tank farm did not materialize yet, however recently a party has shown interest in taking over the tank farms and the proposal is at preliminary stage. Further HOCL Management decided to form a JV with Interested Party to make the tank farm operational and requested JNPT to give necessary approval for the same. However JNPT informed that if HOCL wanted to go ahead with the proposed JV route, they have to look for a PSU partner. The company has been exploring the possibility of completing the tank farm with a PSU partner and had approached BPCL, IOCL etc. but there has not been any positive response from the PSUs. The company is exploring various ways of putting to use the JNPT Tank Terminal project.

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

V.B. Ramachandran Nair
Chairman & Managing Director

Place : Mumbai
Date : 05/08/2013

Annexure – V

MANAGEMENT DISCUSSION AND ANALYSIS 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 are 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 .
- Surplus land at Rasayani, Panvel, to generate revenue to the Company.
- Company has filed review petition & fresh application for Anti-Dumping Duty to the concerned Authorities.

KEY THREATS INCLUDE

- Highly Volatile Chemical Market
- Availability of cheaper imported chemicals
- Increasing input prices of feed-stock i.e. Benzene, Toluene, LPG, LSHS, CNG, Fuel oil etc.
- Net Worth of the Company was eroded fully as on 31st March 2013.
- Withdrawal of Anti-Dumping Duty on the Phenol and Acetone manufactured at Kochi unit.
- Dumping of imported Phenol and acetone products thereby resulted into forcibly reduce Company's prices to match the imported price of Phenol and Acetone.

SEGMENTWISE PERFORMANCE

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

Product Segment	Year ended 31/03/2013			Year ended 31/3/2012		
	Target MT	Actual MT	Percentage Achieved	Target MT	Actual MT	Percentage Achieved
Chemicals	217800	146760	67.38%	199240	112371	56.39%

PRODUCT WISE PERFORMANCE (Production of Main Products)

Sr.No.	Name of Product	F.Y. 2012-13		F.Y. 2011-12
		Target	Actual	Actual
1.	Nitrobenzene	22300	16872	12028.956
2.	Aniline	12000	7279	3681.068
3.	Formaldehyde	37000	25369	28284.09
4.	Sulphuric Acid	36400	-	0
5.	Phenol	42000	24293	30034
6.	Acetone	26000	15203	18735
7.	H2O2	5400	8963	4874.500

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

Both the units of the company have taken initiatives to improve the efficiency of the operating plants by implementing certain schemes like;

Retrofitting of Conc. Nitric acid plant (C.N.A), where N2O4 is produced has been completed.

The Tankage facility in the 5 Acres leased land at JNPT to be operated on BOT basis with a third party investment.

It is proposed to carryout retrofitting of Nitrobenzene and Aniline Plant.

HOCL Kochi Unit is using LSFO as fuel for boilers, Hot oil furnace and CPP.

GAIL has laid pipeline network for the supply of gas and have already installed the metering station for LNG in HOCL premises.

Kochi Unit has modified its burner and other accessories in boiler, hot oil unit to suit LNG and LSFO (dual fired)

The replacement of LSFO by LNG as a fuel will give substantial cost reduction and savings to the company.

All the above schemes have been implemented successfully and are operational and giving satisfactory performance as expected.

Other feasible joint Ventures with interested Corporate Bodies are being explored.

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.
- During the year ended 31-03-2013 as the entire net worth of the Company has been eroded, Company is taking necessary steps under SIC (SP)Act,1985, as to reporting to BIFR as a sick unit etc.
- Dumping of cheap imports chemical products to the detriment of domestic chemical industry.
- increased raw material prices, more particularly prices of Benzene.

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. The existing certificate for ISO 9001 & 14001 is valid up to 2014.

As part of good Corporate Governance the Audit Committee re-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. 624.19 crores against Rs. 606.36 crores for the previous year showing a increase of 2.94%. There was an Operating Loss before interest and depreciation of Rs. 84.11 crores against the Operating loss of Rs 28.81 crores for the previous year. Company incurred an Interest expenditure of Rs. 28.24 crores against Rs. 24.74 crores of the previous year.

The outlook for the future appears to be good with the revival of economic growth and with the implementation of revival plan for the company for turnaround. 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 and with the continued efforts on improved operations & marketing.

Information Technology – 2012-13

Company has effective information systems for core business areas. However, company has envisaged a plan to meet changing demands keeping in view the technological changes and the way information & communication technology offering innovative services suiting to every business needs. Company has successfully rolled out SAP at their manufacturing unit at Kochi and all branch offices.

Management ensures continual effort in the ever changing technological environment, for improving and meeting with requirement like data security, information available, transparency and accuracy. Company is using open tendering / e-Tendering solution being provided by National Informatics Centre (NIC).

CAUTIONARY STATEMENT

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

Annexure – VI**Report on Corporate Governance**

(As on 31-03-2013)

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

(1) Corporate Philosophy / Main Objective on Code of Governance:

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's Management, its Board, its shareholders and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are also set. Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, and transparency and makes a distinction between personal and corporate funds in the management of a Company. Hindustan Organic Chemicals Limited (HOCL) trusts on the conduct of its business activities and enhance the value of all those who are associated with the Company viz. shareholders, customers, suppliers, creditors, Government of India, Ministry of Chemicals and Fertilizers, Department of Public Enterprises, Various State Governments, other Governmental agencies/ departments and the society at large. Essentially, it involves practicing good Corporate Governance and HOCL believes in transparency, accountability, and attaining maximum level of enrichment of the enterprise. HOCL also price the global recognition by ensuring the integrity, value addition to its domestic as also the international customers in its product commitments.

2. Board of Directors

The Board of Directors oversees all major actions proposed to be taken by the Company. The Board also reviews and approves the strategic and business plans including monitoring corporate performance.

a) Composition of the Board :

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time) the number of Directors of the Company shall neither be less than three nor more than fifteen. The Directors shall not require to hold any qualification shares.

As on 31-03-2013 the Board of HOCL consisted of Seven members with 4 Executive Directors, 2 Government Nominee Directors and 1 Non-Executive Director, who are acknowledged as leading professionals in their respective fields.

During April, 2012 Company has received a GOI Order No. P.51/011/1/2012-32-Ch-III dated 9th April, 2012 appointing Dr. N.J. Gaikwad Professor & Head, Dept. of Pharmaceutical Science, Rashttrasan Tukadoji Maharaj Nagpur University, Nagpur, as Non official part time Director on the Board of HOCL who took the charge on 22nd May, 2012. We are awaiting the appointment of 3 no. of Independent Directors from GOI.

GOI has appointed Director Shri Suresh Kumar R., as Director (Finance) on the Board of HOCL vide GOI Order No. 51/18/2011-Ch-III dated 11th May, 2012 w.e.f.11-05-2012.

GOI has appointed Shri S.B. Bhide, Chief General Manager, as Director (Technical) on the Board of HOCL vide GOI Order No. 51/14/2011-Ch-III dated 14th June, 2012 w.e.f.14-06-2012.

On 30th April, 2013 as per GOI Order (No. 51/14/2009-CH.III dated 9th June, 2011), CMD, Shri. R.N. Madangeri was retired on superannuation from the services of the Company. Then Shri. J.N. Suryawanshi, Director (Marketing), took the additional charge as Acting CMD, HOCL on 30-4-2013 afternoon, in addition to his duties & responsibilities as Director



(Marketing), as per GOI Order No. P.51011/01/2013-32-Ch-III dated 30/4/2013.

Then on 13th June, 2013 the President of India, Govt. of India has appointed Shri. V.B. Ramachandran Nair, Chief General Manager, HOCL as Chairman-cum- Managing Director(CMD), on the Board of HOCL, vide GOI Order No. P 51011/8/2012-32-CH.III , who has assumed charge on 17/6/2013 (F.N.) for the period of five years or till the date of superannuation or till further orders, whichever is earlier.

The GOI has also appointed Shri. V.K. Subburaj, Additional Secretary & Financial Advisor in the Ministry of Chemicals & Fertilizers as part-time Government Director in place of Dr. V. Rajagopalan, SS&FA, on the Board of HOCL, vide GOI Order No. 51/11/95-Ch-III-(Vol.II) dated 14th May, 2013.

Company- [HOCL] is a Govt. of India Undertaking (a CPSU). As per Company's Articles of Association, the power to appoint all the Directors on the Board of our Company vests with the Govt. of India. Therefore, as on 31-03-2013, the Composition of HOCL Board then comprised only one [1] no. Independent Director (i.e. Dr. N.J. Gaikwad), as against the requirement of 4Nos of Independent Directors (as the Chairman is an Executive Director, 50% of the Board's Composition (i.e.4 Nos.) should comprise of Independent Directors.).

With the above position of the Composition of the Board of Directors, the Company is partially complying with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, as on 31.03.2013.

The constitution of the Board is given below :

Details of the Board of Directors during the year 2012-13 were as under:- (As on 31-03-2013)

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 R.N. Madangeri	(ED) CMD	2	5	5
2.	Shri J.N.Suryawanshi,	(ED) Dir.(Mktg.)	2	3	-
3.	Shri Suresh Kumar R.	(ED) Dir.(Fin)	2	3	-
4.	Shri S.B. Bhide	(ED) Dir.(Technical)	2	2	-
5.	Dr. V. Rajagopalan	NED Govt. (Nominee) Director	5	3	3
6.	Dr. A.J.V.Prasad	NED Govt. (Nominee) Director	1	1	-
7.	Dr. N.J. Gaikwad	NEID	1	1	-

ED-Executive Director ;NED-Non-Executive Director

NEID – Non-Executive Independent Director / Non Official Independent Director.

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

Changes in the Board of Directors.

- GOI has appointed Director Shri Suresh Kumar R. , as Director (Finance) on the Board of HOCL vide GOI Order No. 51/18/2011-Ch-III dated 11th May, 2012.
- GOI has appointed Dr. N.J.Gaikwad, Professor & Head, Dept. of Pharmaceutical Science , Rashtrasant Tukadoji Maharaj Nagpur University, for second term as part time non official Director on the Board of HOCL (from the date of assumption of the the charge i.e. from 22nd May, 2012) , vide GOI Order No. P.51/011/1/2012-32-Ch-III dated 9th April, 2012.
- GOI has appointed Shri S.B. Bhide, Chief General Manager, as Director (Technical) on the Board of HOCL vide GOI Order No. 51/14/2011-Ch-III dated 14th June, 2012 w.e.f.14-06-2012.
- Shri. R.N. Madangeri as Chairman & Managing Director, Hindustan Organic Chemicals Ltd.(HOCL) retired on 30-4-2013 on superannuation from the services of the Company in terms of GOI's Order dated 9th June, 2011.
- As per GOI order, Shri. J.N. Suryawanshi, Director (Marketing) HOCL was holding additional charge of Chairman & Managing Director, in addition to his duties & responsibilities as Director (Marketing), from 30-4-2013 (afternoon) upto 17th June, 2013.
- Thereafter on 13th June, 2013 Government has appointed Shri. V.B. Ramachandran Nair, Chief General Manager, HOCL as Chairman-cum- Managing Director (CMD), on the Board of HOCL, vide GOI Order No. P 51011/8/2012-32-CH.III who has assumed charge on 17/6/2013 (F.N.) for the period of five years or till superannuation or till further orders, whichever is earlier.
- GOI has appointed Shri. V.K. Subburaj, Additional Secretary & Financial Advisor in the Ministry of Chemicals & Fertilizers as part-time Government Director in place of Dr. V. Rajagopalan, SS&FA, on the Board of HOCL, vide GOI Order No. 51/11/95-Ch-III-(Vol.II) dated 14th May, 2013.

b) Brief resume of Directors appointed, their other Directorship, Membership/Chairmanship in other Committees etc.

Shri. V.B. Ramachandran Nair, Chairman-cum-Managing Director (CMD) [w.e.f. 17/6/2013]

Qualification : BSC(Engg.); MBA ; PGDPM.

Business/Occupation: Govt. Service – CMD of HOCL [CPSE]

Experience: 4 years with Kerala Minerals and Metals Ltd, Kollam; Kerala as Executive Trainee and as Asst Project Engineer (Dec 1981 – Dec 1985)

Dec 1985 joined HOCL as Senior Mechanical Engineer

1988-1992: Worked as Asst. Manager (Mechanical).

1992-1996: Worked as Dy. Manager (Mechanical).

1996-2001: Worked as Manager (Mechanical).

July 2001 – June 2006: Worked as Chief Engineer (Mechanical).

July 2006 – June 2010: Worked as DGM (Mech.)/GM (Mech.)

June 2010 – 16/6/2013: Worked as CGM (P&E)

17/6/2013 Onwards: CMD of HOCL.

Shri. V.K. Subburaj, Additional Secretary & Financial Advisor (AS&FA) [w.e.f. 14/05/2013]

Qualification : I.A.S,

Business/Occupation : Government Service. Additional Secretary & Financial Advisor (AS&FA), in the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals.

Dr. N.J.Gaikwad, Non Official Part Time (Independent) Director, w.e.f.22-05-2012 :-

Qualification : M.Pharm., PH.D., LL.B., D.B.M.B.J.

Business / Profession : Professor & Head, Deptt. Dept. of Pharmaceutical Science, Rashtrasant Tukadoji Maharaj Nagpur University.

Shri. Suresh Kumar. R. Director (Finance) [w.e.f.11-05-2012]-:

Qualifications : B.Com. , F.C.A., DISA[ICAI], CICA.

Business/Occupation: Director (Finance) in HOCL w.e.f. 11/05/2012

Experience :

- May, 2009 to May, 2012 - GM(Finance), HOCL, Ambaloyal
- April, 2006 to May, 2009 - GM(Finance), Cochin International Airport Ltd.
- February, 2003 to April, 2006 - Roads & Bridges Development Corporation Financial Controller of Kerala Ltd, Kochi.
- November, 1999 to October, 2002- Finance Manager- Kerala Shipping & Inland Navigation Corporation Ltd, Kochi.

Shri. S.B. Bhide Director (Technical) [w.e.f.14-06-2012] :-

Qualification : B.E. (Mechanical)

Business/Occupation: Government Service, Director (Technical) in HOCL

Experience :

- Operation and Maintenance of utilities.
- Operation and Maintenance of continuous process plant.
- Execution of projects Formaldehyde, JNPT Tank terminal, Revamping & restart up of caustic soda.
- Head of Mechanical department for 10 yrs. Head of production & Engineering division.
- Acted as Factory Manager for HOCL's Rasayani unit.
- Undergone process training for 4 weeks at Sweden.
- Member of the Board of Examining for Maharashtra State Boiler proficiency and competency.

Overall 30 years of Experience in HOCL manufacturing of organic chemical & intermediates

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 developments (s), which require Board's attention and its decision. Agenda papers are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman may bring up any relevant matter for the consideration of the Board.

The Board of the Company met 5 times during the financial year 2012-13 on the following dates:

29/5/2012, 8/8/2012, 9/11/2012, 12/2/2013, 7/3/2013.

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



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

The attendance of the Board Meetings and Annual General Meetings were as under:
For the year 2012-13.

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE LAST AGM
Shri. R.N.Madangeri	5	Yes
Shri J.N.Suryawanshi	5	Yes
Shri Suresh Kumar R.	5	Yes
Shri S. B. Bhide	4	Yes
Dr. V. Rajagopalan	1	No
Dr. A.J.V.Prasad	5	No
Dr. N.J. Gaikwad	4	Yes

e) Information supplied to the Board:

Among others, 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.

2. Remuneration of the Directors

Details of remuneration paid / payable to the Directors for the year ended March 31, 2013 are as follows:

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2012-13

Amt. in Rs.

Name Directors	Salary including Perks (Rs.)	Arrears	Retirement benefits	Sitting Fees & OPE	Total Rs.
Shri. R.N.Madangeri, CMD	17,39,660.53	2,15,158.62	43,865.26	N.A.	19,98,684.41
Shri J.N.Suryawanshi DM	19,97,989.66	79,889.80	38,016.40	N.A.	21,15,895.86
Shri Suresh Kumar R.,DF	12,95,376.73	Nil	36,909.21	N.A.	13,32,285.94
Shri. S.B. Bhide, DT	15,09,446.96	89,036.32	29,219.80	N.A.	16,27,703.08
Dr. V. Rajagopalan, SS&FA	Nil	Nil	Nil	Nil	Nil
Dr. A.J.V.Prasad	Nil	Nil	Nil	Nil	Nil
Dr. N.J. Gaikwad,	Nil	Nil	Nil	26,000.00	Nil

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

* The Company has not given any stock options.

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

3. 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.

Presently there are 3 Committees constituted by the Board of Directors - Viz. Audit Committee of Directors, Share/Bonds Transfer /Shareholders' Bond holders'/Investors' Grievance Committee and Corporate Social Responsibility & Sustainability Committee .

I. Audit Committee of the Directors: (w.e.f.1-04-2012)

Board at its Meeting held on 29/05/2012 has reconstituted the Audit Committee comprises of (1) Dr. V. Rajagopalan, SS&FA, Chairman of the Audit Committee (2) Dr. A.J. V.Prasad, J.S., Member of the AC (3) Dr. N.J. Gaikwad, Professor & Head, Member of the AC (w.e.f. 29/05/2012) (4) Shri J.N. Suryawanshi, D(M), Member of A.C.(upto 29/05/2012), (5) Shri. R.N. Madangeri, CMD, as invitee, (6) Shri Suresh Kumar R., DF, as invitee, (7) Shri. S.B. Bhide, DT as invitee and (8) Mrs. Susheela S. Kulkarni, Company Secretary and Secretary of the Audit Committee. Subsequently w.e.f. 5th August, 2013, the reconstituted Audit Committee comprises (1) Shri V.K.Subburaj, AS&FA, Chairman of the Audit Committee (2) Dr. A.J.

V.Prasad, J.S., Member of the AC (3) Dr. N.J. Gaikwad, NOID, Member of the AC (4) Shri V.B.Ramachandran Nair, CMD as Invitee (5) Shri J.N. Suryawanshi, D(M), as Invitee (6) Shri Suresh Kumar R., DF, as invitee, (7) Shri. S.B. Bhide, DT as invitee and (8) Mrs. Susheela S. Kulkarni, Company Secretary and Secretary of the Audit Committee. The other terms & reference of the said Committee remains same and unchanged.

The Committee met 4 times during the year on the following dates: 29/05/2012 ; 9/11/2012 ; 12/02/2013 & 7/03/2013.

DIRECTORS	NO. OF AUDIT COMMITTEE MEETINGS ATTENDED
Dr. V.Rajagopalan	1
Dr. A.J.V.Prasad	4
Dr. N.J. Gaikwad	3
Shri. J.N.Suryawanshi	1

(ii) 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. 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 R.N. Madangeri, CMD as Chairman (upto 30-4-2013), Shri. V.B.Ramachandran Nair, CMD as Chairman (w.e.f. 5-8-2013), Shri J.N.Suryawanshi, Director (Marketing), Shri Suresh Kumar R., Director (Finance) (w.e.f. 29/5/2012), Shri S. B. Bhide, Director (Technical) (w.e.f. 8/8/2012) and Mrs. S. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Two Directors. Mrs. Susheela 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-a-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 38 times during the year. The Details are as under: 4/04/2012; 21/04/2012; 15/05/2012; 21/05/2012; 5/06/2012; 21/06/2012; 7/07/2012; 6/08/2012; 17/08/2012; 22/08/2012; 28/08/2012; 7/09/2012; 15/09/2012; 18/09/2012; 28/09/2012; 8/10/2012; 15/10/2012; 19/10/2012; 22/10/2012; 5/11/2012; 12/11/2012; 19/11/2012; 23/11/2012; 3/12/2012; 10/12/2012; 18/12/2012; 26/12/2012; 1/01/2013; 10/01/2013; 15/01/2013; 23/01/2013; 29/01/2013; 4/02/2013; 20/02/2013; 26/2/2013; 7/03/2013; 20/3/2013 & 25/3/2013.

Summarised information on complaints received and resolved during 1st April 2012 to 31st March, 2013

Sr.No.	Nature of Complaint	Received	Redressed	Pending as on 31/3/2013
DIRECT:				
1.	Non receipt of dividends/ Warrants	-	-	-
2.	Non receipt of share Certificates	-	-	-
3.	Miscellaneous	-	-	-
SEBI:				
4.	Non receipt of dividend warrants	01	01	-
5.	Non receipt of share certificates	-	-	-
6.	Miscellaneous	01	01	-



No. of Pending Share Transfers

As on 31st March, 2013 there are Nil Share transfer cases pending.

III. Remuneration Committee.

In view of the existence of only 1 Independent Directors on the Board, The Board pursuant to the provisions under the Articles of Association of the Company could not constitute the Remuneration Committee of the Board, during the year, 2012-13.

The Terms of Reference of the previous year's Remuneration Committee among other things included issues relating to the fixing of Remuneration of the Employees, wage related negotiations with the Employees Unions, and fixation of Remuneration of the Employees as per Govt. / DPE Guidelines, Orders etc. to put up the same to the Board for its consideration.

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.

IV. CSR &SD Committee.

During the year 2013, in compliance with the Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company has constituted Board level Corporate Social Responsibility (CSR) and Sustainability (SD) Committee comprising of Independent Director & other two Directors from the Board of the Company. The terms of reference of the said CSR&SD Committee included among others set up of the Committee with existence of the two tier organization structure with mandatory membership of an Independent Director on the Board level committee, frequency of meeting, range of decision, staff/ stakeholder involvement etc.

5. Annual General Meetings.

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

Particulars	FY 2009-2010	FY 2010-2011	FY 2011-2012
Date and Time	27-08-2010 3.00 p.m.	25-08-2011 3.00 p.m.	28-09-2012 3.00 p.m
Venue	Rasarang Hall Dr.Kasbekar Park AtPO: Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park AtPO: Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park AtPO: 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 Reg: Provisions on Audit Committee) or SEBI Regulations or provisions of Listing Agreement (except Clause 49II) or any other Statutory Authority. Further, these authorities have never passed any strictures or imposed any penalties on the Company on any matter related to capital markets, during the last three years ;
- It is affirmed that no personnel has been denied access to the audit committee;
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause - are provided in this report;

8. Means of Communication

The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website <http://hocl.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 : 27th September, 2013
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 normally declared in the month following the quarter except for the last quarter for which the results are declared by May as permitted under the Listing Agreement.

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

(From 20th September, 2013 to 27th September, 2013 (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 /CDL : INE048A01011

i) Market Price Data

a) High/Low of market price of the equity shares traded on the National Stock Exchange of India Ltd., Mumbai for the year 2012-2013 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2012	24.40	18.00
May, 2012	21.10	17.75
June, 2012	21.20	17.55
July, 2012	22.90	17.85
August, 2012	21.20	17.35
September, 2012	19.95	17.35
October, 2012	22.40	18.70
November, 2012	21.10	18.10
December, 2012	20.40	18.25
January, 2013	20.70	17.00
February, 2013	17.85	13.10
March, 2013	14.00	9.80

(1) High/Low of market price of the equity shares traded on the **Bombay Stock Exchange Ltd., Mumbai** for the year 2012-2013 was as follows:

Month	Monthly Highest	Monthly Lowest
April, 2012	25.70	18.00
May, 2012	21.15	18.00
June, 2012	20.90	17.35
July, 2012	22.85	18.00
August, 2012	21.20	17.40
September, 2012	19.90	17.30
October, 2012	22.35	18.60
November, 2012	21.55	18.05
December, 2012	20.70	18.25
January, 2013	20.70	17.10
February, 2013	17.70	13.10
March, 2013	14.40	9.90

j) Distribution of Shareholding

The distribution of holdings as on March 31, 2013 was as follows:

Description	Holders(s)		Holders(s)	
	Folios	%	Shares	%
Upto - 500	51497	87.45	7986183	11.89
501 - 1000	3792	6.44	3263995	4.86
1001 - 2000	1843	3.13	2928660	4.26
2001 - 3000	574	0.97	1498709	2.33
3001 - 4000	278	0.47	1016137	1.51
4001 - 5000	284	0.48	1364572	2.03
5001 - 10000	370	0.63	2733576	4.07
10001 and Above	252	0.43	46381268	69.05
TOTAL	58890	100.00	67173100	100.00

J-i) Share Holding Pattern as on 31-03-2013 :

Particulars	No. of Shares	% of shareholding
Promoters	39481500	58.78
FII	1800	00.00
NRIs/OCB/Non Domestic Companies/no	829331	01.23



Mutual Funds,Banks,Fls, Insurance Co	21500	00.03
Private Corporate Bodies	4140709	6.16
Individuals/Others	22698260	33.80
Total Paid up Capital	67173100	100.00

k) Shareholding Pattern as on 31st March, 2013 was as under:

Category	No. of Share held	Percentage of shareholding
A PRESIDENT OF INDIA & NOMINEES	39481500	58.78
B NON-RESIDENT		
1 Foreign Collaborators	0	0.00
2 Non-Domestic Companies	1100	0.00
3 Overseas Corporate Bodies	0	0.00
4 Foreign Institutional Investors	1800	0.00
5 Individual (Repatriation)	752519	1.12
6 Individual (Non-Repatriation)	75712	0.11
C RESIDENT		
1 Financial Institutions	1000	0.00
2 Nationalised Banks	300	0.00
3 Mutual Funds	10600	0.02
4 Bodies Corporates	4140709	6.16
5 NSDL Shares in Transit	0	0.00
6 Others	22707860	33.80
TOTAL	67173100	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. 96.62% of the share capital of the Company has been dematerialised as on 31st March, 2012 – total Accounts dematerialised is **41172** involving **64903415** shares (which constitutes 96.62% 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 :-

- (a) Regd.office address of the Company : P.O. Rasayani, Dist.Raigad, Maharashtra PIN -410207
 (b) R&T Agents address :

M/s Sharepro Services (India) Pvt. Ltd 13 A/B, Samhita Warehousing Complex 2 nd Floor, behind Sakinaka Telephone e, Exchange, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel : 022-67720400 / 67720401 / 67720402 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
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9. CFO (w.e.f.11th May, 2012) Certification of the Company :

Shri Suresh Kumar R. , Director Finance/CFO, (w.e.f.11th May, 2012) certifies that as on 31-3-2013 :

- (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

Mrs. Susheela S. Kulkarni Company Secretary & Compliance Officer certifies that as on 31/03/2013, 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.
- Effectuated share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made thereunder.
- Complied with all the Provisions under Companies Act 1956, (except Section 292A Reg: Provisions on Audit Committee); complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges.[except Cl. 49 (I) & 49(II)] .

The Company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other Statutory Authorities and also the requirements under the Act and related statutes in force.

12. Compliance Certificate of the Auditors

The Statutory Auditors are required to audit and certify that the Company has complied / not complied – with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is required to be annexed hereto to the Directors' Report .

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

13. Re-appointment of Directors

Two Non-executive Govt. Nominee Directors viz. Shri. V.K. Subburaj, AS & FA and Dr. A.J.V.Prasad, JS are due for retirement by rotation at the ensuing 52nd Annual General Meeting of the Company and are eligible for re-appointment as per the directions of the Govt. of India.

**For and on behalf of Board of
Hindustan Organic Chemicals Ltd.**
Sd/-
[Mrs. Susheela S. Kulkarni]
Company Secretary

Date: 05/08/2013

ANNEXURE VII

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Hindustan Organic Chemicals Limited

- We have examined the compliance of conditions of Corporate Governance by Hindustan Organic Chemicals Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
- 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 the 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.
- The Company has not fully complied with clause 49I of the Listing Agreement relating to the composition of the Board of Directors.
- The Company has not fully complied with the provisions of clause 49II of the listing Agreement and Section 292A of the Companies Act, 1956, relating to the composition of the Audit Committee.
- In our opinion and to the best of our information and according to the explanations given to us, we certify that apart from the matters mentioned in paragraph (3) and (4) above, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- We further state that, such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firms Registration No. 102860W
Sd/-
S.B. Prabhu
Partner
Membership No. 35296

Mumbai : 29th May, 2013



INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Organic Chemicals Limited

Report on Financial Statements

We have audited the accompanying financial statements of Hindustan Organic Chemicals Limited ("the Company"), which comprises the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- A) No provisions has been made in the financial statements for the following amounts (refer respective notes in the notes to the financial statements);
- Penal interest of ₹ 830.30 lacs on overdue loan from Government of India (note no. 5A(ii)),
 - Loss on account of misappropriation of Company's fund amounting to ₹ 64.81 lacs, pending final report from CBI and outcome of the civil suit (note no. 37),
 - Liability of wage revision for the period 1.1.1997 to 31.12.2000 ₹ 1928.51 lacs at Rasayani unit (note no. 33A),
 - Liability of wage revision for the period 1.1.2007 to 31.3.2008 ₹ 164.74 lacs to Officers and ₹ 148.93 lacs to Staff at Rasayani unit (note no. 33B and 33C),
 - Claims of JNPT short provided amounting to ₹ 1137.83 lacs in respect of;
 - Lease rentals and escalation on leased land (note no. 34E),
 - Water charges and
 - Way leave charges

- Capital work in progress includes an amount of ₹ 2978.91 lacs incurred on JNPT tank terminal project. The construction has been suspended for more than five years and the lease has been called off by the lessor - JNPT after the expiry of the lease period in June 2010. The status of the project is stagnant, incomplete and of no utility since long. No provision is made for the impairment in the value of this asset, if any, pending ascertainment of the recoverable amount (note no. 34E),
- The Balances of trade receivables, trade payables, loans and advances and other current assets and other debit / credit balances are pending for confirmations and reconciliation (note no. 42),
- We further report that, had the effects of the items mentioned in the paragraphs (A) above been considered, the loss for the year would have been higher by ₹ 4275.12 lacs, resulting into a loss of ₹ 18074.03 lacs and the accumulated loss as at the year-end would have been higher by the same amount i.e ₹ 4275.12 lacs. Further, the long-term liabilities / provisions as at the year-end would have been higher by ₹ 4275.12 lacs.
- We also further report that the effect of the items mentioned in paragraphs (B) and (C) above on the loss for the year and on the balance sheet is not ascertainable.
- Wage arrears in respect of Rasayani unit of the Company which had not been provided in earlier years amounting to ₹ 379.57 lacs in case of employees for the period 1.1.1997 to 31.12.2000, ₹ 114.22 lacs for the period 1.1.2007 to 31.3.2008 in case of Officers and ₹ 97.38 lacs for the period 1.1.2007 to 31.3.2008 in case of Staff has been paid / provided during the year and charged as current year wage expense in the Statement of profit and loss. In our opinion, the same should have reflected as a prior period expense item as the Company should have made provision for the same in earlier years.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2013;
- in the case of the Statement of Profit and Loss, 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.

Emphasis of Matter

Attention is drawn to note 48 to the financial statements which states that the financial statements have been prepared on going concern basis, although the net worth of the Company is fully eroded, for reasons stated in the said note.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
- As required by section 227(3) of the Companies Act, 1956, we report that:
 - 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 except for the matters described in the Basis for Qualified Opinion paragraph;

- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*
- e) the conditions specified in section 274(1)(g) of the Companies Act, 1956 in respect of qualifications of directors is not applicable to the Company being a government company.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Sd/-

S.B. Prabhu
Partner

Membership No.35296

Place : Mumbai
Date : 29th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), as amended to date, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained and inform 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.
- (c) During the year, the Company has not disposed off a substantial part of fixed assets so as to affect the going concern status of the Company.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business, except for inventory in storage tanks at Kochi unit which does not have system of taking dip measurements. Instead, reliance is placed on the electronic reading reported by the Distribution Control System.
- (c) The Company has maintained proper records of inventory. As explained to us, the discrepancies between the physical inventory and the book records noticed on physical verification were not material and have been properly dealt with in the books of accounts.
3. (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..
- (b) 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..
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us there were no transactions that need to be entered into register maintained under Section 301 of the Companies Act, 1956, Sub Clause (b) of clause (v) is hence not applicable.
6. In our opinion and according to the information and explanations given to us, Company has not accepted any deposits from the public. Hence the provisions of section 58A, 58AA of the Companies Act, 1956 with regard to acceptance of deposits from the 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 asset, are not applicable. We have been informed by the management that no orders have 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.
7. The Company has an internal audit system, which, in our opinion, is commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company in pursuance to the rules made by the Central Government for the maintenance of 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.
9. a) According to the information and explanations given to us and on the basis of the examination of the books of account carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, 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 with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2013, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013, except as stated below:



A. Rasayani Unit :

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lacs)	Forum where dispute is pending
1	Custom Act, 1962	Custom Duty on Import of PNT	1995-96	10.80	Customs, Excise and Service Tax Appellate Tribunal
Total				10.80	
2	Central Excise Act, 1944	Molten Sulphur Classification	Feb-97 to Jun-98	15.53	Customs, Excise and Service Tax Appellate Tribunal
3	Central Excise Act, 1944	Molten Sulphur Classification	Sept-94 to Jan-97	22.76	Customs, Excise and Service Tax Appellate Tribunal
4	Central Excise Act, 1944	Molten Sulphur Classification	1999-00	7.62	Commissionerate
5	Central Excise Act, 1944	Shortage of Inputs		13.64	Commissionerate
6	Central Excise Act, 1944	Shortage of Inputs	1998-01	18.66	High Court
7	Central Excise Act, 1944	Shortage of Inputs	Jul-01 to Sept-02	5.85	High Court
8	Central Excise Act, 1944	ARO Case (Aniline Valuation)	Jul-03 to May-06	19.29	Customs, Excise and Service Tax Appellate Tribunal
9	Central Excise Act, 1944	Clearance of SSA to fertilizer manufacturing units	Sept-96 to Mar-00	112.78	Commissionerate
10	Central Excise Act, 1944	Reversal of Cenvat Credit availed on inputs lost in flood	2006-07	18.66	Commissionerate
11	Central Excise Act, 1944	N2O4 Exemption	Jan-06 to Feb-08	104.63	Customs, Excise and Service Tax Appellate Tribunal
12	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Nov-98 to Dec-98	5.05	Deputy Commissioner Central Excise
13	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Jan-99	2.59	Deputy Commissioner Central Excise
14	Finance Act, 1994	Wrong credit availed on Angels, bars and HR coils and plates	May-07 to Jul-10	1.44	Assistant Commissioner Central Excise
15	Finance Act, 1994	Cleaning, gardening and Rent-a-cab services	Oct-09 to Nov-11	8.88	Deputy Commissioner Central Excise
16	Finance Act, 1994	Service Tax on canteen services	Feb-07 to Mar-11	66.96	Commissioner of Central Excise, Custom and Service Tax
Total				424.34	
17	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-00	91.07	Commissioner of Income Tax Appeals, Mumbai
18	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-00	57.55	Income Tax Appellate Tribunal, Mumbai
19	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2003-04	607.25	Commissioner of Income Tax Appeals, Mumbai
20	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2004-05	63.23	Commissioner of Income Tax Appeals, Mumbai
Total				819.10	
21	Central Sales Tax Act, 1956	CST	F.Y 2004-05	5.70	Assistant Commissioner of Sale Tax
Total				5.70	

B. Kochi Unit :

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lacs)	Forum where dispute is pending
1	ESI Corporation	ESI contribution of employees	1.04.92 to 31.10.92	2.17	Employees Insurance Court (Industrial)
2	Central Excise Act, 1944	Disallowance of CENVAT Credit availed on the ground that duty is paid by debiting DEPB license	2004-05	13.35	Appeal with CESTAT, Bangalore. Remanded to J.C.Ex Ernakulam
3	Finance Act 1994	Non payment of Service Tax on commercial coaching/training (1.92+6.01)	4/06 to 3/08	8.75	Commissioner of Central Excise Appeals, Ernakulam
4	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	2.14	Asst. Commissioner of Central Excise, Muvattupuzha



Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lacs)	Forum where dispute is pending
5	Finance Act 1994	Availing of CEVAT credit on outdoor catering services (16.59+32.89)	04/06 to 11/08	57.12	Commissioner of Central Excise Appeals, Erankulam
6	Finance Act 1994	Availing of CEVAT credit on outdoor catering services	12/08 to 09/09	27.99	Commissioner of Central Excise Appeals, Erankulam
7	Finance Act 1994	Availing of CEVAT credit on service tax on transportation of final products to Rasayani Depot	04/03 to 12/06	35.79	Commissioner of Central Excise Appeals, Erankulam
8	Central Excise Act 1944	Duty on sale of waste/scrap	5/09 to 1/02 and 5/02 to 3/03	1.78	CESTAT, Bangalore appeal filed by the department
9	Customs Act 1962	Demand to remit duty for excess quantity of imported Benzene	Nov.08	1.01	Commissioner of Central Excise Appeals, Erankulam
10	Finance Act 1994	Availing of CENVAT credit on Hiring of Bus, Car and on Capital Goods	01/09 to 12/09	3.61	Commissioner of Central Excise Appeals, Erankulam
11	Finance Act 1994	Service Tax on commercial coaching, renting of immovable property	04/09 to 03/10	2.03	Deputy Commissioner of Central Excise
12	Finance Act 1994	Availing of CENVAT credit on outdoor catering, insurance, etc	10/09 to 09/10	18.57	Commissioner of Central Excise Appeals, Erankulam
13	Finance Act 1994	Availing of CENVAT credit on Hiring of Bus, Car, etc	01/10 to 11/10	2.55	Deputy Commissioner of Central Excise
14	Central Excise Act 1944	Excess amount collected from Rasayni Sales	03/10	0.28	Deputy Commissioner of Central Excise
15	Finance Act 1994	Service Tax on commercial coaching, renting of immovable property	04/10 to 03/11	1.83	Commissioner of Central Excise Appeals
16	Finance Act 1994	Bus, Car transportation to employees	12/10 to 10/11	1.22	Commissioner of Central Excise Appeals
17	Finance Act 1994	Insurance renewal/Tyre retrading charge	07/11 to 05/12	6.31	Commissioner of Central Excise Appeals
18	Finance Act 1994	Bus, Car transportation to employees	11/11 to 06/12	0.35	Commissioner of Central Excise Appeals
19	Finance Act 1994	Commercial coaching, renting of immovable property	04/11 to 03/12	1.42	Commissioner of Central Excise Appeals
Total				188.17	

10. *The accumulated losses of the Company at the year-ended exceed its paid-up capital and reserves and its net worth is fully eroded. The Company has incurred cash losses during the year and also in the immediately preceding financial year.*
11. Based on our audit procedures and the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to the bond holders during the current year.
12. According to the information and explanations given to us, adequate documents and records are maintained for loans granted to subsidiary company and others on the basis of security given to them.
13. Clause (xiii) of the Order is not applicable as the Company is not a chit fund company or nidhi / mutual benefit fund / society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has given guarantee of ₹ 1253 lacs for loan taken by subsidiary – Hindustan Fluorocarbons Ltd., from State Bank of Hyderabad. Based on the explanations given to us, in our opinion, the terms and conditions of this guarantee are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans raised by the Company during the year were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has raised ₹ 10,000 lacs through issue of bonds during the year, which is guaranteed by the Government of India by way of registered bond trust deed.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations furnished by the management, we report that no fraud has been noticed or reported by the Company during the year.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Sd/-

S.B.Prabhu
Partner

Membership No. 35296

Place : Mumbai
Date : 29th May, 2013



BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ lacs)

	NOTES	As at 31.03.2013	As at 31.03.2012	
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share capital	2	33726.96	33726.96	
(b) Reserves and surplus	3	(46842.02)	(32833.28)	
		(13115.06)		893.68
(2) Deferred government grants	4	1624.29	1624.29	506.01
(3) Non-current liabilities				506.01
(a) Long-term borrowings	5	2064.98	1182.41	
(b) Other Long term liabilities	6	-	630.46	
(c) Long-term provisions	7	7381.75	6454.62	
		9446.73		8267.49
(4) Current liabilities				
(a) Short-term borrowings	8	17580.26	6698.08	
(b) Trade payables	9	9473.28	5076.72	
(c) Other current liabilities	10	14006.17	22919.01	
(d) Short-term provisions	11	1698.03	2108.30	
		42757.74		36802.11
TOTAL		40713.70		46469.29
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets	12			
(i) Tangible assets		15410.99	15636.53	
(ii) Intangible assets		252.03	328.62	
(iii) Capital work-in-progress	13	3875.02	3602.24	
(b) Non-current investments	14	1111.00	1106.00	
(c) Long-term loans and advances	15	2862.49	2989.61	
		23511.53		23663.00
(2) Current assets				
(a) Inventories	16	5924.73	10729.26	
(b) Trade receivables	17	2932.33	3943.82	
(c) Cash and cash equivalents	18	2502.40	3461.53	
(d) Short-term loans and advances	19	5473.77	4210.07	
(e) Other current assets	20	368.94	461.61	
		17202.17		22806.29
TOTAL		40713.70		46469.29
Significant Accounting Policies	1			
Notes to the Financial Statements	2 to 49			

As per our report of even date attached

For and on behalf of the Board of Directors

For Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm's Registration No. 102860W

Sd/-

S. B. Prabhu

Partner

Membership No. 35296

Sd/-

(J.N.Suryawanshi)Acting Chairman & Managing
Director & Director (Marketing)

Sd/-

R. Suresh Kumar

Director (Finance)

Sd/-

S. B. Bhide

Director (Technical)

Sd/-

Mrs. Susheela S. Kulkarni

Company Secretary

Place: Mumbai

Date: 29/05/2013

Place: Mumbai

Date: 29/05/2013



Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in lacs)

	NOTES	Year ended 31.03.2013	Year ended 31.03.2012
REVENUE			
Revenue from operations			
Sale of products	21	62419.40	60636.71
Other operating revenue		67.43	31.62
		<u>62486.83</u>	<u>60668.33</u>
Less : Excise duty		<u>6985.24</u>	<u>5841.97</u>
		55501.59	54826.36
Other income	22	955.64	867.09
Total revenue		<u><u>56457.23</u></u>	<u><u>55693.45</u></u>
EXPENSES			
Cost of materials consumed	23	36562.99	33910.11
Purchases - stock-in-trade	24	136.84	155.73
Changes in Inventories of finished goods and work in progress	25	4197.95	(252.14)
Variation in excise duty on finished goods inventory		(366.46)	70.35
Employee benefits expenses	26	11648.68	11809.78
Finance costs	27	2824.15	2474.33
Depreciation and amortization expenses		2192.46	2304.51
Provision for impairment loss on fixed assets		40.49	31.47
Other expenses	28	12689.21	12880.12
Total expenses		<u><u>69926.31</u></u>	<u><u>63384.26</u></u>
Profit / (Loss) before prior period adjustment, exceptional items and tax		<u>(13469.08)</u>	<u>(7690.81)</u>
Less: Prior Year Adjustment	29	199.77	(105.55)
Profit / (Loss) before exceptional items and tax		<u>(13668.85)</u>	<u>(7585.26)</u>
Less: Exceptional items	30	130.06	221.59
Profit / (Loss) before tax		<u>(13798.91)</u>	<u>(7806.85)</u>
Tax expenses :			
Current tax		-	-
Deferred tax		-	-
Profit / (Loss) for the year		<u><u>(13798.91)</u></u>	<u><u>(7806.85)</u></u>
Earnings per equity share: (in ₹) (Face value ₹ 10 each)			
Basic and Diluted		(20.54)	(11.62)
Significant Accounting Policies	1		
Notes to the Financial Statements	2 to 49		

As per our report of even date attached

For and on behalf of the Board of Directors

For Ford, Rhodes, Parks & Co.Chartered Accountants
Firm's Registration No. 102860W

Sd/-

S. B. Prabhu

Partner

Membership No. 35296

Sd/-

(J.N.Suryawanshi)Acting Chairman & Managing
Director & Director (Marketing)

Sd/-

R. Suresh Kumar

Director (Finance)

Sd/-

S. B. Bhide

Director (Technical)

Sd/-

Mrs. Susheela S. Kulkarni

Company Secretary

Place: Mumbai

Date: 29/05/2013

Place: Mumbai

Date: 29/05/2013



Cash Flow Statement for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax and extraordinary items as per Statement of Profit and Loss	(13469.08)	(7690.81)
Adjusted for:		
Depreciation and Amortization Expenses	2192.46	2304.51
Impairment Loss	40.49	31.47
Loss on Sale/ Discard of Assets (net)	3.76	2.02
Fixed Assets Written-off	3.36	20.94
Diminution of Inventory	23.47	18.55
Govt Grant Transferred to Income (Refer Note 4A)	(17.77)	-
Bad Debts Written-off	70.75	-
Finance Costs	2824.15	2474.33
Provision No Longer Required Written Back	(70.87)	67.01
Provision for Wage Arrears No Longer Required Written Back	(98.54)	-
Interest Income from Subsidiary	(80.13)	(109.53)
Interest Income	(212.64)	(241.35)
	4678.49	4567.95
Operating Profit/(Loss) Before Extra Ordinary Items and Prior Year Adjustments	(8790.59)	(3122.86)
Add:- Net Extra Ordinary Items and Prior Year Adjustments	(329.83)	(113.95)
Operating Profit / (Loss) Before Working Capital Changes	(9120.42)	(3236.81)
Adjusted for:		
Trade and Other Receivables	1071.15	1180.74
Inventory	4781.06	305.23
Trade and Other Payables	4213.28	396.89
Loans and Advances	(1064.48)	240.78
	9001.01	2123.64
Cash Generated from Operations	(119.41)	(1113.17)
Taxes Paid (net)	-	-
Net Cash from Operating Activities : (A):	(119.41)	(1113.17)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2215.11)	(932.22)
Sale of Fixed Assets	4.39	0.38
Purchase of Investments	(5.00)	7.40
Interest Income	253.54	459.52
	(1962.18)	(464.92)
Net Cash Used In Investing Activities : (B):	(1962.18)	(464.92)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (net of Repayments)	2604.40	3494.87
Bond Issue Expenses.	(209.83)	(114.79)
Interest Paid	(2408.16)	(1711.65)
Grant from ISRO	1136.05	294.49
	1122.46	1962.92
Net Cash from / Used In Financing Activities: [C] :	1122.46	1962.92
Net Increase In Cash & Cash Equivalents (A+B+C)	(959.13)	384.83
Opening Balance of Cash and Cash Equivalents	3461.53	3076.70
Closing Balance of Cash and Cash Equivalents	2502.40	3461.53

Note : 1. Figures in brackets represent outflows.

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

By order of the Board of Directors

	Sd/- (J.N.Suryawanshi)	Sd/- (R.Suresh Kumar)	Sd/- (S.B.Bhide)
Mumbai	Acting Chairman & Managing Director	Director (Finance)	Director (Technical)
Date: 29-05-2013	& Director (Marketing)		Sd/- (Mrs. S.S. Kulkarni) Company Secretary

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 2013, which has been identified by us on 29-05-2013. 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 on 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 M/s. Ford, Rhodes, Parks & Co.,
Chartered Accountants
Firm's Registration No: 102860W

Sd/-

Place : Mumbai,
Date : 29-05-2013.

S.B. Prabhu
Partner Membership No. 35296

NOTES TO THE FINANCIAL STATEMENTS**NOTE – 1****SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on accrual basis, unless stated otherwise, under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities on the date of the financial statements and reported amount of income and expenses during the year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. FIXED ASSETS

- a) Fixed Assets are stated at historical cost less depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.
- b) The constructed/fabricated capital assets are capitalized as and when the same are installed in the plants.
- c) Machinery spares which are procured for use in connection with particular machinery/equipment and stand by equipments which are identified to a particular item of fixed asset and having irregular use are capitalized and written off over the remaining useful life of the machinery/ equipment.
- d) In respect of Plant and Machinery, significant expenditure on repairs, renewals and replacement having a separate identity and is capable of being used after the existing assets are 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 Statement of Profit and Loss as loss on scrapping of assets.
- e) Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.

D. IMPAIRMENT OF ASSETS

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss 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.

E. DEPRECIATION

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

- a) In case of continuous process plants and computer systems
 - i) Acquired before 1.4.1993 :
The specified period has been recomputed by applying to the original cost, revised rates as prescribed in Schedule XIV as per notification GSR No. 756(E) dated 16.12.1993 and depreciation charge has been calculated on straight-line method by allocating the unamortized value as per books of account over the remaining part of the recomputed specified period. For this purpose the date of acquisition is taken as the last day of each year in which it is acquired/capitalized.
 - ii) Acquired after 1.4.1993 :
Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- b) In case of other Fixed Assets :
 - i) Acquired before 2.4.1987 depreciation is continued to be provided on "Straight Line Method" at the rates approved by the Board on technical assessment of useful life of assets or the rates prescribed under the then provisions of Income Tax Act, 1961 whichever is higher.
 - ii) Acquired from 2.4.1987 onwards and in existence as on 1.4.1993, depreciation is provided on straight line method at old rates prescribed in the then Schedule XIV of the Companies Act, 1956.
 - iii) Acquired after 1.4.1993 Depreciation is provided on straight line method as per the rates given in the revised Schedule XIV to the Companies Act, 1956 or on the basis of estimated life of the assets, whichever is higher.
- c) Assets are depreciated upto 95% of their cost and balance 5% is carried in the books as residual value except in case of intangible assets.
- d) Assets individually costing less than ₹ 5000 are fully depreciated in the year of acquisition.
- e) Lease premium paid on leasehold land is amortised over the life of lease.
- f) Intangible Assets consisting of computer software and SAP license cost are amortised over a period of 5 years on straight line basis from the date of acquisition.

F. INVENTORIES

- a) Inventories are valued at lower of cost and net realizable value except in case of;
 - i) Raw materials are valued at cost on weighted average basis.
 - ii) Stores and spares, which are valued at cost, determined as per weighted average cost method,
 - iii) By-products which are valued at estimated net realizable value, and
 - iv) Intermediate products which are exclusively held for captive consumption are valued at cost.
- b) For the purpose of valuation of stock-in-process and stock of finished goods pending inspection, the same is converted into equivalent units of finished products held for captive consumption depending upon stage of completion.
- c) The cost of Catalyst is amortised over their estimated useful lives. Balance unamortised portion has been shown under the head "Stores and Spares".
- d) Provision for non-moving / obsolete stores and spares are made based on technical assessment.

G. 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 for in respect of receivables from Government departments/ Companies. In respect of other Debtors, Loans & Advances the provisions are made to the extent considered not recoverable by the management.

H. REVENUE RECOGNITION

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

I. GOVERNMENT GRANTS

The company is following income approach for accounting for the government grants in-respect of the depreciable assets as described in Accounting Standard 12 – 'Accounting for Government Grants'. The grants related to depreciable assets are treated as deferred income which is recognised in the statement of profit and loss on proportionate basis over the useful life of the assets and allocation to income is made in proportion in which the depreciation on related assets is charged.

J. 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 statement of profit and loss.

K. BOND ISSUE EXPENSES

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

L. RETIREMENT BENEFITS

- a) Company's contribution to provident fund is accounted for on accrual basis.
- b) Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.
- c) Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the statement of profit and loss.
- d) Bonus is provided under the Payment of Bonus Act, 1965, on the basis of profitability of each Unit.

M. INVESTMENTS

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

N. PRIOR PERIOD ADJUSTMENTS

Items of income / expenses above ₹ 10000 in each case relating to previous years, are accounted as prior period adjustments.

O. PREPAID EXPENSES

Prepaid expenses are accounted for only where the amounts relate into unexpired period exceeds ₹ 10000 in each case.

P. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred

NOTES TO THE FINANCIAL STATEMENTS

tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

Q. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

(₹ lacs)

NOTE No.	As At 31.03.2013	As At 31.03.2012
2 SHARE CAPITAL:		
AUTHORISED		
100000000 (previous year 100000000) Equity Shares of ₹ 10 each	10000.00	10000.00
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
	<u>37000.00</u>	<u>37000.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
Equity Share Capital		
67173100 (previous year 67173100) Equity Shares of ₹ 10 each	6717.31	6717.31
Add: Paid-up amount on shares forfeited	9.65	9.65
Preference Share Capital		
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
TOTAL	<u>33726.96</u>	<u>33726.96</u>

2A During the year 2010-11, The Company forfeited 1,93,000 shares of ₹ 10 each (₹ 5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".

2B The Government of India had released in earlier year ₹ 27000 lacs (for financial restructuring ₹ 25000 lacs and Caustic Soda Plant recommissioning ₹ 2000 lacs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year. The first and second installments of 20% i.e. ₹ 5400 lacs each was due for redemption in financial year 2011-12 and 2012-13 respectively. The Company has requested the Government of India to extend the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year.

2C The particulars of shareholders holding more than 5% equity shares.

	39481500	39481500
The Government of India Number of shares held	39481500	39481500
Percentage of holding	58.78%	58.78%

2D Terms/rights attached to equity shares.

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2E The preference shareholders have no voting rights.

NOTE No.	As At 31.03.2013	As At 31.03.2012
3 RESERVES AND SURPLUS:		
Capital Reserve		
Nominal value of Freehold land ₹ 1 (previous Year ₹ 1)	0.00	0.00
Share Premium Account	6251.19	6365.98
Less: Bond Issue Expenses	209.83	114.79
	<u>6041.36</u>	<u>6251.19</u>

(₹ in lacs)

NOTE No.	As At 31.03.2013	As At 31.03.2012
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as per last Balance Sheet	(39084.47)	(31277.62)
Profit / (Loss) for the year as per the Statement of Profit and Loss	(13798.91)	(7806.85)
TOTAL	<u>(52883.38)</u>	<u>(39084.47)</u>

NOTE No.	As At 31.03.2013	As At 31.03.2012
4 DEFERRED GOVERNMENT GRANTS :		
Balance as per last Balance Sheet	506.01	211.52
Add: Received during the year	505.59	438.02
	<u>1011.60</u>	<u>649.54</u>
Less: Transferred (to) / from deposit	630.46	(143.53)
	<u>1642.06</u>	<u>506.01</u>
Less: Transferred to Income	(17.77)	-
TOTAL	<u>1624.29</u>	<u>506.01</u>

4A An amount of ₹ 1642.06 lacs (previous year ₹ 1136.47 lacs) has been received from ISRO (Government of India) towards Capital Grant for refurbishment of CNA Plant to date. Out of this, an amount of ₹ 1642.06 lacs (previous year ₹ 506.01 lacs) has been spent upto 31st March, 2013 and accordingly same has been shown as Deferred Government Grant and balance amount of ₹ Nil (previous year ₹ 630.46 lacs) has been shown as deposit under the head - 'Other Long-term Liabilities' pending utilisation. As per AS - 12 - 'Accounting for Government Grants', income has been recognised from this grant of ₹ 17.77 lacs (previous year ₹ Nil) to the extent of depreciation charged and is included in Miscellaneous Income.

NOTE No.	As At 31.03.2013	As At 31.03.2012
5 LONG-TERM BORROWINGS :		
Unsecured Loans		
Loans from Government of India	1884.50	953.00
Other Loans	180.48	229.41
TOTAL	<u>2064.98</u>	<u>1182.41</u>

5A i) There is a continuing default in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is ₹ 4791 lacs (previous year ₹ 4103.50 lacs) and for interest accrued is ₹ 4480.06 lacs (previous year ₹ 3733.45 lacs). These amounts are shown under 'Other Current Liabilities'. Further an amount of ₹ 828.50 lacs (previous year ₹ 712.50 lacs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.

ii) The Company has not made provision for penal interest payable amounting to ₹ 830.30 lacs (previous year ₹ 672.56 lacs) on overdue Government Loan upto 31st March, 2013 since the same is leviable at the discretion of Government of India. The Company has not received any demand from the Government of India for the same. The same has been disclosed under Contingent Liabilities.

5B The other loans shown above are loans taken from HDFC Ltd. and Canara Bank towards housing finance for employees. The loans from HDFC ₹ 11.44 lacs (previous year ₹ 12.30 lacs) is secured by an equitable charge on the housing properties. The loans from Canara Bank ₹ 210.69 lacs (previous year ₹ 217.11 lacs) are secured by way of mortgage assignment of rights available to the Company on the housing properties. The amounts re-payable within one year is included in current maturity of long term borrowing under 'other current liabilities'.

NOTE No.	As At 31.03.2013	As At 31.03.2012
6 OTHER LONG-TERM LIABILITIES :		
Deposit from ISRO (Refer note - 4A)	-	630.46
TOTAL	<u>-</u>	<u>630.46</u>

NOTE No.	As At 31.03.2013	As At 31.03.2012
7 LONG-TERM PROVISIONS :		
For Employee's Benefits (Refer note - 31)	7344.95	6417.82
For Others		
M&R- Fixed Assets	7.98	7.98
Difference in Fixed Assets	10.77	10.77
Statutory Claims	18.05	18.05
TOTAL	<u>7381.75</u>	<u>6454.62</u>



NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NOTE No.	As At 31.03.2013	As At 31.03.2012
8 SHORT-TERM BORROWINGS :		
Unsecured Loans		
1000 (previous year Nil) Non-convertible 8.73% Taxable Bonds of ₹ 1000000 each redeemable at the end of one year - due on 28.08.2013.	10000.00	-
Secured Loans		
Loan from Central Bank of India	1975.00	2100.00
Cash Credit from State Bank of India	5605.26	4598.08
TOTAL	17580.26	6698.08

8A The Bonds are guaranteed by Government of India for repayment of principal and interest thereupon. The Government of India guarantee for ₹ 10000 lacs is for total Bond issue created by way of Registered Bond Trust Deed and the guarantee is effective for a period of one year from 28.08.2012 i.e date of allotment. In case of Bonds for the previous year please Refer note - 9 Current Liabilities as 'current maturity of long-term liabilities.

8B Loan from Central Bank of India is secured against pledge of the term deposit receipts of ₹ 2197.76 lacs (previous year ₹ 2699.96 lacs).

8C Cash Credit from State Bank of India is secured by :

- 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 ₹ 15500 lacs (previous year ₹ 15500 lacs)
- 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 situated at village Deolali, Posari, Wasambe, Parade Savale, Turade, Dapivali and Ambivali of Panvel and Khalapur talukas, District Raigad in the State of Maharashtra and plant and machinery, equipments, fixtures and fittings, movable machinery, spares, articles and things in the State of Maharashtra (excluding current assets).

NOTE No.	As At 31.03.2013	As At 31.03.2012
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9 TRADE PAYABLES :		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises (Refer note - 32)	45.31	14.47
Dues to Others	9427.97	5062.25
TOTAL	9473.28	5076.72
10 OTHER CURRENT LIABILITIES :		
Current Maturity of Long Term Borrowings		
1) Nil (previous year 1000) Non-convertible 8.80% Taxable Bonds of ₹ 1000000 each redeemable at the end of two years - due on 28.08.2012 and paid.	-	10000.00
2) Loan from Government of India (Refer note - 5A(i))	5619.50	4791.00
3) Other Loans	41.65	30.76
Interest accrued but not due	419.18	751.69
Interest accrued and due (Refer note - 5A(i))	4499.26	3750.76
Advances from Customers	1050.26	892.50
Deposits from Vendors / Customers	366.35	401.47
Statutory dues	395.89	726.86
Employee related liabilities	786.27	860.82
Payroll Recoveries Payable	101.98	111.01
Other Liabilities	725.83	602.14
TOTAL	14006.17	22919.01
11 SHORT-TERM PROVISIONS :		
For Employee Benefits (Refer note - 31)	1315.82	1237.86
For Employees Remuneration (Refer note - 33)	156.98	645.21
For Interest to others	225.23	225.23
TOTAL	1698.03	2108.30

NOTE 12 - FIXED ASSETS

(₹ lacs)

Item	Description	GROSSBLOCK				DEPRECIATION/AMORTISATION						NETBLOCK		
		As at 01.04.2012	Additions	Sales	Adjustments	As at 31.03.2013	Up to 01.04.2012	Sales	Adjustments	Provided during the year	Impairment of Assets	Up to 31.03.2013	As on 31.03.13	As on 31.03.12
TANGIBLE ASSETS														
1.	Land and Land Development	669.56	0.00	0.00	0.00	669.56	0.00	0.00	0.00	0.00	0.00	0.00	669.56	669.56
2.	Leasehold Land	336.92	0.00	0.00	0.00	336.92	32.74	0.00	0.00	5.63	0.00	38.37	298.55	304.18
3.	Buildings	3510.34	171.77	0.11	0.00	3682.00	1614.23	0.06	0.00	60.46	0.00	1674.63	2007.37	1896.11
4.	Plant and Equipment	56156.39	1710.21	84.41	(2.60)	57779.59	45556.48	77.78	(0.17)	1904.53	6.32	47389.38	10390.21	10599.91
5.	Furniture and Fixtures	2126.49	31.78	2.96	(0.40)	2154.91	1881.55	2.42	(0.01)	39.99	4.00	1923.11	231.80	244.94
6.	Vehicles	185.46	16.19	0.25	0.00	201.40	81.14	0.24	0.00	11.01	0.37	92.28	109.12	104.32
7.	Office Equipment	702.75	7.02	5.40	0.00	704.37	237.19	5.11	0.00	90.02	0.65	322.75	381.62	465.56
8.	Library Books	77.41	0.04	0.00	0.00	77.45	74.06	0.00	0.00	0.08	0.00	74.14	3.31	3.35
9.	Railway Sidings	35.53	0.00	0.00	0.00	35.53	33.77	0.00	0.00	0.00	0.00	33.77	1.76	1.76
10.	Plants held for disposal	7858.01	0.00	0.00	0.00	7858.01	6511.17	0.00	0.00	0.00	29.15	6540.32	1317.69	1346.84
	Total	71658.86	1937.01	93.13	(3.00)	73499.74	56022.33	85.61	(0.18)	2111.72	40.49	58088.75	15410.99	15636.53
	Previous year	71200.67	520.74	60.46	(2.09)	71658.86	53814.95	56.91	0.00	2232.82	31.47	56022.33	15636.53	
INTANGIBLE ASSETS														
11.	Computer Software	416.00	5.32	0	0	421.32	87.38	0	1.17	80.74	0	169.29	252.03	328.62
	Total	416.00	5.32	0	0	421.32	87.38	0	1.17	80.74	0	169.29	252.03	328.62
	Previous Year	300.71	115.29	0.00	0.00	416.00	15.69	0.00	0.00	71.69	0.00	87.38	328.62	

Note :- For Fixed Assets, Capital Work In Progress, Assets held for disposal and provision for impairment of Assets refer note no - 34.



NOTES TO THE FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2013	As At 31.03.2012
13 CAPITAL WORK-IN-PROGRESS :		
1. J.N.P.T. Tank Terminals Project (Refer note - 34E)	2978.91	2976.65
2. Captive Power Plant Project (Refer note - 34H)	25.41	25.41
3. Refurbishment of CNA Plant (Refer note - 34F)	669.33	506.01
4. Utility (Others)	94.17	94.17
5. Khargar Project	52.39	-
6. Others	54.81	-
TOTAL	3875.02	3602.24

14 NON CURRENT INVESTMENTS :**TRADE INVESTMENTS (AT COST)****Investments in Equity instruments in Subsidiary - Company - Quoted:**

11060000 (previous year 11060000) Equity Shares of ₹ 10 each fully paid in Hindustan Fluorocarbons Ltd., (Refer note - 35(a))	1106.00	1106.00
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Investments in Equity instruments in Joint Venture**Subsidiary - Unquoted:**

30000 (previous year 30000) Equity Shares of ₹ 10 each fully paid in HOC-Chematur Ltd., (Refer note - 35(b))	3.00	3.00
Less: Provision for diminution of investment	3.00	3.00

Investments in Unquoted Equity Shares of Kerala Enviro Infrastructure Ltd.

50000 (previous year Nil) Unquoted Equity Shares of ₹ 10	5.00	-
TOTAL	1111.00	1106.00

15 LONG-TERM LOANS AND ADVANCES :**(Unsecured, considered good unless otherwise stated)**

Security Deposits	212.72	317.25
Advance to Related Parties (Subsidiary Companies)		
1. M/s. Hindustan Fluorocarbons Ltd., (Secured) (Refer note - 36(a))	2609.72	2609.72
2. HOC_Chematur Ltd. (Refer note - 36(b)) (Considered doubtful)	1066.55	1066.26
Less: Provision for doubtful advance	1066.55	1066.26
Staff Loans (Secured)	40.05	62.64
TOTAL	2862.49	2989.61

16 INVENTORIES :

1. Raw Materials	502.33	1350.27
Materials-in-transit	-	502.33
2. Work in Progress :	980.42	31.21
3. Finished Products		1381.48
i) For Captive Consumption	256.99	1761.85
ii) Main Products for sale	1461.06	4274.73
iii) By-Products	64.69	62.38
4. Stores and Spares	3111.70	2811.47
Less: Provision for obsolescence	452.46	2659.24
TOTAL	5924.73	10729.26

16A Excise duty provided on goods manufactured but not removed ₹ 190.84 lacs (previous year ₹ 558.28 lacs).

16B Stores and spares include items not moved for more than five years ₹ 323.65 lacs (previous year ₹ 462.28 lacs) and obsolete items of ₹ 128.81 lacs (previous year ₹ 61.50 lacs). An adhoc provision of ₹ 452.46 lacs (previous year ₹ 424.79 lacs) has been made for obsolescence.

NOTE No.	(₹ lacs)	
	As At 31.03.2013	As At 31.03.2012
17 TRADE RECEIVABLES :		
Debts overdue for a period exceeding six months	2769.88	2990.03
Other Debts	2943.79	3806.00
	5713.67	6796.03
Less: Provision for Doubtful Debts	2781.34	2852.21
TOTAL	2932.33	3943.82

NOTE:

Considered good, in respect of which	2393.25	1908.80
Company holds Bank Guarantees/Letters of Credit		
Unsecured considered good	539.08	2035.02
Unsecured considered Doubtful	2781.34	2852.21
	5713.67	6796.03
Less: Provision for Doubtful Debts	2781.34	2852.21
	2932.33	3943.82

18 CASH AND BANK BALANCES :**1. CASH AND CASH EQUIVALENTS :**

Balance with Banks	18.10	14.51
In Current Account	114.98	58.71
In Saving Bank Account	106.18	128.07
	239.26	201.29
Cheques/Drafts on hand	36.51	544.90
Cash in hand	2.22	1.00
	277.99	747.19

2. OTHER BANK BALANCES

In Term Deposit Account		
With original maturity period not exceeding 12 months	1864.65	2177.38
With original maturity period exceeding 12 months	359.76	536.96
Out of ₹ 2197.76 lacs (previous year ₹ 2700 lacs) there is lien of ₹ 1975 lacs (previous year ₹ 2100 lacs) towards loan obtained from Central Bank of India.		2714.34
TOTAL	2502.40	3461.53

19 SHORT-TERM LOANS AND ADVANCES:**(Unsecured, Considered Good unless otherwise stated)****Advances to related parties (Subsidiary Company)**

M/s.Hindustan Fluorocarbon Ltd. (Secured)	590.77	890.77
Interest accrued but not received	500.94	428.84
Loans to Public Sector Undertaking (Considered doubtful)		1319.61
Loans	171.08	171.08
Less: Provision for doubtful recovery	171.08	171.08
Balances / Deposits with Excise, Customs and Statutory Authorities	658.47	517.74
Deposits (Considered Doubtful)	1.80	1.80
Less : Provision for Doubtful Deposits	1.80	1.80

Other Loans and Advances

Advance to Suppliers (including ₹ 30.06 lacs, previous year ₹ 30.06 lacs, considered doubtful)	166.18	250.93
Loans and Advances to Employees	18.16	43.00
Claims Receivable from Employees	0.12	1.04
Duties and Taxes Receivable (includes doubtful advance ₹ 5 lacs, previous year ₹ Nil)	3328.62	1876.71



NOTES TO THE FINANCIAL STATEMENTS

NOTE No.	As At 31.03.2013	As At 31.03.2012
Miscellaneous advance recoverable	67.91	74.23
Others Deposits	1.05	0.05
Prepaid Expenses	176.61	156.82
	3758.65	2402.78
Less : Provision for doubtful advances	35.06	30.06
	3723.59	2372.72
TOTAL	5473.77	4210.07

19A Duties and Taxes Receivable includes an amount of ₹ 569.12 Lacs (previous year ₹ 521.25 Lacs) being VAT refund due from year 2005-06 to 2011-12 recovered from the input tax refunds by Commercial Taxes dept. This has been challenged by the company by filing appeals with Dy. Commissioner (Appeals). The said disputed VAT refund will have to be written off in the event of the company losing the appeal before the Appellate Authorities and hence the same has been shown under contingent liability.

20 OTHER CURRENT ASSETS :

Accrued Interest on Employee Advances	271.35	331.59
Accrued Interest on Bank deposit	31.22	64.09
Accrued Interest on Deposits	23.68	23.09
Accrued Income from Township	49.94	42.84
Less: Provision for Doubtful Recovery	7.25	42.84
	368.94	461.61

21 REVENUE FROM OPERATIONS**1. Sale of Products (Manufactured)**

Nitroproducts	4858.05	4195.94
Hydrogen	-	4.65
Aniline Oil	7460.66	3036.80
Acids	8.38	322.99
Formaldehyde	3396.66	3268.99
Spent Acid	110.35	147.77
Dinitrogen Tetro Oxide	110.15	472.41
Nitro Toluene Back End	-	3.12
Eutectic Oil	42.57	-
Iron Poly	-	1.43
Phenol	23735.83	26319.29
Acetone	11711.88	12015.88
Hydrogen Peroxide	2392.69	2401.33
Cumene	-	574.16
Heavy Ends of Cumene	860.11	1158.23
Cumox Oil	625.40	701.58
Add: Excise Duty	6985.24	5841.97
	62297.97	60466.54

2. Sale of Products - Traded

Toluene	-	170.17
Ammonia	4.28	-
Sulphur	117.15	-
Gross Sales	62419.40	60636.71
Other Operating Revenues	67.43	31.62
	62486.83	60668.33
Less : Excise Duty	6985.24	5841.97
TOTAL	55501.59	54826.36

NOTE No.	As At 31.03.2013	As At 31.03.2012
22 OTHER INCOME		
INTEREST:		
On Call and Term Deposits (Gross)	212.64	241.35
(TDS ₹ 20.53 lacs, previous year ₹ 18.45 lacs)		
On Advances and Deposits with MIDC, MSEB and others (TDS ₹ 1.68 lacs, previous year ₹ 0.22 lacs)	14.16	21.88
On loan to the Subsidiary Co., M/s. HFL (TDS ₹ 8.03 lacs, previous year ₹ 6.33 lacs)	80.13	109.53
Delayed Payment and Finance Charges from Sundry Debtors	67.58	110.50
OTHER NON-OPERATING INCOME:		
Estate Rent	122.94	101.67
(TDS ₹ 0.50 lacs, previous year ₹ 0.59 lacs)		
Transport, Water, Electricity, etc. recoveries	87.64	101.40
Provision for doubtful debts no longer required written back (net)	70.87	-
Provision for wage arrears no longer required written back	98.54	-
Miscellaneous Income	201.14	179.61
(TDS ₹ 1.79 lacs, previous year ₹ 0.03 lac)		
Profit on Sale of Assets	-	1.15
TOTAL	955.64	867.09

23 COST OF MATERIALS CONSUMED**A. RAW MATERIALS**

Benzene	22609.40	20159.90
Methanol	2421.69	2335.02
Nitric acid	1219.32	75.80
CNG	986.03	387.96
Ammonia	111.98	718.89
Liquified Petroleum Gas	7619.81	8784.86
Hydrogen	866.63	802.20
Caustic Soda Lye (100%)	92.94	89.53
Sulphuric Acid	498.04	426.20
Nitrogen	85.69	79.66
Other Raw Materials	51.46	50.09
TOTAL	36562.99	33910.11

24 Purchases - Stock-in-Trade

Toluene	-	155.73
Sulphur	132.40	-
Ammonia	4.44	-
TOTAL	136.84	155.73

25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**OPENING STOCK**

Stock-in-Process	862.14	794.52
Stock for Captive Consumption	1761.85	2159.74
Finished Products (Main)	4280.64	3731.60
By-Products	56.47	23.10
	6961.10	6708.96

CLOSING STOCK

Stock-in-Process	980.42	862.14
Stock for Captive Consumption	256.99	1761.85
Finished Products (Main)	1461.05	4274.73
By-Products	64.69	62.38
	2763.15	6961.10
Decrease / (Increase)	4197.95	(252.14)



NOTES TO THE FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2013	As At 31.03.2012
25A Closing Inventory - Finished Goods		
Nitroproducts	102.47	706.66
Aniline Oil	46.12	226.19
Acid	43.04	150.85
Formaldehyde	92.80	215.32
Other Chemicals	-	1.68
Phenol	931.43	2243.45
Acetone	224.42	975.33
Hydrogen Peroxide	84.81	79.97
Cumene	130.21	1351.33
Lean Propylene	62.74	85.80
By-Products	64.69	62.38
TOTAL	1782.73	6098.96
Opening Inventory - Finished Goods		
Nitroproducts	706.66	1207.52
Aniline Oil	226.19	308.03
Acid	150.85	66.47
Formaldehyde	215.32	188.21
Other Chemicals	1.68	1.68
Phenol	2243.45	1946.78
Acetone	975.33	332.13
Hydrogen Peroxide	79.97	69.34
Cumene	1351.33	1769.33
Lean Propylene	85.80	-
By-Products	62.38	24.96
TOTAL	6098.96	5914.45
26 EMPLOYEE BENEFITS EXPENSES		
Salary, Wages, Bonus, Incentives and Allowances (including wage revision arrears ₹ 591.17 lacs previous year ₹ Nil) (Refer Note - 33A, 33B and 33C)	8339.26	7614.05
Company's contribution to Provident Fund	762.88	747.42
Family Pension Fund and other Funds		
Gratuity payments including premium for Group Gratuity-cum-Life Insurance Scheme	804.93	1517.14
Provision for leave encashment	724.63	625.62
Staff Welfare Expenses		
Medical Amenities	297.12	352.36
Educational Amenities	66.98	74.01
Canteen and Nutrition Amenities	515.01	525.09
Other Welfare Expenses	137.87	1305.55
TOTAL	11648.68	11809.78
27 FINANCE COSTS		
Interest Expenses		
On Fixed Loans	1774.23	1669.19
On Other Loans	909.23	2683.46
Other Borrowing Cost	140.69	125.03
TOTAL	2824.15	2474.33
28 OTHER EXPENSES:		
Consumption of Stores and Spares (Including catalyst consumed)	959.96	1186.23
Power and Fuel	8502.59	8796.50
Water	240.58	262.41
Repairs to Buildings	181.53	120.51
Repairs to Machinery	326.66	264.40
Repairs to Other Assets	338.11	341.62
Rent	72.49	77.41
Insurance	79.32	68.40
Rates and Taxes	94.87	94.12
Consultancy Charges	45.74	57.07
Payment to Auditors:		
As Auditors	3.31	3.31
For Taxation Matters	1.34	1.34

NOTE No.	(₹ lacs)	
	As At 31.03.2013	As At 31.03.2012
For Other Services	2.16	1.85
For Reimbursement of Expenses	0.30	0.20
Power for Township	107.01	103.83
Water for Township	113.51	120.34
Security Expenses	222.74	198.47
Advertisement Expenses - Tenders, Recruitment etc.	17.54	58.24
Hire of Vehicles Expenses	113.21	104.10
Loss on Exchange Rate Fluctuation	5.52	1.50
Fixed Assets Written off	3.36	20.94
Diminution in Value of Inventory	23.47	18.55
Research and Development	0.25	0.63
Loss on Sale / Disposal of Assets	3.76	3.17
Miscellaneous Expenses	496.49	381.85
Bad Debts Written-off	70.75	0.00
Cash Discount	608.78	509.20
Publicity Expenses	7.65	11.33
Other Selling Expenses	6.01	8.85
Provision for Doubtful Debts	-	32.53
Provision for Doubtful Recovery of Advance to HOC	0.28	0.38
Chematur		
Provision for Stock Obsolescence	27.67	30.84
Provision for Township Recovery	7.25	-
For Provision for Doubtful Advance	5.00	-
	40.20	63.75
TOTAL	12689.21	12880.12
28A	At Kochi unit, the SPA Catalyst valuing ₹ 303.28 lacs was charged into the reactor in the Cumene plant in the month of April 2011. The estimated life of the Catalyst was to achieve a production of 12.50MT of Cumene per MT of catalyst under good operating conditions. Against this the Company could achieve a production of only 9.60MT of Cumene production per MT of Catalyst. Thus the company could derive only 76.88% of Catalyst life. The reason for short fall in life was due to intermittent shutdown of Cumene plant. This Catalyst was removed from the reactor after the balance sheet date, for replacement. Due to the under utilisation of the life of the catalyst, the company has suffered a loss of ₹ 73.35 lacs (previous year Nil) and the amount has been shown under consumption of stores and spares in the Statement of Profit and Loss.	
29 PRIOR YEAR ADJUSTMENTS:		
INCOME		
Transport Receipts pertaining to earlier year	2.97	59.70
Credit Note in respect of sales made in previous year	(69.87)	0.21
Old Credit Balance Written Back	-	3.52
Others	-	0.08
Reversal of Income (HFL Interest) (Refer note-36)	-	(46.18)
EXPENDITURE		
Raw Material	-	0.36
Pay Revision arrears (Mathadi)	14.21	-
Refund of Excess House Rent Recoved from employee	0.41	-
Payment towards Security Expense	12.09	-
Salaries arrears, Incentives and Other benefits	24.65	4.49
General Expenses	(0.18)	(38.78)
Prior Year's Tax Adjustment	17.60	-
Trade discount related to last year	62.91	-
Depreciation	1.18	-
Other Interest	-	10.83
Net Prior Period Expenditure	199.77	(40.43)
EXCESS PROVISION WRITTEN BACK		
Bad Debt provision written back	-	12.01
Stores and Spares	-	48.58
Reversal of Provision	-	4.53
	-	65.12
NET PRIOR YEAR ADJUSTMENTS:	199.77	(105.55)
TOTAL	199.77	(105.55)

NOTES TO THE FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2013	As At 31.03.2012
30 EXCEPTIONAL ITEM:		
V R S Payment	130.06	221.59
TOTAL	130.06	221.59

30A The Company has introduced VRS Scheme under Gujarat pattern on 20.02.2012 and was open for 1 month upto 19.03.2012. 28 applications were received from employees who opted for VRS and all were accepted by the management. 20 employees were relieved on 31.03.2012 and VRS liability amounting to ₹ 221.59 lacs was provided for during the year 2011-12 and shown under exceptional items in statement of profit and loss. Out of remaining 8 employees, 7 employees were relieved during the year and 1 employee was relieved after 31.03.2013 and the VRS liability amounting to ₹ 130.06 lacs has been paid / provided for during the year and shown under exceptional items in the statement of Profit and loss.

31 EMPLOYEES BENEFIT PLAN:**31A Provision for leave encashment**

The Company has made provision of ₹ 724.63 lacs (previous year ₹ 625.62 lacs) for leave encashment as per revised AS-15 issued by Institute of Chartered Accountants of India based on Actuarial Valuation.

31B Employees receive benefits from the provident fund managed by the Company. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages. Provident Fund is managed by a separate Exempted Trust.

31C 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 recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The ceiling of gratuity has been enhanced from ₹ 3.50 lacs to ₹ 10 lacs with effect from 1st January, 2007. The gratuity liability as on 31st March, 2013 includes the provision towards arrears for the retired employees on above account amounting to ₹ 189.31 lacs. (previous year ₹ 207.30 lacs).

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations.

Particulars	(₹ Lacs)	
	2012-13	2011-12
Present value of obligation as at the beginning of the year	4782.20	4159.44
Interest Cost	382.58	332.75
Current Service Cost	148.45	137.72
Benefits paid	(635.26)	(445.22)
Actuarial (gain)/loss on obligations	307.41	597.51
Present value of obligations at the end of year	4985.38	4782.20
(ii) Reconciliation of opening and closing balances of fair value of the plan assets:		
Fair value of plan assets at beginning of year	855.49	1048.57
Expected return on plan assets	43.41	84.85
Contributions	27.98	167.29
Benefits Paid	(635.26)	(445.22)
Actuarial gain/(loss) on plan assets	NIL	NIL
Fair value of plan assets at the end of year	291.62	855.49
(iii) Reconciliation of present value of obligations and fair value of plan assets:		
Fair value of Plan Asset at the end of the year	291.62	855.49
Present value of obligations at the end of year	4985.38	4782.20
Liability/(Asset) recognized in the Balance Sheet	4693.76	3926.71

Particulars	(₹ Lacs)	
	2012-13	2011-12
(iv) Expenses recognized during the year:		
Current Service Cost	148.45	137.72
Interest cost	382.58	332.75
Expected return on plan assets	(43.41)	(84.85)
Actuarial gain/(loss)	(307.41)	(597.51)
Enhanced gratuity differential amount paid to left employees by the Company which is not paid by LIC of India		
Expenses Recognised in Profit & Loss Account	795.03	983.13
(v) Assumptions used to determine the defined benefit obligations		
Mortality Table (LIC) (1994-96 Ultimate)	8%	8%
Discount rate (p.a)		
Expected rate of increase in salary (p.a.)	4%	4%
Withdrawal rate	1% to 3% depending on age	

32 Amount due to Micro, Small and Medium enterprises:

Particulars	(₹ lacs)	
	2012-13	2011-12
a) i) Principal amount remaining unpaid as at the end of each accounting year	45.31	14.48
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 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

33 PROVISION FOR EMPLOYEE REMUNERATION RASAYANI**PROVISION FOR ARREARS OF WAGES**

33A During the year, the Company has paid an amount of ₹ 379.57 lacs (previous year Nil) towards arrears on account of wage revision of employees pertaining to the period January 1, 1997 to December 31, 2000 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 1928.51 lacs (previous year ₹ 2308.08 lacs) and it is shown under contingent liability.

33B Wage Settlement / Salary Revision w.e.f.1/1/2007 - Officer During the year, the Company has paid an amount of ₹ 114.22 lacs (previous year Nil) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 164.74 lacs (previous year ₹ 278.96 lacs) and it is shown under contingent liability.

33C Wage Settlement / Salary Revision w.e.f.1/1/2007 - Staff: During the year, the Company has paid an amount of ₹ 97.38 lacs (previous year Nil) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 148.93 lacs (previous year ₹ 246.31 lacs) and it is shown under contingent liability.

NOTES TO THE FINANCIAL STATEMENTS**33D STAFF:**

The arrears payable for the period from 1st April, 2008 up to 31st March, 2013 in case of 8 employees ₹ 11.80 lacs (previous year 280 employees amounting to ₹ 346.12 lacs) has been provided for and shown under Short Term Provisions.

KOCHI

Provision for employee remuneration includes an amount of ₹ Nil (previous year ₹ 69.90 lacs) towards the balance amount of arrears in respect of pay and allowance w.e.f 01.01.2007 of Board level and below Board level executives, ₹ 20.81 lacs (previous year ₹ 50 lacs) towards performance related incentive in the form of gold coin to be distributed to employees.

34 FIXED ASSETS

34A 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 ₹ 1 is included in "Land and Land development" by creating "Capital Reserve". Land at Panvel amounting to ₹ 0.80 lacs (previous year ₹ 0.80 lacs) included in "Land and Land development" has been given by the Government of Maharashtra for the business/residential purpose of the company.

34B AN-I, FD-I, NB-I, HYD-I, DNB, BDP, MCB, NCB Old, COGEN Boiler, ACETYL, COMP, AIR-I, PUSH, DM WATER-I & II, MPP Plant, Steam Boiler-III having wdv at ₹ 1317.71 lacs (previous year ₹ 1346.84 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 / outside expert.

34C The Company appointed consultant/valuers during the year, for assessing the impairment of Fixed Assets as per the provisions of AS-28 'Impairment of Assets' for Rasayani Unit. As per the report of the consultant the loss on account of impairment has been worked out by comparing the fair market value as on date with the wdv as on 31st March, 2013 and an additional amount of ₹ 40.49 lacs (previous year ₹ 31.47 lacs) has been provided for during the year.

34D The Acetanilide, Sulphuric Acid, Nitro Toluene, Caustic Soda, Nitro Chloro Benzene, Cyclo Hexyl Amine (CHA), Aniline-II and Hydrogen-II plants having wdv (net of impairment) ₹ 3505.51 lacs (previous year ₹ 4215.31 lacs) are in working condition but are not in operation due to uneconomical conditions.

34E Capital Work-in-Progress and Expenditure during Construction includes ₹ 2978.91 lacs (previous year ₹ 2976.65 lacs) towards cost of JNPT Tank Terminal project wherein management had decided to suspend further construction. Even though the lease period has expired in June 2010, the Company has written to JNPT authorities for extension of the lease period and is hopeful of getting extension. Hence the assets are carried at cost in view of the decision of the management. As per Lease Agreement with JNPT, the Lease Rentals provide for escalation @ 10 % on Lease Land payable to JNPT. The Company has provided for Lease Rentals with old rates without considering the escalation @ 10% per annum as the matter is under arbitration. The amount accumulated till date on account of lease rent not provided and way leave charge comes to ₹ 1137.83 lacs (previous year ₹ 2531.80 lacs), which has been disclosed as contingent liability.

34F An amount of ₹ 2287.23 lacs (previous year ₹ 506.01 lacs) has been spent to date on Refurbishment of CNA Plant which is funded by ISRO. The plant was re-started after re-furbishment and production commenced w.e.f. 12.01.2013. During the year, an amount of ₹ 1617.90 lacs (previous year ₹ Nil) has been capitalised and the balance amount of ₹ 669.32 lacs (previous year ₹ 506.01 lacs) has been carried forward as Capital Work in progress in respect of works not completed.

34G The Company had incurred expenditure of ₹ 46.35 lacs in earlier years towards feasibility study for Combined Heat and Power Project and Captive Co-gen Power Plant to be erected at Rasayani, which was shown under Capital Work in Progress. An amount of ₹ 20.94 lacs towards Combined Heat and Power Project was charged to the Statement of Profit and Loss in previous year as the project was not being taken up.

34H An amount of ₹ 25.41 lacs (previous year ₹ 25.41 lacs) incurred towards feasibility study of captive power plant is carried forward as

the project is on hold now due to high gas prices and will be taken up at a later date.

35 a) The Company has an investment of ₹ 1106 lacs (previous year ₹ 1106 lacs) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. HFL has declared profits in the last 4 financial years, as the shares are traded below nominal value since Dec 2012 and the net worth of the Company based on its latest audited balance sheet as at 31st March, 2013 is negative. However as the net worth of the Company based on market value of its assets is positive as per the valuation certificate obtained from an independent valuer, there is no other than temporary diminution in the value of these investments in the opinion of the Management and hence no provision has been made for the same in the financial statement.

b) The Company had invested ₹ 3.00 lacs in the Equity of M/s. HOC-Chematur Ltd. by way of joint venture as a co-promoter. The company holds 60% of the Paid-up Equity Capital of HOC-Chematur Ltd., hence HOC-Chematur is a subsidiary company of HOCL. 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 had fully provided for the losses against the investment. There is no change in the status of M/s HOC-Chematur Ltd., and the provision against the investment is continued.

36 a) During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Fluorocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of ₹ 2260.26 lacs accumulated on loan given to HFL and converted the unsecured loan amounting to ₹ 2609.72 lacs as Zero Coupon Loan (ZCL), which is secured by creating first charge on HFL immovable property (land valued to the extent of ₹ 4000 lacs) in favour of HOCL. Further, the Company had given loans aggregating to ₹ 590.77 lacs (previous year ₹ 890.77 lacs) which included additional loans of ₹ 134.34 lacs given to settle its dues to the financial institutions. On this 10% interest was charged by HOCL during the earlier years as per agreement entered into between HOCL and HFL. Out of the above loan HFL has made re-payment of ₹ 300 lacs (previous year Nil) during the year.

b) Advances to joint venture Company M/s HOC-Chematur Ltd. includes advance paid to M/s Chematur Engg. A.B amounting to ₹ 664.71 lacs and expenses allocated in earlier years, aggregating to total ₹ 1066.55 lacs (previous year ₹ 1066.26 lacs). In view of uncertainties involved in recovery/completion of the joint venture company 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.

37 During the year 2001-2002, a case of misappropriation of Company's funds to the tune of ₹ 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 Department, 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.

38 EARNING PER SHARE

Earnings per share has been calculated as follows:	2012-13	2011-12
Net Profit/(Loss) after Tax (₹ in lacs)	(13798.91)	(7806.85)
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (₹)	10	10
Basic / Diluted Earning per equity share (₹)	(20.54)	(11.62)

39 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.



NOTES TO THE FINANCIAL STATEMENTS

40 RELATED PARTY DISCLOSURE AS PER AS-18

a)	The company is a State controlled enterprise therefore the disclosures as per Accounting Standard 18 are not considered applicable.		
b)	Key Management Personnel	2012-13	2011-12
No.	Name	Remuneration	Remuneration
i)	Sri R. N. Madangeri, Chairman and Managing Director	₹ 19.99 lacs	₹ 19.12 lacs
ii)	Sri J. N. Suryawanshi, Director (Marketing)	₹ 21.16 lacs	₹ 15.21 lacs
iii)	Sri R. Suresh Kumar, Director (Finance) (from 11th May, 2012)	₹ 13.32 lacs	-
iv)	Sri S.B. Bhide, Director (Technical) (from 14th June, 2012)	₹ 16.28 lacs	-
v)	Sri M. K. Mittal Director (Finance) (upto 31st July, 2011)	-	₹ 5.61 lacs

41 DEFERRED TAXES

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

42 BALANCE CONFIRMATION

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments.

43 Contingent Liabilities

(₹ lacs)

	31.03.2013	31.03.2012
a) Claims against the Company not Acknowledged as debts:		
i) Differential tax on account of concessional forms in respect of concessional sales	506.02	457.58
ii) Income Tax Claims	819.10	892.22
iii) Sales Tax Claim	5.70	5.70
iv) Excise Claims	424.34	212.01
v) Customs claim	10.80	10.80
vi) JNPT claims	1137.83	2531.80
vii) Rental claim Harchandrai House	3361.42	2921.65
viii) Wage revision employees (Refer note 33)	2242.18	2833.35
ix) Statutory Claims	757.29	240.88
x) Other Claims	513.59	499.52
x) Penal Interest on Government Loan	830.30	672.56
b) Letters of Credit opened, cheques and bills of exchange discounted with the bankers and remaining outstanding	428.91	401.44
c) Bank guarantee given	157.09	141.56
d) Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities.	1253.00	1253.00
e) Security Bond given to Commercial Taxes Dept., Govt. of Kerala	3053.30	4290.74

44 Capital Commitments

i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	873.34	20.38
ii)	Other Commitments (Refer note - 30A)	-	129.15

45 Value of Imports (on CIF basis)

(₹ lacs)

	2012 - 13	2011 - 12
Component and Spare Parts	62.68	239.64
Raw Materials and Trading Goods	Nil	Nil
Capital Goods	Nil	14.19

46 Consumption of Indigenous/Imported Materials

	2012 - 13		2011 - 12	
	₹ lacs	Consumption %	₹ lacs	Consumption %
A) Raw Materials				
Imported	Nil	Nil	Nil	Nil
Indigenous	36562.99	100	33910.11	100
TOTAL	36562.99	100	33910.11	100
B) Component and Spare Parts				
Imported	247.30	25.76	155.73	15.11
Indigenous	712.66	74.24	1030.50	84.89
TOTAL	959.96	100	1186.23	100

47 Earnings in foreign currency

(₹ lacs)

	2012 - 13	2011 - 12
Earnings in foreign currency	Nil	Nil
FOB value of goods exported	42.24	25.08
	42.24	25.08

48 During the year, the Company made a report to the Board for Industrial and Financial Reconstruction (BIFR) in terms of Sec-23 of the Sick Industrial Company's (Special Provisions Act, 1985) on erosion of more than fifty percentage of the peak net worth during the immediately Preceding four financial year. Further as per the audited financial statements accounts of the year 2012 - 13, the net worth has been completely eroded and stands negative at ₹ 13115.06 lacs as on 31.03.2013. Accordingly, the Company will make reference to BIFR as per the provisions of Sick Industrial Company's Special Provision Act 1985 after the Annual General Meeting. Consequent to the meeting in the administrative ministry, the management has been asked to prepare a Revival Plan for the Company and submit to ministry for their consideration and approval. In view of this, the financial statements have been prepared on going concern basis although the net worth of the Company is fully eroded.

49 Previous year figures have been re-grouped / re-classified wherever necessary to make them comparable with those of the current year.

As per our report of even date attached

For Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm's Registration No. 102860W

Sd/-

S. B. Prabhu

Partner

Membership No. 35296

For and on behalf of the Board of Directors

Sd/-
(J.N.Suryawanshi)
Acting Chairman & Managing Director &
Director (Marketing)

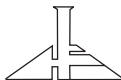
Sd/-
R. Suresh Kumar
Director (Finance)

Sd/-
S. B. Bhide
Director (Technical)

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Mumbai
Date: 29/05/2013

Place: Mumbai
Date: 29/05/2013

**BALANCE SHEET AS AT 31ST MARCH 2013**

(Rs.in lacs)

	Notes	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share capital	2	1961.46	1961.46
Reserves and surplus	3	(4329.68)	(4424.56)
NON - CURRENT LIABILITIES			
Long-term borrowings	4	1327.31	1870.61
Other Long term liabilities	5	0.00	451.47
Long-term provisions	6	199.58	245.45
CURRENT LIABILITIES			
Short-term borrowings	7	297.20	28.26
Trade payables	8	417.93	380.58
Other current liabilities	9	3502.45	2693.75
Short-term provisions	10	214.41	113.64
TOTAL		<u>3590.66</u>	<u>3320.66</u>
ASSETS			
NON- CURRENT ASSETS			
Fixed Assets			
Tangible assets	11A	1888.08	1643.34
Intangible assets	11B	5.61	61.49
Capital work-in-progress		0.00	119.87
Long term loans and advances	12	98.95	68.79
CURRENT ASSETS			
Inventories	13	1057.87	614.76
Trade receivables	14	382.55	628.46
Cash and bank balances	15	1.47	34.78
Short-term loans and advances	16	156.13	149.16
TOTAL		<u>3590.66</u>	<u>3320.66</u>
Significant accounting policies and notes on Financial Statements	1		

As per our report of even date For and on behalf of the Board of Director of HFC Ltd.,

For S. Daga & Co.,
Chartered Accountants
(FRN 000669S)

Sd/-
(Pavan Kumar Bihani)
Partner
M No. 225603

Sd/-
(J.N.Suryawanshi)
Chairman

Sd/-
(T.S.Gaikwad)
Managing Director

Place: Mumbai
Date: 23.05.2013

Sd/-
(E. Surya Rao)
Dy.General Manager(Finance)

Sd/-
(Rajani .K)
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

(Rs.in lacs)

	Notes	2012-2013	2011-2012
Revenue from operations			
	17	4447.51	6758.16
Less :Excise Duty		<u>367.20</u>	<u>475.23</u>
Net Sales		4080.31	6282.93
Other income	18	375.74	133.16
Total Revenue		<u>4456.05</u>	<u>6416.09</u>
Expenditure:			
Cost of raw materials consumed	19	1383.87	1947.35
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	(428.24)	1520.19
Employee benefits expense	21	1748.86	1191.61
Finance costs	22	105.81	128.69
Depreciation and amortization expense	11E	167.88	155.19
Other expenses	23	1381.67	1259.39
Total expenses		4359.85	6202.42
Deduct Prior period items (net)		<u>1.32</u>	<u>(38.58)</u>
Profit before exceptional items and tax		<u>94.88</u>	<u>252.25</u>
Tax Expense		-	-
Profit (Loss) for the year from continuing operations		<u>94.88</u>	<u>252.25</u>
Earnings per equity share:			
Basic	24	0.48	1.29
Diluted		0.48	1.29
Significant accounting policies and notes on Financial Statements	1		

As per our report of even date

For and on behalf of the Board of Director of HFC Ltd.,

For S. Daga & Co.,
Chartered Accountants
(FRN 000669S)

Sd/-
(Pavan Kumar Bihani)
Partner
M No. 225603

Sd/-
(J.N.Suryawanshi)
Chairman

Sd/-
(T.S.Gaikwad)
Managing Director

Place: Mumbai
Date: 23.05.2013

Sd/-
(E. Surya Rao)
Dy.General Manager(Finance)

Sd/-
(Rajani .K)
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Rs.in lacs)

	2012 - 2013	2011 - 2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and Extraordinary items	94.88	252.25
Adjustments for :		
Depreciation	106.39	93.71
VRS Payment written off during the year	0.00	37.26
Refurbishment expenditure written off	61.49	61.49
	262.76	444.70
Operating Profit before working capital changes		
Adjustments for		
(Increase)/Decrease in Inventories	(443.10)	1,466.30
(Increase)/Decrease in Trade receivables	245.92	(344.29)
(Increase)/Decrease in Loans & Advances	(37.15)	53.16
Increase/(Decrease) in working capital borrowings	268.94	(378.25)
Increase/(Decrease) in Current Liabilities & Provisions	134.08	(397.00)
Cash generated from operations	168.69	399.91
Net Cash flow from Operating activities	431.45	844.61
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(236.86)	(246.77)
VRS & Refurbishment Expenditure	0.00	0.00
	(236.86)	(246.77)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Secured Loans	(227.90)	(424.18)
Increase in Unsecured Loans	0.00	(144.93)
Net cash used in financing activities	(227.90)	(569.11)
Net increase in cash and cash equivalents	(33.31)	28.73
Cash and cash equivalents at the beginning of period	34.78	6.04
Cash and cash equivalents at the ending of period	1.47	34.78

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

As per our report of even date

For S. Daga & Co.,
Chartered Accountants
(FRN 000669S)

Sd/-
(Pavan Kumar Bihani)
Partner
M No. 225603

Place: Mumbai
Date: 23.05.2013

For and on behalf of the Board of Director of HFC Ltd.,

Sd/-
(J.N.Suryawanshi)
Chairman

Sd/-
(E. Surya Rao)
Dy.General Manager(Finance)

Sd/-
(T.S.Gaikwad)
Managing Director

Sd/-
(Rajani .K)
Company Secretary



Notes to financial statements for the year ended 31st March 2013

NOTE NO . 1

BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statement have been prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with generally accepted accounting principles in India and the relevant provision of the Companies Act,1956. The accounting policies have been consistently applied by the Company unless otherwise stated.

Significant Accounting policies

1(A) USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions to be made that affect the reporting amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

1(B) RECOGNITION OF REVENUE AND EXPENDITURE :

- (i) Revenues/Incomes and Costs/Expenditures are generally accounted on accrual, as they are earned or incurred.
- (ii) Sales are recognized when significant risks and rewards of ownership have been transferred to the buyer. In case of development projects / Research income is recognized on achieving the set milestones or targets.
- (iii) Carbon credit revenue is recognized on achieving the set milestones or targets as prescribed by an agency and where reasonable assessment of certainty of future economic benefits.
- (iv) Export incentives under various schemes are recognized as Income on certainty of realization.
- (v) Sale of realizable scrap is accounted on receipt basis.
- (vi) Insurance claims are accounted on accrual basis on admission of claims.
- (vii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

1(C) FIXED ASSETS:

- (i) Fixed Assets (including capital work-in-progress) are accounted at cost less accumulated depreciation net of modvat credit.
- (ii) Constructed and fabricated capital assets are capitalised as and when the plant is put into commercial production.
- (iii) Expenditure during construction period including interest on loans borrowed is included in the Capital cost.
- (iv) Significant items of separate identity capable of enhancing life and capacity of the machinery are capitalised at cost inclusive of installation cost.

1(D) DEPRECIATION

- (i) 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.
- (ii) Depreciation on assets costing less than Rs.5000/- is provided at 100%.

1(E) VOLUNTARY RETIREMENT SCHEME (VRS)

- (i) The Company has introduced Voluntary Retirement Scheme in accordance with BIFR Modified Draft Rehabilitation Scheme. The Company followed the policy guidelines issued by BIFR by amortizing the VRS payment over a period of 3 years.

1(F) REFURBISHMENT EXPENDITURE

The company has followed the policy of amortizing refurbishment expenditure met on Plant and Machinery over a period of five years from the year of expenditure in accordance with the BIFR Modified Draft Rehabilitation Scheme.

1(G) INVENTORIES:

- (i) The closing stock of raw materials, packing material stores and spares are valued at cost by adopting weighted average method or net realizable value whichever is less. Stock-in process (intermediate products) and finished goods including CERs are valued at cost or net realizable value whichever is lower.
Cost of Stock-in-process includes costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- (ii) Excise duty payable on finished goods manufactured but not removed is included in the Valuation of such stocks.
- (iii) By-products are valued at NIL value.

1(H) EMPLOYEE BENEFITS:

a. Short term employee benefits:

Undiscounted value of short term employee benefits such as salaries, wages, short term compensated absences, bonus, ex-gratia and performance incentives are recognized as expense in the period in which the employees render the related service

b. Post Employment Benefits

Defined Contribution plans:

Contribution to defined contribution plans being Employee Provident Fund, Employee State Insurance, Employee Insurance Scheme etc. are recognized in the Statement of profit and loss during the period in which the employees render the related services.

Defined Benefit Plans:

Liabilities in respect of defined benefit plans being Gratuity and Leave encashment are determined based on an actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized immediately in the Statement of Profit and Loss account.

1(I) PROVISION FOR DOUBTFUL DEBTS:

Provision for doubtful debts/loans/advances:

Provision for the doubtful debts is made in the books in respect of debtors outstanding for more than 3 years except Govt. Debts. In respect of cases under Civil suits/tribunals for recovery of dues which are yet to be decided, provisions are made to the extent considered necessary by the Management.

1(J) FOREIGN CURRENCY TRANSACTIONS:

- (i) Foreign currency transactions are accounted for at the exchange rates prevailing on the date of transaction.
- (ii) Fixed assets are translated at the exchange rates on the date of transaction. The exchange difference in each financial year, up to the period of settlement is taken to Statement of profit and loss.
- (iii) The monetary items in foreign currencies are translated at the closing exchange rate on the date of balance sheet and difference in translation and realized gains/losses thereon adjusted in the Statement of profit and loss.

1(K) BORROWING COST:

Borrowing costs relating to acquisition of fixed assets which takes substantial period of the time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use, all other borrowing costs are charged to revenue. Borrowing costs consist of interest and other costs that the company incurs in connection with borrowing of funds on acquisition of fixed assets are capitalised as part of the cost of asset.

1(L) TAXES ON INCOME:

- (i) The Current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company on the estimated total income for the year.
- (ii) Deferred tax assets and liabilities are recognized on timing differences between taxable income and accounting income, originating in one period and expected to reverse in subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.
- (iii) Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

1(M) SEGMENT REPORTING:

The company's operation mainly comprises manufacturing of PTFE (Suspension & Emulsion). These activities constitutes the primary segment i.e. manufacturing in chemicals.

1(N) EARNING PER SHARE:

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1(O) IMPAIRMENT OF ASSETS:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, then the carrying value is reduced to the higher of the net selling price or the value in use. The value in use is the present value of estimated future net income expected from use of the asset.

1(P) PROVISIONS / CONTINGENT LIABILITIES:

Provisions are recognized, when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The disclosure is made for all present or possible obligations that may but probably will not require outflow as contingent liability in the financial statements.

**NOTE 2 : SHARE CAPITAL** (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Authorised		
21000000 (Pr. Year 21000000) Equity Shares of Rs. 10/- each	2100.00	2100.00
Issued		
19630000 (Pr. Year 19630000) Equity Shares of Rs. 10/- each	1963.00	1963.00
Subscribed & Paid up		
19599100 (Pr. Year 19599100) Equity Shares of Rs. 10/- each fully paid	1959.91	1959.91
30900 (Pr. Year 30900) Equity Shares forfeited (amount originally paid)	1.55	1.55
Total	1961.46	1961.46

NOTE 2 (A)

Reconciliation of number of shares outstanding at beginning and at end of the reporting period
(Rs.in lacs)

	Equity Shares 31-03-2013		Equity Shares 31-03-2012	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	19599100	1959.91	19599100	1959.91
Shares Issued during the year	0	0	0	0
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	19599100	1959.91	19599100	1959.91

NOTE 2 (B)**Disclosure of shares held by its holding company**

11060000 (Pr. Year 11060000) Equity Shares fully paid up of Rs.1106 lakhs (Pr. Year Rs. 1106 lakhs) are held by M/s Hindustan Organics Chemicals Limited, the holding company.

NOTE 2 (C)

Details of equity shareholders holding more than 5% of equity shares along with No. of equity shares held at the beginning and at the end of the reporting period as given below:

Sl. No.	Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M/s Hindustan Organics Chemicals Ltd	11060000	56.43%	11060000	56.43%

NOTE 2 (D)

The company has only one class of shares referred to as equity shares having a par value of Rs 10/- each.

Each holder of the equity share, as reflected in the records of the company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

NOTE 3 : RESERVES AND SURPLUS (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Surplus/(Deficit) in the statement of profit and loss		
Opening balance	(4424.56)	(4676.81)
Add: Profit transferred from Statement of Profit and Loss	94.88	252.25
Net Deficit in the Statement of Profit & Loss	(4329.68)	(4424.56)
Total	(4329.68)	(4424.56)

NOTE 4 : LONG TERM BORROWINGS (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Secured		
Term loans		
from Hindustan Organics Chemicals Ltd	1327.31	1870.61
Total	1327.31	1870.61
4(A). The Term loan is secured by part of the land to the extent 82.13 acres of the factory at Rudraram Village		
4(B). The Term loan of Rs. 2744.06 lakhs is Zero coupon loan as per terms of the BIFR agreement and is repayable in seven equal instalments as per the loan agreement commencing from F Y 2010-11. The instalment due for F Y 2010-11, 2011-12 & 2012-13 amounting to Rs.1176.03 lakhs is not paid by the company and same is shown in Note - 9 under the head 'Other Current liabilities' being current maturities of long term debt.		
4(C). The Term loan of Rs.756.42 lakhs is Interest bearing @ 10.25% to 14.50% repayable in 5 annual instalment commencing from F Y 2010-11 as per the loan agreement. The company is continuing default in payment of instalment due and interest during the F Y 2010-11, 2011-12 & 2012-13. Of the instalments due of Rs.605.14 lakhs, an amount of Rs.300 lakhs paid during the year and balance is shown in Note -9 of the financial statements under the head 'Other Current liabilities' being current maturities of long term debt and interest due amounting to Rs.500.94 lakhs under Interest accrued and due.		

NOTE 5 : OTHER LONG TERM LIABILITIES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Creditors for Capital Goods	0.00	451.47
Total	0.00	451.47
5(A). Creditors for capital goods includes an amount of Rs.Nil payable to M/S SRF Ltd towards supply and erection of Plant and Machinery relating to CDM Project. The total outstanding amount as per contract for plant and machinery supply and mechanical completion is Rs.1250.00 lacs. As per the terms of BOT contract dated 14-8-2007, the payment is to be made in the form of CERs. The contract equated Rs.1250.00 lacs to 6,59,500 CERs in 5 instalments of 131900 each. However, the total instalments of CERs are reduced to 4.13 instalments and the company has so far transferred 478878 CERs and balance of 1.32 instalment for a value of Rs.342.35 lacs is due. CDM Borad has stopped this type of CERs Trading. Hence M/s SRF contract deemed to have been completed and the due date was 31.12.2012. Hence there is remission of liability and accordingly the same has been shown under 'Other non operating Income'.		

NOTE 6 : LONG TERM PROVISIONS (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits (Refer Note 21)		
Gratuity	172.58	203.49
Leave Encashment	27.01	41.97
Total	199.58	245.45

NOTE 7 : SHORT TERM BORROWINGS (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Secured		
FROM STATE BANK OF HYDERABAD		
CASH CREDIT	297.20	28.26
Total	297.20	28.26

7(A). Secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Ac 64 out of the total land of Ac 146.13 cents at Rudraram Village and guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd. The cash credit is repayable on demand and carries interest @15.5% p.a

NOTE 8 : TRADE PAYABLES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Dues to Micro and SSI units	3.62	2.64
Others	414.31	377.93
Total	417.93	380.58

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

Particulars	As at 31.03.2013	As at 31.03.2012
Principal amount remaining unpaid and interest due thereon	Nil	Nil
Interest paid in term of Section 16	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil



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

NOTE 9: OTHER CURRENT LIABILITIES (Rs.in lacs)		
	As at 31 March 2013	As at 31 March 2012
Current maturities of long-term debt (Refer Note 4)	1873.18	1629.88
Interest Accrued and Due (Refer Note 4)	500.94	428.84
Creditors for capital goods	0.00	399.26
Others Payables	1128.33	235.76
Total	3502.45	2693.75

Note No. 11 A TANGIBLE ASSETS:

NOTE 10: SHORT TERM PROVISIONS (Rs.in lacs)									
		As at 31 March 2013		As at 31 March 2012					
(a) Provision for employee benefits (Refer Note 21)									
P F company contribution		1.30		0.00					
Gratuity		30.63		9.28					
LTA & Other Provisions		2.52		2.23					
Leave Encashment		179.96		102.14					
Total		214.41		113.64					

Note No. 11 A TANGIBLE ASSETS: (Rs.in lacs)									
	Gross Block			Accumulated Depreciation			Net Block		
	As at 31 March 2012	Additions/ (Disposals)	As at 31 March 2013	As at 31 March 2012	Depreciation/ Amortisation for the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012	
Land	68.42	0.00	68.42	0.00	0.00	0.00	68.42	68.42	
Buildings	159.07	8.42	167.49	101.74	3.98	105.71	61.77	57.33	
Plant and Machinery	6469.00	321.97	6790.97	4970.15	98.59	5068.74	1722.24	1498.85	
Furniture & Fixtures	67.33	17.16	84.48	63.16	0.52	63.68	20.80	4.17	
Computers	35.73	3.57	39.30	21.15	3.30	24.46	14.85	14.58	
TOTAL	6799.54	351.12	7150.67	5156.20	106.39	5262.59	1888.08	1643.34	
Previous Year Figures	6672.64	126.90	6799.54	5062.49	93.71	5156.20	1643.34	1610.15	
11(B) Intangible Assets :									
Computer software	0.00	5.61	5.61	0.00	0.00	0.00	5.61	0.00	
Refurbishment expense	301.97	0.00	301.97	240.48	61.49	301.97	0.00	61.49	
Previous Year	301.97	0.00	301.97	178.99	61.49	240.48	61.49	122.98	

11(C). Intangible assets includes refurbishment expenses which are amortised over a period of 5 years & intangible assets software added on 31.3.2013 not put to use.

11(D). The refurbishment expenditure incurred during F Y 2008-09 & 2009-10 are amortised/written off over a period of 5 equal annual installment, as per guidelines laid down in scheme of BIFR, Modified Draft Rehabilitation Scheme (MDRS).

11(E). Depreciation & Amortisation Expenses:

	2012-2013	2011-2012
Depreciation	106.39	93.71
Amortisation	61.49	61.49
Total	167.88	155.19

NOTE 12 LONG TERM LOANS AND ADVANCES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Security Deposits		
Secured, Considered good	0.00	0.00
Unsecured, Considered good	98.95	68.79
Doubtful	0.00	0.00
Total	98.95	68.79

NOTE 13 : INVENTORIES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Raw Materials and components (includes in transit of Rs.395734 (Pr. Year Rs.4559302))	54.11	89.42
Stock-in-progress*	301.78	130.78
Finished goods	473.08	180.67
Stores and spares	228.90	213.89
Total	1057.87	614.76

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

	As at 31 March 2013	As at 31 March 2012
CFM – 22 Product	64.75	85.44
TFE	25.10	3.50
POLY-SUSPENSION	165.13	19.69
POLY-EMULSION	46.80	22.15
Total	301.78	130.78

13(B). Excise duty on closing finished goods in respect of goods manufactured by the company amounting to Rs. 52.04 lacs (previous year Rs. 16.87 lacs) is included in the valuation of such stocks.

13(C). Finished goods, which have not moved for more than 3 years are valued at Rs.1.00/kg and the consequential difference in value of Rs.2.24 lacs (Previous year Rs. 2.24 lacs) and there is no difference to charge off during the year.

NOTE 14: TRADE RECEIVABLES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
<i>Unsecured, considered good</i>		
Debts overdue for a period exceeding six months	8.90	190.81
Other debts	373.64	437.65
Total	382.55	628.46

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

NOTE : 15 CASH AND BANK BALANCES: (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Balances with Banks	0.32	30.36
Margin money Deposit(maturity less than three months)	1.00	4.40
Cash on hand	0.15	0.02
Total	1.47	34.78

15(A). Margin money deposits are subject to first charge to secure the company's cash credit loan.

NOTE 16: SHORT TERM LOANS AND ADVANCES (Rs.in lacs)

	As at 31 March 2013	As at 31 March 2012
Balances with central excise	16.89	45.66
Others	116.36	66.33
Advance to Suppliers		
Considered good	22.88	37.18
Considered doubtful	0.91	0.91
Less:Provision for Considered doubtful advance	(0.91)	(0.91)
Total	156.13	149.16

**NOTE 17: REVENUE FROM OPERATIONS**

(Rs.in lacs)

	2012-2013	2011-2012	
Revenue From Operations			
(i) Sale of products			
Polytetrafluoroethylene	1073.23	1668.02	
Application Development	73.29	5.68	
Customer Support			
CFM - 22	829.82	949.28	
Tetrafluoroethylene	1319.53	2354.38	
Hydrogenchloride	21.06	55.17	5032.53
Gross Sales	3316.93	5032.53	
(ii) Other operating revenues:			
Job Work conversion	12.22	26.63	
Sale of Scrap	13.80	0.00	
Sale of DHF	2.62	1.92	
CER's Income	1101.94	1697.08	1725.63
TOTAL TURNOVER	4447.51	6758.16	

17(A) There is change in accounting policy in respect of CERs on recognition of income and valuation of inventory compared to earlier year, however as there are no inventory of CERs to the close of the year, there is no impact on profit/loss and assets as on 31.3.2013 in the financial statements.

NOTE 18 : OTHER INCOME

(Rs.in lacs)

	2012-2013	2011-2012	
Interest from Others	3.35	3.72	
Gain on Foreign Exchange Fluctuation	0.00	49.69	
Other non - operating income			
- Creditors for capital goods written back	342.35	0.00	
- Others	30.04	79.75	
TOTAL	375.74	133.16	

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

(Rs.in lacs)

	2012-2013	2011-2012	
Inventory at the beginning of the year	46.49	91.16	
Add : Purchases	1389.44	1902.68	
Less : Inventories at the close of the year	52.06	46.49	
Cost of Raw material and packing material consumed	1383.87	1947.35	

19(A). Details of raw material and packing material consumed : (100% Indigenous) (Rs.in lacs)

	2012-2013	2011-2012	
AHF	676.93	805.43	
CHLOROFORM	486.07	904.44	
RM - 258	88.02	115.30	
OTHERS	119.56	110.57	
PACKING MATERIAL	13.29	11.61	
TOTAL	1383.87	1947.35	

19(B). Details of Inventory : (Rs.in lacs)

	2012-2013	2011-2012	
AHF	17.80	19.77	
CHLOROFORM	15.83	3.01	
RM - 258	4.17	0.00	
OTHERS	12.63	21.33	
PACKING MATERIAL	1.90	2.38	
TOTAL	52.33	46.49	

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

(Rs.in lacs)

	2012-2013	2011-2012	
Opening Stock			
Stock-in-process	130.78	65.85	
CERs Stock	0.00	1697.07	
Finished products	180.67	57.18	1820.11
Less: Closing stock:			
Stock-in-process	301.78	130.78	
CERs Stock	0.00	0.00	
Finished products	473.08	180.67	311.45
		(463.41)	1508.66
Add: Increase/(Decrease) in Excise duty on Finished products	35.17	11.53	
TOTAL	(428.24)	1520.19	

NOTE 21: EMPLOYEE BENEFITS EXPENSES

(Rs.in lacs)

	2012-2013	2011-2012	
Salaries wages and Bonus	1610.54	896.45	
Contribution to Provident and other fund	68.98	126.20	
Staff welfare expense	69.34	73.25	
VRS Expenditure written off	0.00	95.71	
TOTAL	1748.86	1191.61	

21(A). Both employer and employees make monthly contributions of 10% instead of 12% as per BIFR scheme to a separately managed exempted EPF Trust.

21(B). As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

DEFINED CONTRIBUTION PLANS

Contribution to Defined Contributions Plans, recognised as expense for the year is as under: (Rs.in lacs)

	2012-2013	2011-2012	
Employers Contribution to Provident Fund	62.47	114.63	
Employers Contribution to ESI	1.78	1.70	
Other Contributions	12.00	9.87	

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

Defined Benefit Plan

The employees' gratuity fund scheme managed by a trust (Life Insurance Corporation of India) is a defined benefit plan. The present Value of obligation is determined based on actuarial valuation using the Projected unit credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

i) Reconciliation of opening and closing balances of Defined Benefit Obligation (Rs.in lacs)

	Gratuity (Funded) 2012-2013	Leave Encashment (Unfunded) 2012-2013
Defined Benefit obligation at beginning of year	310.75	144.10
Current service cost	17.51	18.73
Interest cost	24.86	11.53
Actuarial(gain)/loss	(26.45)	32.60
Benefits paid	(19.72)	0.00
Defined Benefit obligation at year end	306.95	206.96

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

	Gratuity (Funded) 2012-2013
Fair value of plan asset at beginning of year	97.98
Expected return on plan assets	8.74
Actuarial gain/(loss)	0.00
Employer contribution	16.73
Benefits paid	(19.72)
Fair value of plan asset at year end	103.73
Actual return on plan assets	(8.74)

iii) Reconciliation of fair value of assets and obligations (Rs.in lacs)

	Gratuity (Funded) 2012-2013	Leave Encashment (Unfunded) 2012-2013
Fair value of plan assets	(103.73)	0.00
Present value of obligation	310.75	206.96
Amount recognised in Balance Sheet	203.21	206.96

iv) Expenses recognised during the year (Rs.in lacs)

	Gratuity (Funded) 2012-2013	Leave Encashment (Unfunded) 2012-2013
Current service cost	17.51	18.73
Interest cost	24.86	11.53
Expected return on plan assets	(8.74)	0.00
Actuarial gain/(loss)	(26.45)	32.60
Net Cost	7.18	62.86

v) Actuarial assumptions

	Gratuity (Funded) 2012-2013 (ultimate) 1994-96	Leave Encashment (Unfunded) 2012-2013 (ultimate) 1994-96
Mortality Table (LIC)	1994-96	1994-96
Discount Rate (per annum)	8%	8%
Expected rate of return on plan assets	9.25%	-
Attrition Rate	10%	10%
Salary Rise	4%	4%



- 21(C) Actuarial valuation was carried out from last year onwards.
- 21(D). The arrears on account of pay fixation in the revised scale with effect from 01-01-1997 vide wage revision settlement as per DPE guidelines, have been provided for in books at the close of the year amounting to Rs.727.82 lakhs (Pr. year Rs.1159.85 Lakhs shown under contingent liability). As per BIFR-MDRS, the company has implemented the wage revision for officers and non officers w.e.f. December 2010 and wage revision of 2007 for officers and non-officers was effected w.e.f. October, 2012 and the arrears to this effect could not be charged to profit and loss account since BIFR categorically has stipulated that arrears should be released subject to availability of funds. Accordingly, the liability has been shown under contingent liability.

NOTE 22: FINANCE COST (Rs.in lacs)

	2012-2013	2011-2012
Interest on Term Loan	0.00	6.14
Interest on Working Capital	24.54	10.57
Interest on secured loan-HOC	80.13	109.53
Interest to Others	1.15	2.45
TOTAL	105.81	128.69

NOTE 23: OTHER EXPENSES (Rs.in lacs)

	2012-2013	2011-2012
Consumption of store and Spares	75.18	92.42
Power & Fuel	759.42	599.76
Water Charges	94.49	132.48
Rent	7.89	5.05
Rates & Taxes	96.51	5.70
Repairs and Maintenance		
To Building	7.69	6.01
To Machinery	4.76	47.25
To Other Assets	68.21	8.69
Insurance	80.67	61.95
To Other Assets	10.44	11.34
Payments to auditors :		
Statutory audit fees	0.95	0.85
Limited Review	0.45	1.15
Professional charges	109.84	216.57
Transport charges	52.46	0.00
Misc.Expenditure	93.37	132.96
TOTAL	1381.67	1259.39

NOTE - 24 : EARNINGS PER SHARE (Rs.in lacs)

	As at 31.03.2013	As at 31.03.2012
Net Profit attributable to equity shareholders		
Profit after tax(Rs.in lacs)	94.88	252.25
Weighted average number of shares (Nos.)	19599100	19599100
Basic and Diluted Earnings per share(Rs.)	0.48	1.29
Face value per share(Rs.)	10.00	10.00

NOTE - 25 CONTINGENT LIABILITIES AND COMMITMENTS: (Rs.in lacs)

	As at 31.03.2013	As at 31.03.2012
(i) Contingent Liabilities		
(a) ESI	13.46	13.46
(b) Wage Revision arrears for employees	1070.34	1159.85
	1083.80	1173.31
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.00	65.00
	1083.80	1238.31

Note - 26 - TAXES ON INCOME :

26(A). Provision for current tax on profits for the year has not been made under Minimum Alternate Tax under section 115JB of Income Tax Act 1961 since the minimum of carried forward of losses or unabsorbed depreciation as per books of accounts are set off during the year against the current year book profit.

26 (B). The company has not provided deferred tax asset due to huge accumulated losses incurred since there is no virtual certainty to realise in future.

Note - 27 - DETAILS OF MANUFACTURED GOODS : (Rs.in lacs)

Particulars	Sales Value	Closing Inventory	Opening Inventory
CFM - 22	829.82	64.75	85.43
Tetrafluoroethylene	1319.53	25.10	3.51
Polytetrafluoroethylene	1073.23	473.08	180.67

Note-28 (Rs. In Lacs)

	2012-13	2011-12
CIF value of imports of Raw materials	36.35	24.20

Note - 29 (Rs. In Lacs)

	2012-13	2011-12
Expenditure in foreign currency :		
Travelling expenditure	0.00	1.77

Note - 30 (Rs. In Lacs)

	2012-13	2011-12
Earning in foreign currency	573.40	1,746.76

Note - 31 (Rs. In Lacs)**RELATED PARTIES DISCLOSURE:**

The company is a subsidiary of HOCL (HINDUSTAN ORGANIC CHEMICALS LIMITED)

Interest payable to HOCL	80.13		
Less : Interest reversal of earlier years	0.00	80.13	61.44
Secured Loan from HOCL		3,701.42	3,929.33

KEY MANAGEMENT PERSONNEL:

SHRI T S GAIKWAD, Managing Director

Remuneration paid to director	14.68	9.14
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Note - 32**LITIGATIONS AT VARIOUS AUTHORITIES:**

AUTHORITIES	NATURE OF LITIGATIONS	QUANTUM	REMARKS
Hon'ble High Court of A.P	Recovery from Debtors	Rs.132.00 lacs	The company had a favourable judgment from the single bench. The deponent had approached full bench of High Court.

Note - 33

The company has prepared these financial statements as per the format prescribed by Revised Schedule VI of the Companies Act, 1956 ("the schedule") issued by Ministry of Corporate Affairs. Previous period's figure have been recast/restated to confirm to the classification required by the revised Schedule - VI

Note - 34

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

As per our report of even date

For S. Daga & Co.,
Chartered Accountants
(FRN 000669S)

Sd/-
(Pavan Kumar Bihani)
Partner
M No. 225603

For and on behalf of the Board of Director of HFC Ltd.,

Sd/-
(J.N.Suryawanshi)
Chairman

Sd/-
(T.S.Gaikwad)
Managing Director

Place: Mumbai
Date: 23.05.2013

Sd/-
(E. Surya Rao)
Dy.General Manager(Finance)

Sd/-
(Rajani .K)
Company Secretary



HINDUSTAN ORGANIC CHEMICALS LIMITED

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

ATTENDANCE SLIP

52nd Annual General Meeting, on Friday, the 27th September, 2013.

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 FIFTY SECOND (52ND) ANNUAL GENERAL MEETING of the Company at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Friday, the 27th September, 2013.

(Members'/Proxy's Name)

(Member's/Proxy's Signature)

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



HINDUSTAN ORGANIC CHEMICALS LIMITED

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

FORM OF PROXY

52nd Annual General Meeting, on Friday, the 27th September, 2013

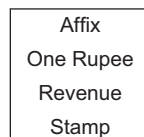
Name of the Shareholder(s) _____ Folio No. _____

No. of Share(s) _____

I/We _____ of _____ being

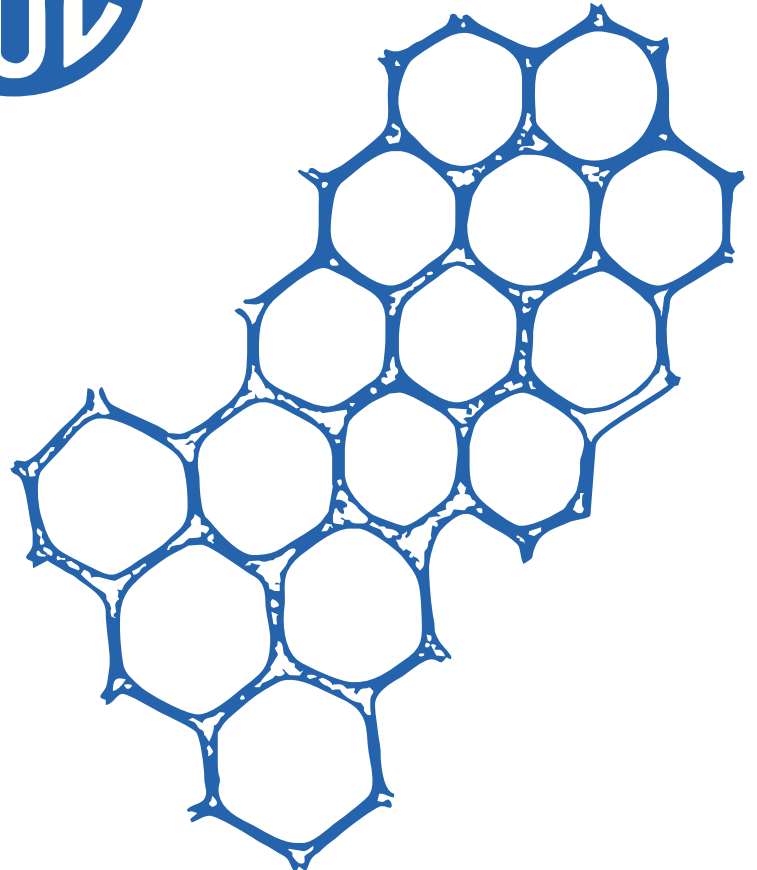
a Member(s) of the above named Company, hereby appoint Shri/Smt. _____ as my/ our proxy to vote for me/our behalf at the FIFTY SECOND (52ND) ANNUAL GENERAL MEETING of the Company to be held at RASRANG HALL, Dr.Kasbekar Park, Rasayani at 3.00 p.m. on Friday, the 27th September, 2013.

Signed _____ day of _____ 2013.



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.

BOOK-POST



If undelivered please return to :
SHAREPRO SERVICES (INDIA) PVT. LTD.
Unit : HINDUSTAN ORGANIC CHEMICALS LIMITED
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 : shrepro@shreproservices.com