HINDUSTAN ORGANIC CHEMICALS LIMITED

(A Govt. of India Enterprise)

59th ANNUAL REPORT 2019-2020

Phenol Complex at Kochi

Registered Office & Corporate Office Address: -
Hindustan Organic Chemicals Limited,
Office No: 401,402 and 403, 4th Floor, V Times Square, Plot No: 3, Sector 15,
CBD Belapur, NAVI MUMBAI - 400614.
PH: 022-27575268/69; Web Site: www.hoclindia.com; CIN : L99999MH1960GOI011895

HINDUSTAN ORGANIC CHEMICALS LIMITED [CIN L99999MH1960GOI011895]

AUDITORS
Statutory Auditors (FY 2019-20)
M/s BSJ & Associates.,
Chartered Accountants, Kochi

Internal Auditors
M/s N.C.Mittal & Co.,
Chartered Accountants, Kochi

COST AUDITORS (FY 2019-20)
M/s. BBS & Associates
Cost Accountants, Kochi

SECRETARIAL AUDITORS
D.S. Momaya & Co.
Company Secretaries, Navi Mumbai

BANKERS
State Bank of India
Central Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS
M/s. BIGSHARE SERVICES PVT. LTD.
Registered Office : **Bigshare Services Pvt Ltd.**
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road, Marol,
Andheri (East),Mumbai 400059 Maharashtra.
Tel: 022 62638200
Fax : 022 62638299
Email: investor@bigshareonline.com

CONTENTS

HINDUSTAN ORGANIC CHEMICALS LTD. [CIN L99999MH1960GOI1011895]

Registered & Corporate Office
(w.e.f July, 2018 and due to shifting of Registered Office of the Company from Rasayani to CBD Belapur):
Office Nos. 401,402 &403, 4th Floor,
“V- Times Square”, Plot No.3, Sector-15,
CBD, Belapur, Navi Mumbai- 400614,
Maharashtra

MANUFACTURING FACILITIES AT
KOCHI :
Ambalamugal P.O., Dist. Ernakulam,
Kerala, PIN - 682 302.
Tel : (0484) 2720911 / 2720912 / 13
Fax : (0484) 2720893
E-mail : kochi@hoclindia.com

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

Subsidiary Company
HINDUSTAN FLUOROCARBONS LTD.
303, Babukhan Estate, Basheerbagh,
Hyderabad - 500 001, Telangana.
Tel : (040) 23241051 / 23237125. Fax : (040) 23296455
E-Mail : hiflon@hotmail.com

BOARD OF DIRECTORS

SHRI S.B. BHIDE (DIN:05323535)	Chairman & Managing Director (w.e.f. 05/10/2016) & Additional charge of Director Finance (w.e.f. 08/02/2018 upto 06-08-2019)
SHRI C.P.BHATIA (DIN:08554234)	Director (Finance) w.e.f. 07-08-2019 & Chief Financial Officer w.e.f 09-08-2019 Additional Charge of Managing Director of Hindustan Fluorocarbons Limited (w.e.f 01/06/2020)
MRS. ALKA TIWARI, AS&FA (DIN:03502306)	Govt. Nominee Director
SHRI SAMIR KUMAR BISWAS, JS (DIN:01664091)	Govt. Nominee Director
MS. PUSHPA TRIVEDI (DIN: 01388230)	Independent Director (from 15/06/2016 upto 14-06-2019)
MRS. LATA ALKER (DIN: 07767534)	Independent Director (from 21/02/2017 upto 20-02-2020)
SHRI MUKESH PAREEK (DIN: 07758639)	Independent Director (from 21/02/2017 upto 20-02-2020)
MRS. SUSHEELA S. KULKARNI	Company Secretary

BOARD COMMITTEES (01-04-2019 – 31-03-2020)

AUDIT COMMITTEE OF THE BOARD

Ms. PUSHPA TRIVEDI,
Independent Director
Chairperson, Audit Committee [upto 14-06-2019]

Mrs. LATA ALKER,
Independent Director
Member, Audit Committee [upto 20-02-2020]

Shri. SAMIR KUMAR BISWAS, JS
Non-Executive, Govt. Nominee Director
Member, Audit Committee [w.e.f. 08-11-2019]

Shri MUKESH PAREEK,
Independent Director
Member/Chairperson, Audit Committee (w.e.f.9-8-2019) [upto 20-02-2020]

Mrs. ALKA TIWARI, AS&FA.
Non-Executive, Govt. Nominee Director
Member, Audit Committee [w.e.f. 08-11-2019]

Mrs. SUSHEELA S. KULKARNI, C.S.
Secretary to Audit Committee

STAKEHOLDERS RELATIONSHIP COMMITTEE (S.R.C.)

Shri MUKESH PAREEK,
Chairperson, S.R.C. [upto 20-02-2020]

Mrs. LATA ALKER,
Member, S.R.C. [upto 20-02-2020]

Shri C.P. BHATIA, DF
Member, S.R.C. [w.e.f. 09-08-2019]

Ms. PUSHPA TRIVED,
Member, S.R.C. [upto 14-06-2019]

Shri S.B. BHIDE, CMD
Member, S.R.C.

Mrs. SUSHEELA S. KULKARNI , C.S.
Secretary to S.R.C.

NOMINATION & REMUNERATION COMMITTEE (N & R Committee)

Shri MUKESH PAREEK,
Chairperson, S.R.C. [upto 20-02-2020]
Mrs. LATA ALKER,
Member, S.R.C. [upto 20-02-2020]
Shri C.P. BHATIA, DF
Member, S.R.C. [w.e.f. 09-08-2019]

Ms. PUSHPA TRIVEDI,
Member, S.R.C. [upto 14-06-2019]
Shri S.B. BHIDE, CMD
Member, S.R.C.
Mrs. SUSHEELA S. KULKARNI , C.S.
Secretary to S.R.C.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

Mrs. LATA ALKER,
Chairperson, CSR Committee [Upto 20-02-2020]
Shri MUKESH PAREEK,
Member, CSR Committee [Upto 20-02-2020]
Shri C.P.BHATIA, DF
Member, CSR Committee [w. e .f 09-08-2019]

Ms. PUSHPA TRIVEDI,
Member, CSR Committee [Upto 14-06-2019]
Shri S.B.BHIDE, CMD
Member, CSR Committee
SMT.SUSHEELA S. KULKARNI, C.S.
Secretary to the CSR Committee

SHARE TRANSFER COMMITTEE (S.T. Committee)

Shri S.B. BHIDE, CMD
Chairperson of the ST Committee.
Mrs. SUSHEELA S. KULKARNI, C.S.
Member & Secretary to the S.T. Committee.

Shri C.P. BHATIA, DF
Member, S.T. Committee [w. e .f 09-08-2019]

NOTICE

Notice is hereby given that the 59th Annual General Meeting (AGM) of the Members of the Company will be held on Monday, the 28th September, 2020 at 2.00 (Time) p.m. through Video Conferencing ("VC")/Other Audio Visual Means("OAVM") to transact the following:

ORDINARY BUSINESS:

1. To consider and to adopt the Standalone & Consolidated Audited Financial Statements comprising the Balance Sheet as at 31st March, 2020, the Profit & Loss Account for the year ended on that, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors' Report and the Auditors' Report along with the Report of the Comptroller & Auditor General.

2. To re-appoint Mrs. Alka Tiwari, (DIN: 03502306), AS&FA, as per GOI Order, who retires at this AGM and being eligible offers herself for re-appointment.

3. To note the appointment by the C&AG of M/s. BSJ & Associates, Kochi (Firm Registration No. SR1972) as the Statutory Auditors of the Company for the year 2020-21 and to approve the remuneration of Rs.3,00,000/- to be paid as statutory audit fees to M/s. BSJ & Associates, appointed as Statutory Auditor by the C&AG for the FY 2020-21 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other audit fees, if any, payable to the Statutory Auditors of the Company, for the Financial Year 2020-21. And to note the Board of Directors approval for the enhancement of Statutory Audit fess from Rs. 2,00,000/- to Rs. 3,00,000/- payable to the M/s. BSJ & Associates statutory auditors of the company for the FY 2019-20.

SPECIAL BUSINESS:

4. To consider and ratify the remuneration to be paid to M/s. CY & Associates, Cost Accountants, Mumbai (Firm Registration No.000334) as Cost Auditors of the company for the FY 2020-21 for audit of Cost Accounts Records of the company and if thought fit to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the remuneration, at a total fee of Rs. 50,000/- plus GST for for audit of Cost Account Records of the Company and to issue of Compliance Certificate/s thereof and to give Cost Audit Report for the year 2020-21 and for assisting in & e-filing of cost audit reports related XBRL e-Forms in respect of Kochi Unit Products for the company for the financial year ending 31st March 2021 to M/s. CY & Associates, Cost Accountants, Mumbai (Firm Registration No. [000334]) as Cost Auditors of the Company for the FY 2020-21.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Sd/-
(Susheela S.Kulkarni)
Company Secretary
[FCS5145]

Place: CBD Belapur
Date: 13/08/2020

Registered Office:
401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3
Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN

NOTES:

1. In the view of continuing Coivd-19 Pandemic, The Ministry of Corporate Affairs("MCA") has vide its Circular dated May 05,2020 read with the Circulars dated April 13, 2020 and April 08,2020 (collectively referred to as "MCA Circulars")permitted the holding of the Annual General Meeting("AGM")through VC/OAVM, without the physical presence at a common venue. In compliance with the provisions of the Companies Act,2013 ("Act"), SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015("SEBI Listing Regulations")and MCA Circulars, the AGM is being held through VC/OAVM.

For this purpose, necessary arrangements have been made by the Company with CDSL and instructions for the process to be followed for attending and participating in the ensuing AGM through VC/OAVM is forming part of this Notice.

2. Pursuant to the Provisions of the Act, a member entitled to attend and Vote at AGM is entitled to appoint a proxy to attend and vote on his/her behalf and proxy need not to be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of Proxy by the members will not be available for the AGM and hence Proxy form, Attendance Slip are not annexed to this Notice.

3. Participation of Members through VC will be reckoned for the purpose of Quorum for the AGM as per Section 103 of Companies Act, 2013.

4. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote E-Voting. The said resolution/Authorization shall be sent to the Scrutinizer through e-mail to divya.dsmco@gmail.com and to the Company at cs@ hoclindia.com.

5. The explanatory statements pursuant to Section 102 of the Companies Act, 2013 in respect of Item No. 4, are appended to this Notice.

6. Shareholders may also note that Bigshare Services Pvt Ltd,the Company, Registrar and Transfer Agents have shifted their office w.e .f June 27,2017,to a new address as follows:

Bigshare Services Pvt Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri(East), Mumbai 400059, Maharashtra., Tel: 022 62638200, Fax : 022 62638299.

Members can also correspond with the RTA at their email id: investor@ bigshareonline.com

Company [through RTA] will be sending communications with respect to below mentioned important points along with this 59th AGM Notice.

Important information:

I. Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank details to the Company /Registrar & Transfer Agent (RTA)

II. SEBI Gazette Notification dated June 08, 2018, shares in physical form will not be transferred after December 05,2018. Hence, in your interest, it is advised to get your shares dematerialised at the earliest.

7. Shareholders are requested to intimate immediately any change in their addresses registered with the Company, their PAN, KYC details immediately to the RTAs [as above in note no.6]

8. The Register of Members and Share Transfer Books of the Company will remain closed **from Wednesday, the 23rd September, 2020 to Monday, the 28th September, 2020 (both days inclusive)** for the purpose of AGM of the Company.

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 28-09-2020 (Date of AGM). Members seeking to inspect such documents can send an email to: corporate.cs@hoclindia.com; or to : cs@hoclindia.com; **(**email Id.)

10. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the Central Depository Services Limited (CDSL). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice. The Board has appointed M/s. D. S. Momaya & Co. (FCS No. 7195), Practicing Company Secretaries, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

11. **The e-voting period commences on Wednesday, 23rd September, 2020 from 9.00am** (IST) **onwards and ends on Sunday, 27th September, 2020, at 5.00 pm** (IST). During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on 22-09-2020 (Date) may cast their votes electronically. The e-voting module will be disabled by CDSL for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on 22-09-2020 (Cut-Off Date).

12. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

13. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, should follow the same procedure of e-Voting as mentioned below.

14. In compliance with the Circulars, the Annual Report 2019-20, the Notice of the 59th AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s) as on the cut off date of 28-08-2020.

15. We urge members to support our commitment to environmental protection by choosing to receive the Company' communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, Bigshare Services Private Limited at investor@bigshareonline.com to receive the copies of the Annual Report 2019-20 in electronic mode.

16. Members may also note that the Notice of the 59th AGM and the Annual Report 2019-20 will also be available on the Company's website,https://www.hoclindia.com/financial-year-wise-annual-reports websites of the Stock Exchanges, i.e. BSE Limited, at www.bseindia.com and on the website of CDSL at www.evotingindia.com

17. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Bigshare Services Private Limited for assistance in this regard.

18. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA i.e. Bigshare Services Private Limited.

19. Since the AGM will be held through VC/OAVM, The Route Map is not annexed in this Notice.

20. The relevant details, pursuant to Regulations 26(4) and36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are annexed.

CDSL e-Voting System – For Remote e-voting and e-voting during AGM

A. **Voting through electronic means**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM

2. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Secretarial Standard 2 on General Meetings ("SS-2") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL

3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.

6. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

(i) The voting period begins on **Wednesday, 23rd September, 2020 from 9.00am** (IST) **onwards and ends on Sunday, 27th September, 2020, at 5.00pm** (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of 22-09-2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Log on to the e-voting website www.evotingindia.com

(iv) Click on "Shareholders" Module

(v) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company. OR

   Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from Login-Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

Dividend Bank Details OR Date of Birth (DOB)	• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of "Hindustan Organic Chemicals Limited" on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting"** available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) The shareholders/members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

(xxi) The " remote e- voting " end time shall be 5:00 p.m. on the date preceding (i.e. 27-09-2020) the date of Annual General Meeting.

(xxii) M/s. D. S. Momaya and Co. (FCS No. 7195), Practicing Company Secretaries have been appointed as the Scrutinizer for providing facility to the members/shareholders of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

(xxiii) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as "Corporate" Module.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at email address viz; divya.dsmco@gmail.com and to the Company at the email address viz; cs@hoclindia.com/corporate.cs@hoclindia.com , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

B. **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.

2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

In case of members receiving e-mail / physical copy:

(a) The voting period begins on **Wednesday, 23rd September, 2020 from 9.00am** (IST) **onwards and ends on Sunday, 27th September, 2020, at 5.00pm** (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, 22-09-2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(b) Any person, who acquires shares of the Company and becomes shareholder of the Company after Friday, 28-08-2020, i.e. the date considered for dispatch of the notice and holding shares as on the cut-off date i.e. 22-09-2020, and not updated their PAN may obtain the login ID and sequence number by sending a request at investor@bigshareonline.com

C. **Instructions for Members for attending the AGM Through VC/OAVM are as under:**

1. Shareholder will be provided with a facility to attend the EGM/ AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their requesting advance atleast 14 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance of 14 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

D. **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43

"Voting Results"

1. The Scrutinizer shall, after the conclusion of the AGM, electronically submit the Consolidated Scrutinizer's Report (i.e. votes cast through Remote e-voting and E-voting during AGM) of the total votes cast in favour or against the resolution and invalid votes, to the Chairman of the AGM or to any other person authorised by the Chairman of the Company.
2. Based on the Scrutinizer's Report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the Listing Regulations.
3. The result declared along with Scrutinizer's Report will be placed on the website of the Company at www.hoclindia.com and on the website of CDSL at www.evotingindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013.

ITEM NO. 4 of the Notice

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules) the Company is required to appoint Cost Auditors to audit the cost records of the Company for products and services specified under Rules issued in pursuance to the said Section.

With reference to the GOI Order No.52/115/CAB-2010 dt.16.12.2010 of Ministry of Corporate Affairs, Govt. of India, the Cost Audit for three products manufactured by Kochi Unit was made applicable from the year 2010-11 as per the said Order. As per the Order referred above, Cost Audit has to be conducted for every financial year.

The Board of Directors of the Company at their meeting held on 26-06-2020 approved the proposal to appoint, a MSME registered firm, M/s.CY & Associates, Cost Accountants, Mumbai (Firm Registration No.000334) as Cost Auditors of the Company for the financial year- 2020-21 for audit of Cost Account Records of the Company and to issue of Compliance Certificate/s thereof and to give Cost Audit Report for the year 2020-21 at a consolidated fees of Rs.50,000/- for Cost Audit & for issuing Compliance Certificates/digital signature certifications etc. and for assisting in & e-filing of cost audit reports related XBRL e-Forms in respect of Kochi Unit Products plus taxes at actuals/as may be applicable for the Company.

M/s.CY & Associates, Cost Accountant have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company in accordance with the provisions of Section 148 of the Act, read with the Rules thereon. Further the remuneration payable to the Cost Auditor is required to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for the said purpose as given in this Item.

The Directors recommend this resolution for approval of shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution as set out in Item 5 except to the extent of Shares held by them in their individual capacity.

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Sd/-
(Susheela S.Kulkarni)
Company Secretary
[FCS5145]

Place: CBD Belapur
Date: 13/08/2020

Registered Office:
401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3
Sector 15, CBD Belapur Navi Mumbai Thane MH 400614 IN

Annexure-Details pursuant to Regulations 26(4) And 36(3) Of The SEBI(LODR) Regulations Details of Directors seeking re-appointment at the Annual General Meeting

Particulars	**Mrs. Alka Tiwari**
Age	55 Yrs
Date of Appointment	29/01/2019
Qualifications	**1.** Post Graduate in Psychology, **2.** LLB, M.Sc. (Project Management) **3.** Additional Secretary & Financial Advisor (AS&FA) in M/o Chemicals & Fertilizers.
Expertise in Specific Functional Areas	She is an IAS Officer of Jharkhand Cadre. She has worked in the state in the field of rural development, finance, taxation and forest & environment. She has worked as Advisor, Niti Aayog handling Financial resources and Education sectors. Presently she is working as Additional Secretary & Financial Advisor (AS&FA) in the Ministry of Chemicals &Fertilizers.
Directorship Held in other Companies	1. Fertilisers And Chemicals Travancore Ltd 2. Rashtriya Chemicals And Fertilizers Limited
Shareholding in the Company	**NIL**

(For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above director, please refer to the corporate governance report which is a part of this 59th Annual Report.)

By Order of the Board of
Hindustan Organic Chemicals Ltd.

Sd/-
(Susheela S.Kulkarni)
Company Secretary
[FCS5145]

Place: CBD Belapur
Date: 13/08/2020

Registered Office:
401, 402, 403, 4th Floor, V-TIMES SQUARE, Plot No. 3
Sector 15, CBD Belapur, Navi Mumbai, Dist. Thane MH 400614 IN

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of my Colleagues on the Board and myself, I extend a warm welcome and sincere gratitude, to all of you present here at this 59th Annual General Meeting of your Company. The Annual Report of the Company, containing the Audited Annual Accounts together with the Directors' Report and Auditors' Report for the year 2019- 20 and the AGM Notice to the Shareholders are 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 for our Company's performance during the year 2019-20.

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

I am happy to inform you that operations of the Phenol Plant has achieved a Capacity Utilisation of 67 %. Even in the absence of working capital limits sanctioned by the Banks, the company could mobilize advance from major customers and achieve higher capacity utilization compared to previous year. During the year under review, your Company could achieve sales turnover of Rs. 300.01 Crores.

The operations of the Company were scaled down during the last week of the year. The plant was under shutdown during the month of June 2019 due to uneconomic prices as the prices of Phenol were hardly recovering the variable cost due to stiff competition from imports. Further, plant was under shutdown for 48 days during Oct – Nov 2019 for Catalyst change and maintenance works and for 8 days due to shortage of Benzene. The Company was in lock down for 7 days and thereby a decrease in production of Phenol, Acetone, Hydrogen Peroxide, H.E. of Cumene and Cumox Oil.

The price of our main product Phenol has come down due to the nationwide restriction on the manufacturing activities. There was reduction in turnover of Rs.10.38 crore and revenue loss of Rs.3.26 crore due to the production loss of seven days and price reduction of finished products, during 2019-20.

As per the approved restructuring plan during the previous year, out of the balance +/-191 acres of land approved for sale to BPCL (442-251 acre), sale of 38.687 acres has been completed in May 2019, for which an amount of Rs.53.62 Crore after deducting 1% TDS, was received from BPCL. After adjustment of balance principal amount due towards BPCL raw material supplies, the balance amount received from BPCL has been utilised partially to pay off the other liabilities and payment of salary dues of Kochi unit employees.

With the redemption of the Bonds and repayment of working capital dues to Banks, and VRS to surplus manpower, the company could achieve cost reduction and improve the performance of the Kochi unit.

During the year, your Company incurred a loss of (after tax) of Rs.94.68 crore as against Profit of Rs.70.88 crore incurred during the previous year.

I wish to inform you that with the successful implementation of the restructuring plan approved by the Government and with the help and support from various Ministries, mainly Department of chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, and other ministries like, Ministry of Finance, Ministry of Commerce & Industries, the company is on the path to recovery and with continuation of the anti-dumping duty support on Phenol and Acetone of the company and reduction in interest cost (with the repayment of Government loan) the company will continue to be in Profits.

FUTURE PLAN & REVIVAL / TURN AROUND PLAN:

Restructuring Plan.

Rasayani Unit

Out of the balance +/-191 acres of land approved for sale to BPCL (442-251 acre), sale of 38.687 acres has been completed in May 2019, for which an amount of Rs.53.62 Crore after deducting 1% TDS, was received from BPCL. After adjustment of balance principal amount due towards BPCL raw material supplies, the balance amount received from BPCL has been utilized partially to pay off the other liabilities and payment of salary dues of Kochi unit employees. The company is in discussions with BPCL and MMRDA for the sale of balance land at Rasayani. The revenue generated from the sale of balance land will be utilized for repayment of Govt. of India loan.

Kochi Unit

The company could mobilize advance payments from major customers to in the absence of sanctioned working capital limits and ensure continuous operation of the Phenol / Acetone plant.

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 continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighboring villages, rendering assistance in different forms. As per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. During the Year 2019, the CSR and SD Committee was reconstituted comprising of 3 Independent Directors & one Executive Director of the Board of the Company. The terms of reference of the said CSR and SD Committee included among others, CSR as per Section 135 of the Companies Act,2013 and Rules 2014 thereunder, along with Schedule VII, etc.

Though the Company is not required to carry out any CSR activities due to incurring losses, in order to help fighting against Covid-19 Pandemic, Company donated Medicines kits to needy suffering people, Face shields to Local Police and Government Hospitals, And also donated Hydrogen Peroxide to local bodies for sanitization purpose. Company has contributed one day salary each of all employee towards PM Cares Funds and Kerala Chief Minister's Distress Fund.

As a part of Swatch Bharat Abhiyan some activities were also carried out in the HOCL. On the International Yoga day, A talk on the importance of yoga was organized at Training Centre for the benefit of employee.

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 was much below the permissible levels.

HOC Kochi unit had 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. No further awards received during the year 2018-19.

HOCL has taken the measures to prevent the spread of COVID-19 pandemic.

ISO CERTIFICATION :

HOCL Kochi unit is having ISO 9001: 2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System) certification. The existing certificate for ISO 9001 has been extended up to 18th June 2020 and ISO 14001 is valid up to 07th March 2022 audit for further extension is in progress.

INDUSTRIAL RELATIONS:

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

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 IV.

Recently, HOCL has been awarded 'Excellent' grade in Corporate Governance Report for the year 2019-20.

HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY:

During the year, HFL has made Net Loss of Rs. 363.24 lacs from operations as against the Net Profit of Rs. 170.20 lacs of the previous year. During the year, the sales turnover was Rs. 3695.77 lacs as against Rs. 3886.03 lacs in the previous year. During the year under report production of PTFE was 3.27 Metric Tons as against 37.79 Metric Tons in the previous year. During the year, 961 Metric Tons of CFM-22 was sold in the market against 1056 Metric Tons in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Quality of all company's products continued to be well accepted by our customers. Company has achieved 94% capacity utilization as against 100 % in the previous financial year. The financial performance of the company improved during the year even though the Sales performance was more or less static compared to previous year.

Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals vide No. P. 51015/06/2019-Ch. III dated 29-01-2020 informed the decision of Cabinet Committee on Economic Affairs, directing closure of Hindustan Fluorocarbons Limited, Subsidiary of HOCL, which was approved by the shareholders on 30-03-2020.

ACKNOWLEDGEMENT:

I place on record my appreciation and gratitude to all the employees and other stakeholders who had extended their support and co-operation during the year. In particular, I am grateful to various officials of the Government, especially Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers, Department of Public Enterprises, Ministry of Finance, Ministry of Commerce & Industry, Government of Maharashtra, Kerala Government and Bankers State Bank of India, and Central Bank of India, Board Members, Statutory/Govt. Auditors, Cost Auditors and all the agencies concerned. My gratitude is also to the shareholders, and customers, who have helped us in the present phase of transformation of the company.

We on our part would continue our efforts for completion of the restructuring plan at the earliest, in our endeavour, towards the path of achieving early turnaround of the company. We look forward to your continued support in this continuing process.

In conclusion, I am optimistic that the Company would sustain the achievement during the year in the years ahead.

Sd/-

S.B.Bhide

Chairman and Managing Director

DIRECTORS' REPORT

The Board of Directors presents herewith the 59th Annual Report of your Company along with the Audited Statement of Accounts for the financial year 2019-20.

A. FINANCIAL RESULTS

The financial results for the year ended 31.03.2020 with the comparative figures of company's operations for the previous year is as under:

(₹ In Lakhs)

Particulars	2019-20	2018-19
Revenue from operations	30,001.23	47,199.01
Other Income	**2194.62**	**11,571.30**
Total	32195.85	58,770.31
Expenditure	**41535.47**	**51505.20**
Profit before Depreciation & Tax	(9339.62)	7265.11
Less Depreciation	**128.76**	**176.90**
Profit /(Loss) before Exceptional Itemsand Tax	**(9468.38)**	**7088.21**
Less : Exceptional Items Less :		
(1) Current Tax	-	-
(2) Deferred Tax	-	-
Profit/(Loss) for the Period after Tax	(9468.38)	7088.21
Other Comprehensive Income for theyear, Net of Tax	(244.05)	(380.84)
Total Comprehensive Income forthe year	**(9712.43)**	**6707.37**

2. MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Company has been entering into a Memorandum of Understanding (MOU)with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Company secured "very good" rating for the year 2018-19. The performance rating for 2019-20 MoU is yet to be finalised by the Government .

3. COVID-19 IMPACT ANALYSIS

A. Impact for the year 2019-20:

The operations of the Company were scaled down during the last week of the year. The Company was in lock down for 7 days and thereby a decrease in production of Phenol, Acetone, Hydrogen Peroxide, H.E. of Cumene and Cumox Oil.

The price of our main product Phenol has come down due to the nationwide restriction on the manufacturing activities due to lockdown. There was reduction in turnover of Rs.10.38 crore and revenue loss of Rs.3.26 crore due to the production loss of seven days and price reduction of finished products, during 2019-20.

B. Impact for the year 2020-21:

For the financial year 2020-21 operation of the Company was scaled down for three weeks during the month of April, 2020. The Company was in lock down for 24 days and thereby resulting in a decrease in production of Phenol, Acetone, Hydrogen Peroxide, H.E. of Cumene and Cumox Oil.

There was a reduction in turnover for an amount of Rs.44.58 crore and revenue loss for an amount of Rs.14.72 crore due to the production loss in April/May 2020 and price reduction of Phenol and by-products.

a. The Company was quick in restoring the operations by ensuring health, safety and well-being of its employees after obtaining all necessary permissions.

b. COVID-19 has affected all the sectors of industry and commerce sectors that has much affected including logistics, auto, drugs, pharmaceuticals and electronic goods where our products are used. The impact of COVID-19 for the financial year 2020-21 may lead to decline in demand or prices, suspend or significantly reduce operations of factory and affect movement of interstate transportation of goods etc.

c. As per our current assessment, no significant impact on tangible assets, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor the changes in future economic conditions. The Management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of Covid-19 on the Company's financial statements may differ from what is estimated.

4. CONSOLIDATED FINANCIAL STATEMENT

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 – Consolidated Financial Statement, the audited consolidated financial statement for the period ending 31.03.2020 is provided in the Annual Report.

5. DIVIDEND

In view of the loss incurred during the current year, the Board of Directors do not recommend any Dividend for the year under review.

6. CHANGE IN NATURE OF BUSINESS IF ANY

As per the approved restructuring plan during the previous year, out of the balance +/-191 acres of land approved for sale to BPCL (442-251 acre) , sale of 38.687 acres has been completed in May 2019, for which an amount of Rs. 53.62 Crore after deducting 1% TDS, was received from BPCL. After adjustment of balance principal amount due towards BPCL raw material supplies, the balance amount received from BPCL has been utilised partially to pay off the other liabilities and payment of salary dues of Kochi unit employees.

Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals vide No. P. 51015/06/2019-Ch. III dated 29-01-2020 informed the decision of Cabinet Committee on Economic Affairs, directing closure of Hindustan Fluorocarbons Limited, Subsidiary of HOCL, which was approved by the shareholders on 30-03-2020.

7. FINANCIAL HIGHLIGHTS

During the year 2019-20 the Company registered a decline of 45.22% in Revenue as compared to last year. The Gross Income of the Company stood at Rs. 32,195.85 Lakhs as against Rs. 58,770.31 Lakhs, achieved during the previous year. The Loss before tax for the year 2019-20 was Rs.9468.38 Lakhs as against the Profit of Rs. 7088.21 Lakhs (reinstated as per Ind AS) incurred during the corresponding period of last year.

8. NUMBER OF MEETINGS OF BOARD (including the dates of Board and committee meetings indicating the number of meetings attended by each director in every financial year)

During the year the Board Meetings were held on the following dates:

28th May 2019, 9th August 2019, 8th November 2019, 14th February 2020.

Other details are furnished in the Corporate Governance Report in Annexure IV to this Report.

9. CORPORATE GOVERNANCE

The Company has complied with the various requirement of Corporate Governance under provisions of Companies Act 2013, under SEBI LODRRs and various Rules / Regulations made there under. The details in this regard forms part of Corporate Governance Report as Annexure IV to the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

10. COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

DPE, Government of India, has laid down certain parameters for the purpose of grading the CPSEs on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Company has been complying with the Guidelines on Corporate Governance for CPSEs laid down by DPE and regularly submits reports to the Government. DPE issued 'Excellent' Rating' to your Company for the year 2019-20.

11. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The details in this regard forms part of Corporate Governance Report as Annexure III to the Annual Report.

12. MANNER IN WHICH FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS HAS BEEN CARRIED OUT :

The provisions of Section 134 (3)(p) of the Act shall not apply to a Government Company in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. HOCL, being a Government Company, the performance evaluation of the Directors is carried out by the Administrative Ministry (MoC&F), Government of India, as per applicable Government guidelines.

13. KEY MANAGERIAL PERSONNEL:

The following are Key Managerial Personnel of the Company:

a) Shri Subodh B. Bhide [DIN: 05323535], Chairman & Managing Director

b) Shri Chander P. Bhatia [DIN:08554234], Director (Finance) & CFO

c) Smt Susheela S. Kulkarni [FCS: 5145], Company Secretary & Compliance Officer

14. DETAILS OF DIRECTORS AND/OR KMP'S WHO HAVE BEEN APPOINTED OR RESIGNED DURING THE YEAR:

i. Tenure of Ms. Pushpa Trivedi Independent Director was completed on 14-06-2019.

ii. GOI has appointed Shri Chander Prakash Bhatia, as Director (Finance) on the Board of HOCL w.e.f. the date of assumption of charge of the post, till the age of superannuation (31.07.2021) or until further orders, whichever is earlier. Shri Chander Prakash Bhatia assumed the charge of Director (Finance), HOCL on 07-08-2019. Further Shri. Chander Prakash Bhatia was appointed as Chief Financial Officer of the Company w.e.f. 09-08-2019 in place of Mr. P. O. Luise.

Mr. S. B. Bhide CMD, HOCL also held the Additional Charge of Director Finance HOCL from 18-02-2018 to 06-08-2019.

iii. GOI had re-appointed Shri Samir Kumar Biswas, Joint Secretary, Department of Chemicals & Petrochemicals as Govt Nominee Director on Board of Directors of HOCL w.e.f 26-09-2019 (Date of 58th AGM) till further orders.

iv. Tenure of Mr. Mukesh Pareek and Ms. Lata Alker, Independent Directors is completd on 20-02-2020. Consequent to their completion of tenure as Independent Directors there are no Independent Directors on the Board of the Company and approval of the Administrative Ministry is awaited for appointment of adequate number of Independent Directors on the Company's Board.

v. GOI has assigned additional charge of the post of Managing Director, Hindustan Fluorocarbons Limited (HFL), to Shri Chander Prakash Bhatia, Director (Finance), HOCL, w.e.f. 01. June 2020, till closure activities of HFL are completed or till the date of his superannuation or till further orders, whichever is earliest. Accordingly, Shri Chander Prakash Bhatia assumed the charge of Managing Director, Hindustan Fluorocarbons Limited (HFL) on 1st June, 2020.

The Board has placed on record their appreciation to the Directors who have ceased to be members of the Board for the valuable contribution made and the guidance/suggestion provided by them which has greatly benefited the company.

Mrs. Alka Tiwari, Additional Secretary & Financial Advisor (AS&FA) in the Ministry of Chemicals & Fertilizers, Govt Nominee Director HOCL, retires by rotation at this Annual General Meeting (59th AGM) of the Company and being eligible offers herself for re-appointment.

15. COMPOSITION OF AUDIT COMMITTEE (AC) AND NON ACCEPTANCE OF ANY RECOMMENDATIONS OF AC (only for public and listed companies)

The Audit Committee is in place for the year in compliance with the Companies Act, 2013 and LODRRs. Details of Composition, meetings of Audit Committee are provided in Corporate Governance Report in Annexure IV to this Report.

16. COMMITTEES OF THE BOARD

The Company's Board has the following committees:

i. Audit Committee

ii. Stakeholders Relationship Committee

iii. Share Transfer Committee

iv. Nomination and Remuneration Committee

v. Committee on Corporate Social Responsibility (CSR)

The details of the committees along with their composition, number of meetings held and attendance of each director at the meetings are provided in the Corporate Governance Report.

17. SECRETARIAL STANDARDS

Applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.

18. DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134(5) of the Companies Act, 2013 -

ii That in the preparation of the annual accounts for the year ended 31st March, 2020; the applicable accounting standards had been followed along with proper explanation relating to material departures.

iii That such accounting policies as mentioned in the Notes on Accounts had been applied 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 as at the financial year ended 31st March, 2020 and the profit or loss of the Company for that period.

iv That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

v That the annual accounts for the year ended 31st March, 2020 had been prepared on a going concern basis.

vi That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. INDEPENDENT DIRECTORS DECLARATION –

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Independent Directors confirming that he/she is not disqualified from appointing/continuing as Independent Director.

20. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTORS

Not applicable.

21. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTORS ETC.

As per notification dated 5th June, 2015 issued by Ministry of Corporate Affairs, provision of section 134(3) (e) of the Companies Act, 2013 regarding disclosure of its policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matter provided under sub- section (3) of section 178 of the Companies Act, 2013 are not applicable to a Government company.

Company being a CPSE and appointments of all the Directors on the Board of the Company are made by the Govt. of India/President of India and under the supervision, control and directions of the Department of Chemicals & Petrochemicals and the prescribed DPE Guidelines are being followed. The Terms and Conditions of appointment of Independent Directors and other directors, are as per the Government Orders are disclosed on the Company's website.

22. RATIO OF DIRECTORS REMUNERATION TO MEDIAN EMPLOYEES REMUNERATION AND OTHER PRESCRIBED ELABORATE DISCLOSURES AND DETAILS :

The provisions of Section 134 (3)(e) of the Act are not applicable to a Government Company. Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178 (3) of the Act. Similarly, Section 197 of the Act shall not apply to a Government Company. Consequently, disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details including the statement showing the names and other particulars of every employee of the Company, who if employed throughout / part of the financial year, was in receipt of remuneration in excess of the limits set out in the Rules are not provided in terms of Section 197 (12) of the Act read with Rule 5 (1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.The Chairman & Managing Director and the Wholetime Directors of the Company did not receive any remuneration or commission from any of its Subsidiaries. HOCL, being a Government Company, its Directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria for determining qualifications and other matters.

23. AUDITORS

a) M/s. BSJ & Associates, Chartered Accountants, were appointed as Statutory Auditors of your Company for Corporate Office and Kochi Unit for FY 2019-2020 by C&AG.

The auditors have furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Audit Committee reviews the independence and objectivity of the Auditors and the effectiveness of the audit process. The auditors attend the Annual General Meeting of the Company

b) M/s. BBS & Associates, Cost Accountants, carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. BBS & Associates, Cost Accountants as Cost Auditors of your Company for FY 2019-2020.

c) M/s. N. C. Mittal & Co., Chartered Accountants were appointed as Internal Auditor of your Company for Corporate office and Kochi unit for FY 2019-2020.

d) Supplementary Audit is conducted by Director General of Commercial Audit and ex-Officio Member, Audit Board-I, Mumbai.

e) The Board had appointed D. S. Momaya & Co., Practising Company Secretaries to conduct Secretarial Audit for the FY 2019-2020. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed to this Report as Annexure and complied with Section 204 of Companies Act and Regulation 24A of SEBI LODRRs. The Company has also obtained Annual Secretarial Compliance Report form the PCS D. S. Momaya & Co. for the year 2019-20 under Regulation 24A of LODRRs.

24. 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 was much below the permissible levels.

Conversion of fuel from FO to LNG resulted in tremendous reduction in air pollution.

On-line stack monitoring system is being implemented to comply with Central Pollution Control Board regulations.

The company is already ISO 14001-2015 certified for Environment Management system and ISO 9001-2015 certified for Quality Management System. ISO 45001-2015 certification for safety is also expected by November 2020.

HOC Kochi unit received pollution control award among very largescale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control during the earlier years.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012. HOC Kochi unit received Suraksha Puraskar from National Safety Council Kochi, in large chemical Industries category for the year 2019-20.

HOCL introduced the following measures to prevent the spread of COVID-19 pandemic.

a) Suspended the Bio-metric punching through thumb impression and employees were advised to mark the attendance by swiping of the ID cards.

b) Visitors were totally banned to enter the company premises.

c) Employees were given facility to "Work from Home" as a temporary measure and skeletal staff was maintained in the departments. Considering the hazardous nature of the plants and stocks of products/raw materials, essential services were maintained.

d) Instructions on the protective /precautionary measures of Covid -19 to be taken by employees were widely circulated through circulars, Social Media etc. The daily tips were announced through Public Address System to take more care at workplace.

e) Posters on Covid-19 were displayed at different locations.

f) Encouraged employees to use electronic communication.

g) Exclusive awareness sessions were conducted for Housekeeping and Canteen staff

h) As part of the "Break the Chain Campaign" by the Government of Kerala, elbow operated hand wash facility were provided at the main entry point with Soap solution and employees were advised to wash their hands before entering the plant premises. Monitoring of the same was done by security personnel.

i) The body temperature scanning is done for all employees/visitors entering the premises.

j) Face masks/face shields were provided to all categories of employees, including drivers engaged in transportation of our products. Glouses were provided to canteen, housekeeping staff etc.

k) All meetings, training etc were restricted in line with the directives. Instead video conferencing was utilized for all information sharing including meeting with Corporate office, Statutory Authorities etc. Instead of training, encouraged employees to participate in webinars.

l) All meetings, training etc were restricted as part of the directives. Social distancing were maintained at the canteen hall and tea booths inside the plant, punching places etc.

m) Sanitizing and disinfecting of the Company premises and Township were done with the help of Central Warehousing Corporation, Municipality and Kerala Fire and Rescue Services. This is in addition to our regular housekeeping practices.

n) Special sanitization facilities given for commonly used computer system like DCS. Gloves are also provided to the control room operators.

o) All incoming tankers and trucks from outside for loading the products are disinfected by using diluted Hydrogen Peroxide.

p) Transportation facilities were provided to employees who depend on public transport.

q) All employees were directed to install and use the 'Arogya Setu' App on their mobile phones for monitoring the status as per Govt. directives and was implemented

25. RESERVATION AND OTHER WELFARE MEASURES FOR SCHEDULED CASTES/ SCHEDULED TRIBES/ OTHER BACKWARD CLASSES AND PERSONS WITH DISABILITIES

All guidelines laid down in respect of Reservation and other welfare measures for Scheduled castes/Scheduled Tribes/Other Backward Classes are complied with. The provisions for special arrangement for Persons with Disabilities at work place have been complied with.

26. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

During the year under report, the company continued its efforts to promote Hindi as official language in its day to day official activities. Eight (8) Hindi workshops were conducted during the year. Hindi Fortnight was organized at both Corporate and Kochi units during 14th to 28th September 2019. During this period various competitions were also organized and large number of employees participated. HOCL, Kochi unit bagged IInd prize for the Best implementation of OL policy by Town Official Language Implementation Committee (TOLIC), Kochi in the year 2018-19. OL Management Programme has been conducted exclusively for HOD's of Kochi Unit on 17 December 2019. HOCL actively participated in the Joint Hindi Fortnight celebrations 2019 organized by TOLIC (PSU), Kochi and sponsored Translation and Noting Drafting competitions. Four employees of our Kochi unit were attended five days Basic Computer Training Programme conducted by Dept of OL. Cash Incentives were given to 13 employee's under doing Original work in Hindi. All documents coming under section 3(3) of the Official Language Act, 1963 are issued in bilingual form. The company has its website in both English and Hindi. Various promotional schemes including incentives for the better implementation of OL has been adopted by our organization.

27. CITIZEN'S CHARTER, PUBLIC GRIEVANCE REDRESSAL (PG), CUSTOMER CARE SYSTEM (CCS) & RIGHT TO INFORMATION (RTI)

In line with the provisions of RTI Act 2005 to promote transparency and accountability, our organisation has taken efforts to handle the Right to Information sought for. Company has laid down procedure to provide information through Public Information Officer/CPO and Appellate Authority.

28. MICRO & SMALL ENTERPRISES

All efforts have been taken to comply with the Government Directive to procure items specified for procurement from MSMEs . Necessary procedures has been made in all tenders stating the eligibility of MSMEs to participate in tenders. We have removed the restricted clauses in the tender conditions and modified the same which will help in greater participation of MSMEs and especially SC/ST MSMEs in the procurement processes. Company has modified the purchase policy also to comply with the directions.

HOCL always takes efforts to fulfill the requirements. Our 95% of the purchases by value are petroleum products (LPG, Benzene, LNG and Hydrogen - which are our raw materials.) supplied by M/S. BPCL through pipeline transfer. These items are not manufactured by MSME's and not available in GeM portal. Out of the balance 5% procurement, HOCL 's target is to procure minimum 25% from MSME includes 4% from MSEs owned by SC/ST and 3% from women owned MSEs.Special efforts have been made to ensure participation of SC/ST representative, women representatives .

29. SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITIES AND BUSINESS RESPONSIBILITY REPORT

Hindustan Organic Chemicals Limited has adopted and realizes the benefits of Management Principles into daily activities to achieve the goals of the organization. These Management Principles will provide a foundation to continually improve upon the Organization's performance. The organization believes the following principles to align with the business processes.

1. Customer focus
2. Leadership
3. Utilization of resources with improved information flow within the organisation
4. Process approach; & its Continual improvement,
5. Risk & opportunity and real time decisions
6. Developing internal resources & maintaining better human relations at work.

We have adopted the "Process Approach" into daily operations including the PDCA Cycle. We have considered the utilization of Risk-Based Thinking when developing, implementing, and improving the effectiveness in most of our Management System. This approach enables Hindustan Organic Chemicals Limited to enhance the overall performance of the Organization by effectively controlling the interrelationships and the interdependencies among the processes.

The understanding and consistency with achieving customer specific requirements;

- The consideration of our processes in terms of added value;
- The achievement of effective process performance;
- Improvement of our processes based on real time data and information.

We also effectively plan and implement various actions to address risks and opportunities to maximize the outcomes including, but not limited to achieving improved results and preventing negative effects of our products, Operations, services.

Our businesses provide goods and services that are safe and contribute to sustainability throughout their life cycle and to promote the wellbeing of all employees, respect the interests of the stake holders, responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalized. Our businesses respect, protect, and make efforts to restore the environment in a safe and better manner by complying with the relevant Statutory regulations. Our businesses also support and provide value to their customers and consumers in a responsible manner.

30. DETAILS OF CSR POLICY AND ITS IMPLEMENTATION DURING THE YEAR

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 continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighbouring villages, rendering assistance in different forms.

Your Company is not required to carry out any CSR activities on account of losses incurred during the previous years and also in the current year. However, Company has recognized its social obligations and extended the following during the year under review.

In order to help fighting the COVID-19 pandemic, Company extended the following during the year.

- One day salary each of all employees contributed to the PM Cares Fund (Rs.6.19 Lakhs) and Kerala Chief Minister's Distress Fund (Rs.6.02 Lakhs).
- Medicine kit donated to local Police station for distributing to the needy suffering people (Rs.25,000/-).
- Donated Hydrogen Peroxide to local bodies for sanitisation purpose (Rs.40,500/-).
- Face shields distributed to local police and Government Hospitals 9Rs.12,150/-).
- As a part of social obligation, the company is extending need-based assistance to deserving students along with SC/ST students for their School / Graduate education.
- Vocational training facilities to the wards of employees of the company in the nearby Engineering / Management colleges for enhancing skill / knowledge.
- Engaging professional students of ICAI/ICSI who have completed intermediate level as trainees for imparting practical knowledge of company working by paying stipend.

Other activities.

SWATCH BHARAT ABHIYAN

The Company gives utmost importance to the Swatchata Mission. As part of Swatch Bharat Abhiyaan, the following activities were carried out in HOCL:

a) Inaugural Function was organised with Executive Director administering Pledge on Swachhta Mission in front of the Administrative Building where all employees gathered and the relevance of Swachhta Mission and Action Plan of Swachhta 2019 were explained to the gathering.

b) A team of 16 volunteers from different depts. were selected and suggestions were sought from them how to proceed the activities in their departments apart from the common activity. Accordingly, each team planned their activity chart of the programme.

c) Banners with logo on "Swachhta Pakhwada" were displayed in the main gate of the factory and Township to give wide publicity. All the activities conducted in our Unit were published through social media along with photographs on daily basis.

d) During the campaign in order to motivate the participants T-Shirt with Logo on "Swachhta Mission" and all other required accessories were provided to the participants.

e) Factory area cleaned by the employees/Trainees/Apprentices and contract workers including the workplaces, Office building, Approach roads towards canteen, weeding out of files, segregation of items in Stores connected with each departments. The Evaluation Team inspected the area where Swachhta was carried out and selected best three performing Departments and they will be awarded with cash prize in the valedictory function to be held on 23.09.2019.

f) In order to have a wide sensitization the following competitions were also held, like Cartoon Competition on Swachhta was conducted for the wards (school going children) of employees at our Township, An Essay Competition on Swachhta conducted for the employees, apprentices/trainees at our Training Centre, Slogan Competition on Swachhta conducted for employees and apprentices/trainees. 28 employees were participated for the competition. The Winners will be suitably recognized during the valedictory function.

g) Township cleaned by employees/residents and contract workers. Swachhta activities inside the Township were carried out by the residents and employees.

h) An awareness Session on "Say No to Plastic" has also been arranged through Suchithwa Mission, Kerala followed by the prize distribution.

i) Jute bags were distributed to all employees including casual labourers in Kochi to promote "Say No to Plastic" concept.

INTERNATIONAL YOGA DAY

As part of Yoga Day on 21st June 2019, A talk on the importance of Yoga as well as demonstration was organised at our Training Centre for the benefit of our employees. Common Yoga protocols e book were widely circulated for the information of all employees through our portal and social media

31. INDUSTRIAL RELATIONS:

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

32. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There are no loans, guarantees, or investments made by the company under Section 186 of the Companies Act 2013 during the year under review and hence said provisions are not applicable.

However, the cumulative investment on the subsidiary company Hindustan Fluorocarbons Ltd. as on 31.3.2020 stood at Rs.11.06 Crore. In addition, the company has given secured loan of Rs.31.97 Crore to HFL [on the security of HFL Land] and Company has also extended Corporate Guarantee to the working capital loan to the subsidiary company HFL. The investments made in HFL during earlier years under section 186 of the Companies Act 2013, were shown in the financial statements.

However, as the MDI Project was abandoned long ago, the subsidiary company HOCL Chematur Ltd's name was struck off w.e.f. December, 2018 under section 248 of the Companies Act,2013, after following due procedures there under.

As per Govt. approval, the investment of the Company in the equity of the Company's subsidiary, Hindustan Fluorocarbons Ltd. was set out for disinvestment during 2018. However, as no bids were received, Govt. has directed for the closure of HFL and sale of land to give VRS to the employees etc. The action plan thereof is in progress.

33. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES – None.

1. Details of Contracts or arrangement or transactions not at arm's length basis:-

   None

   a) Name(s) of related party and nature of relationship - NA-

   b) Nature of Contracts/arrangements/transactions - NA-

   c) Duration of contracts/arrangements/transactions - NA-

   d) Salient terms of the contracts or arrangements or transactions including the value if any - NA-

   e) Justification for entering into such contracts or arrangements or transactions date (s) of approval by the Board - NA-

   f) Amount paid as advances, if any Nil

   g) Date on which a special resolution was passed in general meeting as required under first proviso to section 188 - NA-

2. Details of material contracts or arrangements or transactions at arm's length basis:-

   None.

   a) Name(s) of related party and nature of relationship –NA-

   b) Nature of contracts/arrangements/transactions –NA-

   c) Duration of contracts/arrangements/transactions –NA-

   d) Salient terms of the contracts or arrangements or transactions including the value, if any: –NA-

   e) Date(s) of approval by the Board if any: –NA-

   f) Amount paid as **advance, if any: Nil**

34. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND PRACTISING COMPANY SECRETARY IN THEIR REPORTS

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their audit report for the Financial Year 2019-20.

The Secretarial Auditors of the company have submitted their Secretarial Audit Report for the year 2019-20 without any qualification, reservations, adverse remark or disclaimer.

35. AMOUNTS IF ANY WHICH IT PROPOSES TO CARRY TO RESERVES

Company incurred loss of Rs. 9468.38 Lakhs during the previous year 2019-20 which was adjusted by the Company in Profit & Loss account (Retained Earning's).

36. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Company has received Ex-post facto approval (No.51012/01/2018-Ch.III, GOI dt.12.06.2020) from the administrative Ministry for waiver of interest on Government of India loan sanctioned to the company upto 31st March, 2005 amount to Rs.758.97 lakhs. Since the order waiving the interest has been received before the finalisation of accounts it has been accounted as other income in the accounts for the year 2019-20.

37. THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

Company ensures existence of adequate internal controls through documented policy and procedures laid down in the manuals to be followed by the executives at various levels. Internal controls are supported by periodical internal audits and management reviews. The management is keen on these issues and initiated various measures such as upgrading the IT infrastructure, evaluating and implementing ERP software, web based application and establishing connectivity amongst manufacturing units and branch offices for effective and proactive services and businesses.

Board periodically reviews the internal controls, audit programme, financial results and recommendations, the replies of the management to Government Audit and internal audit etc.

The Company has maintained adequate financial control system, commensurate with the size, scale and complexity of its operations and ensures compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

38. CONSERVATION ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of energy:

i. The steps taken or impact on conservation of energy:

- Maximum contract demand with KSEB reduced from 9000KVA to 8000KVA resulting in a saving of Rs.20/- Lakhs a year.
- Revamping of UPS

Considering present load, company has plans to downsize existing UPS which is obsolete.

- DCS: Up gradation of DCS at Boiler house and Revamping at H2O2 Plant.
- Company has plans to install solar panels for harnessing solar energy.
- Installation of VFDs for selected applications as recommended by energy auditor, M/s. Petroleum Conservation and Research Association (PCRA).

ii. The steps taken by the company for utilizing alternate sources of energy - Company started using LNG as fuel in place of Furnace oil, resulting in saving of fuel cost during 2019-20.

iii. The capital investment on energy conservation equipment:

Company started open access power trading by investing Rs.10 Lakhs, resulting in a saving of Rs. 2 Crores on power cost yearly.

B. Technology Absorption: Nil

i. the efforts made towards technology absorption: Nil

ii. the benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Nil

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. the expenditure incurred on Research and Development: Nil

39. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Key Threats include:

- Competition from domestic / imports and fluctuation in the input prices
- High input costs
- High utility costs
- High overheads
- Continued availability of anti-dumping support for the main products Phenol and Acetone.
- Working Capital availability for continuous operations
- High interest cost and employee remuneration.

Some risks and concerns:

- High manpower cost per ton of finished product.
- Depreciated plants, requiring high maintenance cost.
- Dumping in main products Phenol / Acetone.
- Volatility in main input Benzene.
- COVID-19 impact on downstream industries.

40. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES WHICH HAVE BECOME OR CEASED TO BE

Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals vide No. P. 51015/06/2019-Ch. III dated 29-01-2020 informed the decision of Cabinet Committee on Economic Affairs, directing closure of Hindustan Fluorocarbons Limited, Subsidiary of HOCL, which was approved by the shareholders on 30-03-2020.

41. DEPOSITS: NIL

During the period under review, the Company has not invited or accepted any deposits either from the directors or from shareholders of the Company.

42. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

The Joint Secretary (Industrial Relations), has passed the Order on 13-02- 2019 for the Closure of Company's Rasayani Unit with effect from 13-03- 2019 in accordance with sub-section (1) of Section 25(O) of the Industrial Disputes Act 1947.

Except the above, there is no other order passed by the Regulators/ Courts/Tribunals in respect to the Company during the financial year.

43. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment. The policy has been widely disseminated.

The Board states that there were no cases or complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

44. VIGILANCE MECHANISM: (Under Sec.177(9) of Companies Act,2013)

Hindustan Organic Chemicals Limited, being a Government Company, a Vigilance Department is already existing in pursuance of CVC Guidelines. Therefore, Vigilance Mechanism is being handled by the Vigilance Department and the Company has already adopted a Vigilance Manual in pursuance of CVC Guidelines. Vigilance Manual is available on Company's Website.

45. GENERAL

No disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future save and except mentioned above during previous year.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

EXTRACT OF ANNUAL RETURN

Form No. MGT -9

As on the financial year ended 31.03.2020

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L 99999MH1960GOI011895
ii)	Registration Date	12/12/1960
iii)	Name of the Company	HINDUSTAN ORGANIC CHEMICALS LTD.,
iv)	Category/Sub-Category of the Company	CPSU
v)	Address of the Registered Office and contact Details	Office Nos. 401, 402 & 403, 4th Floor, “V- Times Square, Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai- 400614
vi)	Whether Listed Company	Yes
vii)	Name, Address and contact details of Registrar and Share Transfer Agent, if any	M/s. Bigshare Pvt. Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East , Mumbai 400059 Maharashtra. Tel: 022 62638200 Fax : 022 62638299 Email: investor@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMAPANY:

Sl. No.	Name and description of main products/services	NIC Code of the product/service	% of total turnover of the company
1	Phenol	29071110	66.3
2	Acetone	29141100	23.5
3	Hydrogen Peroxide	28470000	4.5
4	By Products		5.7

III. PARTICULARS OF HOLDING, SUBSIDIARAY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN/GIN	Holding/ subsidiary/ Associate	% of shares held	Applicable section
1	Hindustan Fluorocarbons Ltd	L25206AP1983LC004037	Subsidiary	56.43	

Statement Showing Shareholding Pattern

Category of Shareholder	No. of Shares held at the beginning of the year : 01/04/2019				No. of Shares held at the end of the year : 31/03/2020				
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	% Change
(A)Shareholding of Promoter and Promoter Group2									
Indian									
(a)INDIVIDUAL/ HUF	0	0	0	0	0	0	0	0	0
(b) Central / State government(s)	39481500	0	39481500	58.78	39481500	0	39481500	58.78	0.00
(c) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
(d) FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.00	0	0	0	0.00	0.00
(e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(i) GROUP COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
(ii) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A)(1) :	39481500	0	39481500	58.78	39481500	0	39481500	58.78	0.00
Foreign									
(a) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
(b) INDIVIDUAL	0	0	0	0.00	0	0	0	0.00	0.00
(c) INSTITUTIONS	0	0	0	0.00	0	0	0	0.00	0.00
(d) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholder	No. of Shares held at the beginning of the year : 01/04/2019				No. of Shares held at the end of the year : 31/03/2020				
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	% Change
SUB TOTAL (A)(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total holding for promoters (A)=(A)(1) + (A)(2)	**39481500**	**0**	**39481500**	**58.78**	**39481500**	**0**	**39481500**	**58.78**	**0.00**
(B) PUBLIC SHAREHOLDING									
INSTITUTIONS									
(a) Central / State	0	0	0	0.00	0	0	0	0.00	0.00
(b) FINANCIAL INSTITUTIONS / BANKS	1100	11400	12500	0.02	1350	11400	12750	0.02	0.00
(c) MUTUAL FUNDS / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(d) VENTURE CAPITAL FUNDS	0	0	0	0.00	0	0	0	0.00	0.00
(e) INSURANCE COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
(f) FII'S	0	0	0	0.00	0	0	0	0.00	0.00
(g) FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0	0	0	0.00	0.00
(h) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(i) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(j) FOREIGN PORTFOLIO INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(k) ALTERNATE INVESTMENT FUND	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL :	**1100**	**11400**	**12500**	**0.02**	**1350**	**11400**	**12750**	**0.02**	**0.00**
NON INSTITUTIONS									
(a) I	2540037	38502	2578539	3.84	1909587	38501	1948088	2.90	(0.94)
(b) INDIVIDUAL									
(1) (CAPITAL UPTO TO Rs. 1 Lakh)	14198981	1637133	15836114	23.58	14383275	1597133	15980408	23.79	0.21
(2) (CAPITAL GREATER THAN Rs. 1 Lakh)	6272700	14800	6287500	9.36	6429669	14800	6444469	9.59	0.23
(b) ANY OTHERS (Specify)									
(1) HUF	1851879	0	1851879	2.76	2060355	0	2060355	3.07	0.31
(2) Trusts	53335	0	53335	0.08	53335	0	53335	0.08	0.00
(3) CLEARING MEMBER	235036	0	235036	0.35	377703	0	377703	0.56	0.21
(4) NON RESIDENT INDIANS (NRI)	10515	333200	343715	0.51	0	329200	329200	0.49	(0.02)
(5) NON RESIDENT INDIANS (REPAT)	427327	0	427327	0.64	421031	0	421031	0.63	(0.01)
(6) NON RESIDENT INDIANS (NON REPAT)	63355	0	63355	0.09	63161	0	63161	0.09	(0.00)
(7) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
(8) MARKET MAKER	500	0	500	0.00					(0.00)
(9) EMPLOYEE	0	0	0	0.00	0	0	0	0.00	0.00
(10) OVERSEAS BODIES CORPORATES	0	1100	1100	0.00	0	1100	1100	0.00	0.00
(11) UNCLAIMED SUSPENSE ACCOUNT	0	0	0	0.00	0	0	0	0.00	0.00
(12) IEPF	0	0	0	0.00	0	0	0	0.00	0.00
(d) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
(e)	700	0	700	0.00	0	0	0	0.00	(0.00)
SUB TOTAL :	**25654365**	**2024735**	**27679100**	**41.21**	**25698116**	**1980734**	**27678850**	**41.21**	**(0.00)**
Total Public Shareholding	25655465	2036135	27691600	41.22	25699466	1992134	27691600	41.22	0.00

Category of Shareholder	No. of Shares held at the beginning of the year : 01/04/2019				No. of Shares held at the end of the year : 31/03/2020				
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	% Change
(C) Shares held by Custodians and against which Depository Receipts have been issued									
(a) Shares held by custodians	0	0	0	0.00	0	0	0	0.00	0.00
(13) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(14) Public	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Public Shareholding	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
GRAND TOTAL (A) + (B) + (C)	**65136965**	**2036135**	**67173100**	**100.00**	**65180966**	**1992134**	**67173100**	**100.00**	**0.00**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2019			Shareholding at the beginning of the year 31/03/2020			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumber-red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ Encumb-ered to total shares	% change in share holding during the year
1	President of India	39481500	58.7758	0.0000	39481500	58.7758	0.0000	0.0000
	Total	39481500	58.7758	0.0000	39481500	58.7758	0.0000	0.0000

iii) Change in Promoter's Shareholding (please specify, if there is no change)- No/Nil

iv) Shareholding Pattern of top ten shareholders(other than Directors, Promoters and Holders of GDRs and ADRs)

TOP TEN NON PROMOTERS MOVEMENT							
SR. NO	**NAME**	**No. of Shares at the beginning (30/03/2019)/ End of the year (31/03/2020)**	**Date**	**Increase/ Decrease in share-holding**	**Reason**	**Number of Shares**	**Percentage of total shares of the company**
1	SUDHABEN PRAFULCHANDRA VAIDYA	538750	30-Mar-19	0		538750	0.8
			26-Jul-19	10000	Buy	548750	0.82
			02-Aug-19	20000	Buy	568750	0.85
			13-Sep-19	5000	Buy	573750	0.85
			19-Sep-19	25000	Buy	598750	0.89
			30-Sep-19	10000	Buy	608750	0.91
			25-Oct-19	5000	Buy	613750	0.91
			10-Jan-20	34998	Buy	648748	0.97
			21-Feb-20	5000	Buy	653748	0.97
			13-Mar-20	25000	Buy	678748	1.01
		678748	31-Mar-20	0		678748	1.01
2	INDIAN SYNTANS INVESTMENTS PRIVATE LIMITED	510000	30-Mar-19	0		510000	0.76
		510000	31-Mar-20	0		510000	0.76
3	PRAFULLCHANDRA BAPPALAL VAIDAY	237000	30-Mar-19	0		237000	0.35
			26-Jul-19	10000	Buy	247000	0.37
			02-Aug-19	20000	Buy	267000	0.4
			30-Aug-19	5000	Buy	272000	0.4
			30-Sep-19	20000	Buy	292000	0.43
			01-Nov-19	10000	Buy	302000	0.45
			31-Dec-19	20000	Buy	322000	0.48
			10-Jan-20	35000	Buy	357000	0.53
			17-Jan-20	2000	Buy	359000	0.53
			21-Feb-20	5000	Buy	364000	0.54
			13-Mar-20	20500	Buy	384500	0.57
		384500	31-Mar-20	0		384500	0.57
4	ANAND PRAFULCHANDRA VAIDYA	149500	30-Mar-19	0		149500	0.22
			26-Jul-19	50000	Buy	199500	0.3
			02-Aug-19	5000	Buy	204500	0.3
			13-Sep-19	5000	Buy	209500	0.31
			18-Oct-19	20000	Buy	229500	0.34
			08-Nov-19	10000	Buy	239500	0.36
			03-Jan-20	10000	Buy	249500	0.37
			10-Jan-20	27000	Buy	276500	0.41
			14-Feb-20	17000	Buy	293500	0.44
			21-Feb-20	5000	Buy	298500	0.44
			13-Mar-20	21000	Buy	319500	0.48
			27-Mar-20	10000	Buy	329500	0.49
		329500	31-Mar-20	0		329500	0.49
5	VIRAJ T MAHADEVIA	250000	30-Mar-19	0		250000	0.37
		250000	31-Mar-20	0		250000	0.37
6	GINNI FINANCE PVT. LTD.	233699	30-Mar-19	0		233699	0.35
			17-May-19	-58699	Sell	175000	0.26
			14-Feb-20	-70984	Sell	104016	0.15
		104016	31-Mar-20	0		104016	0.15
7	SMS HOLDINGS PVT LTD	216871	30-Mar-19	0		216871	0.32
		216871	31-Mar-20	0		216871	0.32
8	GRACE R DEORA	175418	30-Mar-19	0		175418	0.26
			09-Aug-19	6199	Buy	181617	0.27
			13-Mar-20	-30000	Sell	151617	0.23
		151617	31-Mar-20	0		151617	0.23
9	GEETA GUPTA	0	30-Mar-19		Sell	0	0
			23-Aug-19	13457	Buy	13457	0.02
			30-Aug-19	-1000	Sell	12457	0.02
			06-Sep-19	1000	Buy	13457	0.02
			13-Sep-19	-2000	Sell	11457	0.02
			26-Sep-19	-647	Sell	10810	0.02
			04-Oct-19	600	Buy	11410	0.02
			11-Oct-19	5047	Buy	16457	0.02
			18-Oct-19	3200	Buy	19657	0.03
			25-Oct-19	800	Buy	20457	0.03
			01-Nov-19	1200	Buy	21657	0.03
			08-Nov-19	800	Buy	22457	0.03
			15-Nov-19	6000	Buy	28457	0.04
			22-Nov-19	365	Buy	28822	0.04
			29-Nov-19	2635	Buy	31457	0.05
			06-Dec-19	2600	Buy	34057	0.05
			13-Dec-19	17400	Buy	51457	0.08
			20-Dec-19	7600	Buy	59057	0.09
			27-Dec-19	18600	Buy	77657	0.12
			31-Dec-19	9393	Buy	87050	0.13
			03-Jan-20	32607	Buy	119657	0.18
			10-Jan-20	22200	Buy	141857	0.21
		141857	31-Mar-20	0		141857	0.21
10	RAMESH S DAMANI	141651	30-Mar-19	0		141651	0.21
		141651	31-Mar-20	0		141651	0.21
11	ADITI ANAND VAIDYA	105500	30-Mar-19	0		105500	0.16
			02-Aug-19	5000	Buy	110500	0.16
			16-Aug-19	3500	Buy	114000	0.17
			31-Dec-19	2500	Buy	116500	0.17
			10-Jan-20	10000	Buy	126500	0.19
			21-Feb-20	5000	Buy	131500	0.2
			13-Mar-20	2500	Buy	134000	0.2
		134000	31-Mar-20	0		134000	0.2
12	R. B. K. SHARE BROKING LTD.	125000	30-Mar-19	0		125000	0.19
		125000	31-Mar-20	0		125000	0.19

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Statement Showing Shareholding Pattern		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year: a) Mrs. S.S.Kulkarni, CS	200	0.00	200	0.00
	b) Mr. C. P. Bhatia, DF & CFO	200	0.00	200	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc) :	-		-	

V. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1319.00	49582.46	-	50901.46
ii) Interest due but not paid	2308.00	14340.51	-	16648.51
iii) Interest accrued but not due	-	2974.25	-	2974.25
Total (i+ii+iii)	3627.00	66897.22	-	70524.22
Change in Indebtedness				
During the financial year				
Addition (interest)	243.00	4601.15	-	4844.15
Reduction (Principal)	1319.00	1366.00	-	2685.00
Indebtedness at the end of the	1319.00	49582.46	0	50901.46
financial year				
i) Principal Amount	-	48216.46	-	48216.46
ii) Interest due but not paid	2551.00	19072.35	-	21623.35
iii) Interest accrued but not due	-	2843.56	-	2843.56
Total (i+ii+iii)	2551.00	70132.37	-	72683.37

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Whole time Director, Managing Director and/or Manager:

(₹ In Lakhs)

Sl No.	Particulars of Remuneration	Name of Whole-time Director/ Director	Total Amount
		S.B.Bhide	
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	43.83	43.83
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-
	c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission --As % of profit - Others, specify	-	-
5.	Others : retirement benefits	4.14	4.14
	Total(A)	47.97	47.97
	Ceiling as per the Act	47.97	47.97

B. Remuneration to other Directors: (₹ In Lakhs)

Sl. No.	Particulars of Remuneration [Sitting fees paid to NOIDs for attending the Meetings of the Board/Committees]	Name of the Directors			
		Ms. Pushpa Trivedi	Mr. Mukesh Parikh	Ms.Lata Alker	Total
1.	Independent Director • Fee for attending board committee meetings • Commission • Others, please specify	0.30	1.40	1.40	3.10
	Total (1)	0.30	1.40	1.40	3.10
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-
	Total (2)				
	Total (B)(1+2)	0.30	1.40	1.40	3.10
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (₹ In Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary [Mrs. Susheela S. Kulkarni]	Director Finance/ CFO [Mr. C.P. Bhatia from 07.08.2019]	CFO [Mr. P. O. Luise upto 09-08-2019]	Total
1.	Gross Salary # a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	27.70	21.16	7.18	55.54
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-	
	c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-	-	
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission - As % of profit - Others, specify	-	-	-	-
5.	Others : retirement benefits	3.34	2.74	0.96	7.04
	Total	30.54	23.90	8.14	62.58

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any(give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

47. ACKNOWLEDGEMENT

Board places on record its gratitude to the members of the Company for their continued support and confidence in the management

The Directors thank the Company's employees, customers, vendors, investors and other stake holders for their continuous support. The Directors also thank the Department of Chemicals and Fertilizers, Ministry of Chemicals and Fertilizers, Government of India, Governments of Maharashtra and Government of Kerala, and other Government departments and agencies, Banks, financial institutions for their co-operation. The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. The Directors appreciate and value the contribution made by every member of the Hindustan Organic Chemicals Limited family.

For and on behalf of the Board of Directors of

Hindustan Organic Chemicals Limited
Sd/-
S.B. Bhide
Chairman and Managing Director

Date : 13-08-2020
Place: CBD Belapur

Annexure – I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ In Lakhs)

₹ In Lakhs

1.	Sl. No.:	1
2.	Name of the subsidiary:	Hindustan Fluorocarbons Ltd.
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	No
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	NA
5.	Share capital:	1961.46
6.	Reserves & Surplus (Other Equity)	(6693.34)
7.	Total assets :	6016.02
8.	Total Liabilities:	10747.90
9.	Investments:	NIL
10.	Turnover (excluding GST)	3132.46
11.	Profit before taxation:	(363.24)
12.	Provision for taxation:	NIL
13.	Profit after taxation:	(363.24)
14.	Proposed Dividend:	NIL
15.	% of shareholding:	56.43

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

Date: 13-08-2020
Place: CBD Belapur

Sd/-
S.B. Bhide
Chairman and Managing Director

Annexure - II

REPRESENTATION OF SC, ST AND WOMEN IN EMPLOYMENT POSITION AS ON 31.03.2020

Category	Total	SC	ST	WOMEN
A	95	15	5	10
B	26	2	1	7
C	120	21	6	8
D	16	3	1	1
Total	257	41	13	26

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

Date: 13-08-2020
Place: CBD Belapur

Sd/-
S.B. Bhide
Chairman and Managing Director

Annexure –III

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Annexure IV to Directors' Report)

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

The feed stock prices in India which is based on petroleum feed stock prices are significantly higher as compared to major exporting countries. The capability of chemical 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 of the domestic Industry is small as compared to the competitors abroad. The domestic manufacturers in Indian Industry are 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 up is made with the Govt. of India for continuation of/levy of anti-dumping / safe guard duties as per WTO Guidelines.

KEY OPPORTUNITIES INCLUDE

Consequent to the closure of Rasayani unit as per the Government approved restructuring plan, the Registered and Marketing offices have been shifted to CBD Belapur. Out of the 242 acre of colony land for sale to BPCL 85 acre was registered during the year and BPCL has recovered the loan principal amount in full, and balance amount was utilized to pay the salary dues of Kochi employees, and other statutory liabilities. In addition, the company could negotiate with JNPT authorities to take over the partially completed tank farm project as per valuation and settle undisputed liabilities.

In Kochi Unit, two plants (Phenol and Hydrogen Peroxide plant) are operational. The Phenol Plant at Kochi unit achieved a capacity utilization of 67 % during the year by mobilizing advance payments from major customers.

The Kochi unit has proposed a negotiated settlement with GAIL for settling their claim and also started procuring LNG, instead of furnace oil as fuel in the Boiler and Hot oil unit which is environment friendly and also achieved savings in cost as well. The Kochi unit has also started power purchase from utility trading companies to save on the cost of power.

KEY THREATS INCLUDE

The Company continues to face working capital constraints. Competition from imports for the main products Phenol and Acetone, continues even though petition has been filed for continuation of anti-dumping duty on imports from USA and Thailand and antidumping duty is in place from some other importing countries.

Volatility in raw material prices due to fluctuating crude prices, and inability of the domestic manufacturers to pass on the rising cost to the end consumer due to stiff un-remunerative prices at which imported materials are being sold.

SEGMENTWISE PERFORMANCE

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

Product Segment	Year ended 31/03/2020			Year ended 31/3/2019		
	Target MT	Actual MT	Percentage Achieved	Target MT	Actual MT	Percentage Achieved
Chemicals	62200	48737	78.36%	40100	58910	146.91%

PRODUCT WISE PERFORMANCE (Production of Main Products)

Sr. No.	Name of Product	F.Y. 2019-20		F.Y. 2018-19
		Target	Actual	Actual
1	Phenol	40000	26786	31991
2	Acetone	24640	16933	20130
3	H2O2	10450	5018	6789

OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR

Even though there has been delay in transfer of balance land to BPCL, there has been progress in the initiative taken by the Company with State Government authorities to settle grievances of the local villagers who has been protesting against BPCL constructing boundary wall. It is expected that an early solution to the problem will be worked out with the help of Government authorities. The Company has also been exploring sale of balance land at Rasayani to State Government departments like MMRDA interested in purchasing land at Rasayani. The sale of 7 acre of land at Panvel is in progress for which necessary approvals from State Government is awaited.

SOME RISKS & CONCERNS.

- Competition from cheaper Imports of main product Phenol and Acetone.
- Volatility in raw material feed stock prices based on fluctuations in crude prices.
- Inability to pass on the increase in raw material cost to the consumers due to availability of imported finished product at cheaper prices.
- Huge investments required for revamp/replacement/modernization of the old plants.

- Sale of balance unencumbered land at Rasayani / Panvel after receipt of NOC from Government of Maharashtra.
- Availability of working capital from Banks for continuous operation of the Plants at Kochi.
- High interest costs, high employees' remuneration.

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 Tally 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. HOCL Kochi unit is having ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System) certification. The existing certificate for ISO 9001 has been extended up to 1st September 2020 and ISO 14001:2015 is valid up to 07th March 2022 audit for further extension is in progress.

REVIEW OF FINANCIAL PERFORMANCE:

During the year 2019-20 the Company registered a decline of 45.22% under Revenue compared to last year. The Gross Income of the Company stood at Rs. 32,195.85 Lakhs as against Rs. 58,770.31 Lakhs, achieved during the previous year. The Loss before tax for the year 2019-20 was Rs.9468.38 Lakhs as against the Profit of Rs. 7088.21 Lakhs (reinstated as per Ind AS) earned during the corresponding period of last year.

In Kochi Unit, two plants (Phenol and Hydrogen plant) are operational. The Phenol Plant at Kochi unit achieved a capacity utilization of 67 % during the year by mobilizing advance payments from major customers. The Company could effect savings in utility cost by resorting to purchase of power from utility trading companies. The Company has also switched over to use of LNG in Boiler and Hot oil units which is environment friendly and also cheaper than the furnace oil that was being used earlier.

INFORMATION TECHNOLOGY – 2019-20

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 need. Company is in the process of implementing new Tally ERP software to replace the SAP system to be cost effective and suiting to the requirement of the Company.

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). Company has also registered with GEM Government platforms for procurement and TREDs for payment to MSMEs. Company is also following various guidelines of procurement through MSME's.

COVID-19 IMPACT

The operations of the Company had to be scaled down during the last week of the year affecting the production of all the products. The price of our main product Phenol has come down due to the nationwide restriction on the manufacturing activities.

During the current financial year (2020-21) operation of the Company was scaled down for three weeks during the month of April, 2020. The Company was in lock down for 24 days and thereby resulting in a decrease in production of Phenol, Acetone, Hydrogen Peroxide. Consequently, there was loss of production and a reduction in turnover due to loss of sale and also reduction in prices. The Company was quick in restoring the operations by ensuring health, safety and well-being of its employees.

COVID-19 has affected all the sectors of industry and commerce like logistics, auto, drugs, pharmaceuticals and electronic goods where our products are used. The impact of COVID-19 may lead to decline in demand or prices, suspend or significantly reduce operations of factory and affect movement of interstate transportation of goods etc.

As per our current assessment, no significant impact on tangible assets, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor the changes in future economic conditions. The Management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of Covid-19 on the Company's financial statements may differ from what is estimated.

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.

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

Sd/-
(S.B. Bhide)
Chairman & Managing Director

Place : CBD, Belapur
Date : 13-08-2020

Annexure IV

CORPORATE GOVERNANCE REPORT AS PER SCHEDULE V OF THE LODRRs FOR F.Y – 2019-20

"Vision: To Produce and market basic chemicals efficiently and economically in an environment friendly manner."

"Mission: To maintain optimum level of efficiency and productivity in the use of resources and secure optimum return on investment."

1. A brief statement on listed entity's philosophy 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 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:

a. Composition and category of directors:

E.g. promoter, executive, non-executive, independent non-executive, nominee director - institution represented and whether as lender or as equity investor);-

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 be neither less than three nor more than fifteen. The Directors shall not require to hold any qualification shares.

As on 31-03-2020 the Board of HOCL consisted of 4 members with 2 Executive Director (i.e. CMD & CFO HOCL), 2 Government Nominee Directors and 2 Independent Directors whose Tenure ended on 20-02-2020, all are acknowledged as leading professionals in their respective fields.

Our Company-[HOCL] is a Govt. of India Undertaking (a CPSE) and as per Company's Articles of Association, the power to appoint all the Directors on the Board of the Company vests with the Govt. of India. As on 31-03-2020, there are no Independent Directors on the HOCL Board since 3 Years tenure of 2 Independent Directors viz. Mukesh Pareek & Lata Alker ended on 20-02-2020 and Govt. order (Ministry of Chemicals and Petrochemicals) is awaited for appointment of new adequate number of Independent Directors on HOCL Board.

Composition of the Board:-

As on 31-03-2020 the Board of Directors of the company consists of 4 Directors viz. Mr. Subodh Balkrishna Bhide (Chairman & Managing Director), Mrs. Alka Tiwari, Additional Secretary & Financial Adviser (Govt. Nominee Director), Mr. Shri Samir Kumar Biswas, Joint Secretary (Govt. Nominee Director), Mr. Chandra Prakash Bhatia, (Director Finance) , Ms. Pushpa Trivedi(Tenure ended on 14-06- 2019), Professor, IIT Bombay (Independent Director), Mr. Mukesh Pareek (Independent Director) (Tenure ended on 20-02-2020) & Ms. Lata Elker (Independent Director) (Tenure ended on 20-02-2020).

With the above position of the Composition of the Board of Directors, the Company is presently not complying with the provisions Companies Act, 2013 and Regulation 27 of the Listing Regulations LODRRs with Stock Exchanges as on 31.03.2020, since there are no Independent Directors on Company's Board w.e.f 21-02-2020. The matter regarding no independent directors' status of the HOCL Board was taken up in the previous Board Meeting held on 08-11-2019 and also on 14-02-2020. Further, in this regard request letters to the DCPC,/Administrative Ministry dated 25-11-2019 also on 21-02-2020 and recently on 21-05-2020 were sent. Besides, on quarterly request mails were being sent along with HOCL SER on DPE-C.G. Compliances, requesting for appointment of adequate numbers (4 Nos.) of Independent Directors on the Company's Board. However, the appointment of adequate numbers of Independent Directors on our Company's Board is awaited.

b. Number of other board committees in which a director is a member or chairperson (FY 2019-20) as on 31-03-2020:

Title (Mr./ Ms)	Name of the Director Category (Chairperson/ Executive/Non Executive/ independent/ Nominee) &	No of Directorship in listed entities including this listed entity.	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)
Mr.	Subodh Balkrishna Bhide Chairman & Managing Director, Executive	2	3
Mr.	Chander Prakash Bhatia, Director (Finance) & CFO	2	1
Mrs.	Alka Tiwari Govt.Nominee Director	3	3
Mr.	Samir Kumar Biswas Govt. Nominee Director	2	1
Ms.	Lata Alker Independent Director (Tenure ended on 20-02-2020)	2	4
Mr.	Mukesh Pareek Independent Director (Tenure ended on 20-02-2020)	2	4
Ms.	Pushpa Trivedi Independent Director (Tenure ended on 14-06-2019)	2	3

Name of the Director	Names of the other Listed Entities where the person is a Director and the category of Directorship
Mr. Subodh Balkrishna Bhide	a) Hindustan Fluorocarbons Limited- Chairman
Mr. Chander Prakash Bhatia	a) Hindustan Fluorocarbons Limited- HOCL Nominee Director & w.e.f 01-06-2020 assumed the charge of Managing Director.
Mrs. Alka Tiwari	a) Fertilizers And Chemicals Travancore Limited- Govt. Nominee Director
	b) Rashtriya Chemicals And Fertilizers Limited- Govt. Nominee Director.
Mr. Samir Kumar Biswas	a) Hindustan Insecticides Limited- Govt. Nominee Director
Ms. Pushpa Trivedi (Tenure ended on 14-06-2019)	a) Hinustan Fluorocarbons Limited- Independent Director
Mr. Mukesh Pareek (Tenure ended on 20-02-2020)	a) Hinustan Fluorocarbons Limited- Independent Director
Ms. Lata Alker (Tenure ended on 20-02-2020)	a) Hinustan Fluorocarbons Limited- Independent Director

c. Changes in the Board of Directors/KMP during the year 2019-20:

In compliance with Regulation 36(3) of the LODRRs, following information is furnished:

i. Tenure of Mrs Pushpa Trivedi Independent Director was completed on 14-06-2019.

ii. GOI has appointed Shri Chander Prakash Bhatia, as Director (Finance) on the Board of HOCL w.e.f. the date of assumption of charge of the post, till the age of superannuation (31.07.2021) or until further orders, whichever is earlier. Shri Chander Prakash Bhatia assumed the charge of Director (Finance), HOCL on 07-08-2019. Further Shri. Chander Prakash Bhatia was appointed as Chief Financial Officer of the Company w.e.f. 09-08-2019 in place of Mr. P. O. Luise.

Mr. S. B. Bhide CMD, HOCL also held the Additional Charge of Director Finance HOCL from 18-02-2018 to 06-08-2019.

iii. GOI had re-appointed Shri Samir Kumar Biswas, Joint Secretary, Department of Chemicals & Petrochemicals as Govt Nominee Director on Board of Directors of HOCL w.e.f 26-09-2019 (Date of 58th AGM) till further orders.

iv. Tenure of Mr. Mukesh Pareek and Ms. Lata Alker, Independent Directors was ended on 20-02-2020. As a result, from 21-02-2020 onwards, there are no Independent Directors on the Company's Board and Company has been taking up this matter constantly with the Administrative Ministry, as, the Govt. is the appointing authority for the appointment of all the Board of Directors of the Company as per Company's Articles of Association. However, the appointment of adequate number (4 Nos.) of Independent Directors on the Company's Board by the Govt. / Administrative Ministry is awaited.

v. Consequent to the superannuation on 31-05-2020 of Mr. T.S.Gaikwad, the Mangaing Director of Company's Subsidiary, viz. Hindustan Fluorocarbons Ltd., the Govt./ Administrative Ministry has assigned the additional charge of the post of Managing Director, Hindustan Fluorocarbons Limited (HFL), to Shri Chander Prakash Bhatia, Director (Finance), HOCL, w.e.f. 01. June 2020, till the Closure activities of HFL are completed or till the date of his superannuation or till further orders, whichever is earliest.

d. Attendance of each director at the meeting of the board of directors and the last annual general meeting;

Directors	No. of Board meetings attended	Attendance at the last AGM
Mr. S. B. Bhide	4	Yes
Mr. C.P . Bhatia	3	Yes
Mrs. Alka Tiwari	3	No
Mr. Samir Kumar Biswas	3	No
Ms. Lata Alker (upto 20-02-2020)	4	No
Mr. Mukesh Pareek (upto 20-02-2020)	4	Yes
Ms. Pushpa Trivedi (upto 14-06-2019)	1	No

e. Number of meetings of the board of directors held during the Yr 2019-20 and the dates on which Board Meetings were held: -

The Board of the Company met 4 times during the financial year 2019-20 on the following dates: 28th May 2019, 9th August 2019, 8th November 2019 & 14th February 2020.

f. Disclosure of relationships between directors inter-se: -None / -- Not applicable.

g. Number of shares and convertible instruments held by non-executive directors; - Nil

h. Web link where details of familiarization programmes imparted to independent directors is disclosed. - https://www.hoclindia.com/corporate-governance

i. Skills/expertise/competence of the Board of Directors:

i. The list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board;-

Experience of working in various managerial / executive posts in the discipline of Mechanical, Engineering in this organization. Also experience of Planning & Execution of projects, Liasoning with consultants, liasoning with Statutory Authorities.

ii. The names of directors who have such skills / expertise / competence: -

Director Name & Designation	Education Qualification & Experience
Shri S. B. Bhide, CMD	B. E. Mechanical. 31 years' experience in Manufacturing of organic chemical & Intermediates in HOCL. (37 years' experience after graduation, in chemical industry).
Shri C. P. Bhatia. DF & CFO	Chartered Accountant (CA) and having 34 years of post-qualification experience. Experience in various financial and executive roles , internal audit, corporate accounts, taxation, treasury functions and documentation of loans etc.
Mrs. Alka Tiwari Additional Secretary & Financial Adviser; Govt. Nominee Director	Post Graduate (M.A.) in Psychology, LLB, M.Sc. (Project Management), University of Manchester, Presently working as Additional Secretary & Financial Adviser in the Ministry of Chemicals & Fertilizers. An IAS Officer of Jharkhand Cadre, has worked in the State in the field of rural development, finance, taxation and forest & environment. Worked as Advisor, Niti Aayog handling Financial Resources and Education sectors.
Shri. Samir Kumar Biswas, Joint Secretary, Govt. Nominee Director	B.Tech., PGDM, MBA. Joint Secretary in DCPC. Member of IAS 1990
Ms. Pushpa Trivedi ndependent Director (Tenure ended on 14-06-2019)	Post-Doctoral Research Fellow, Ph.D., M.A. in Economics, B.A. in Economics, Professor and Head, Deptt. of Humanities and Social Sciences, IIT Bombay, Mumbai. Amost 40 years of experience in teaching and research, Institute Chair Professor, Professor, Department of Humanities and Social Sciences, Director (CMDDR, Dharwad).
Mr. Mukesh Pareek, Independent Director (Tenure ended on 20-02-2020)	Commerce Graduate, Diploma in Management. Experience: About 25 years of business marketing experience and also affiliated with business Associations.
Ms. Lata Alker, Independent Director (Tenure ended on 20-02-2020)	M.Sc. (Botany), M.A.(Economics). Experience: Working experience in educational field for the last 35 years and working in Social fields for the last 25 years.

j. Board of Directors confirm that, the Independent Directors fulfil the conditions specified in these regulations and are independent of the management.

3. Audit committee:

(a) Composition, Name of Members and Chairperson;

Board has re-constituted the Audit Committee on 07-11-2019, the Audit Committee comprised of 4 members viz. Mr. Mukesh Pareek (Independent Director) as Chairperson (Tenure ended on 20-02-2020), Mrs. Lata Alker (Independent Director) (Tenure ended on 20-02-2020), Mrs. Alka Tiwari (Govt Nominee Director) and Mr. Samir Kumar Biswas (Govt Nominee Director) as members of the Audit Committee. Further, Mr. S.B.Bhide, CMD and CEO and Mr. C.P.Bhatia, DF & CFO are the invitees at the Committee Meetings and Mrs. Susheela S. Kulkarni, Company Secretary to act as Secretary to the Committee. It was further noted that all other terms and d conditions of the Audit Committee remain unchanged.

(b) Brief description of terms of reference;-

Apart from all the matters provided in Regulations on Corporate Governance of the Listing Regulations and other applicable provisions of the Companies Act, 2013, the Board /Committee (when met) reviewed reports of the Internal Auditors, met Statutory Auditors periodically and discussed their findings, suggestions, internal control systems, compliance with the Accounting Standards, scope of audit, Modified Opinion, Impact of audit qualifications in audit reports, Management Replies to auditors qualifications, observations of the Auditors etc. and other related matters.

The Board /Committee (when met) also reviewed the major accounting policies followed by the Company. The Board/Committee during the meetings also invited CMD, other Directors, CFO & other senior executives of the Company as it considers appropriate at its meetings. CMD, Head of Internal Audit attend the meetings of the Board/Audit Committee as special invitees. The representatives of the Statutory Auditors/branch auditors are also invited to attend the meetings. The Company Secretary is Secretary to the Committee.

(c) Meetings and attendance during the year 2019-20 and the on which the Committee Meetings were held: [Audit Committee was reconstituted on 8-11-2019 to include Mrs. Alka Tiwari & Mr. S.K.Biswas as Members of the Committee to ensure adequate composition of the Audit Committee]. :-

The Audit Committee of the Company met 4 times during the financial year 2019-20 on: 28th May 2019, 9th August 2019, 7th November, 2019, & 14th February 2020.

Audit Committee	No. of Audit Committee Meetings attended
Mr. Mukesh Pareek (Tenure ended on 20-02-2020)	5
Ms. Lata Alker (Tenure ended on 20-02-2020)	4
Mrs. Alka Tiwari	1(# w.e.f. 8-11-2019)
Mr. Samir Kumar Biswas	1 (# w.e.f. 8-11-2019)
Ms. Pushpa Trivedi (Tenure ended on 14-06-2019)	1

4. Nomination and Remuneration Committee:

On 29-05-2017 Board constituted a Nomination and Remuneration Committee (SRC) comprising of 3 NOIDs and one Executive Director (being a listed Co.) viz. Mr. Mukesh Pareek, Independent Director- chairman of the Committee, Mr. S. B. Bhide, Chairman & Managing Director- Member, Ms Pushpa Trivedi, Independent Director (Tenure ended on 14-06-2019) –Member, Ms. Lata Alker, Independent Director- Member with Mrs. Susheela S. Kulkarni, CS, HOCL as Secretary to the Committee.

Brief description of terms of reference;

In pursuance of the Provisions under the Companies Act, 2013 (Sec.178) and SEBI's LODRRs (Part D for Reg. 19(4) & 20(4), the Role, the Terms of references and duties of the Nomination and Remuneration Committee (Committee), shall, inter-alia include the following:

Under Sec.178 of the Companies Act, 2013:

a. To identify persons who are qualified to become directors or who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

b. To formulate the criteria for determining qualifications, positive attributes and independence of a director;

c. To recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

As per SEBI's LODRRs, 2015:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;"

Further the Chairman of the Committee may be present at the AGM to answer the shareholders' queries. However, it shall be up to the chairman to decide who shall answer the queries. Further the quorum for the meetings of the Committee would be 1/3 or 2 directors whichever is more and committee to meet (half yearly) minimum twice a year or at such intervals as the Committee members may mutually decide. As regards to the other provisions regarding Committee Meetings,

However, apart from the Company by a CPSE, DPE guidelines are also being followed in respect of all the issues relating to Nomination & Remuneration matters.

Composition, name of members and chairperson;

(b) In pursuance of applicable provisions (Sec.178) under the Companies Act, 2013 and (Regulation 19) of the LODRRs of SEBI and other applicable provisions /Regulations there under, Board re-constituted Nomination and Remuneration Committee of the Board on 09-08-2019 comprising of: Mr. Mukesh Pareek, Independent Director (Tenure ended on 20-02-2020) as Member and Chairperson of the Committee along with Ms. Lata Alkar, Ms. Pushpa Trivedi Independent Directors (Tenure ended on 20-02-2020 and 14-06-2019 respectively) and Mr. S.B.Bhide, CMD, HOCL (Executive Director), & Mr. Chander Prakash Bhatia, DF, HOCL as Members of the Committee, with Mrs. Susheela S. Kulkarni, CS, HOCL as Secretary to the Committee.

(c) Meeting and attendance during the year; 14-02-2020 which was attended by all the committee members in the meeting.

(d) Performance evaluation criteria for independent directors – Details are as given in the Terms of Reference of the Committee.

5. Remuneration of Directors:

(a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report; -- None

(b) Criteria of making payments to non-executive directors. Alternatively, this may be disseminated on the listed entity's website and reference drawn thereto in the annual report; -- Yes only sitting fees for attending the meetings of the Board and committee are being paid to the non-executive directors.

(c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made: -- Yes

i. all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.;

Details of remuneration paid to the Directors for the year ended **31-03-2020 are as follows:**

Amt. ₹ (in Lakhs):

No.	Name of the Directors	Salary including Benefits Amt. Rs. (in Lakhs):	Sitting Fees to NOIDs Amt. Rs. (in Lakhs):	Total Amt. Rs. (in Lakhs)
1.	Shri. S.B. Bhide, CMD	47.97	--	47.97
2.	Mr. Chander Prakash Bhatia, DF & CFO (w.e.f 07-08-2019)	23.90	--	23.90
3.	Mrs. Alka Tiwari, AS&FA	N.A	--	Nil
4.	Shri S.K. Biswas, JS	N.A	--	Nil
5.	Ms. PushpaTrivedi, NOID	N.A	0.30	0.30
6.	Mr, MukeshPareek, NOID	N.A	1.40	1.40
7.	Ms. Lata Alker, NOID	N.A	1.40	1.40

During the year, Company's Independent Directors were paid sitting fees @ of Rs. 10,000/- per Director/Board Meeting/Committee Meeting /independent Directors' Meeting.

ii. Details of fixed component and performance linked incentives, along with the performance criteria; -- None / Nil

* The Company has not given any stock options.

* Non-executive Directors: The Company does not pay any remuneration to its non-executive Directors except sitting fees for attending the Board/committee meetings.

iii. Service contracts, notice period, severance fees: -

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.

iv. Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.- Nil

6. Stakeholders Relationship Committee (constituted on 13-02-2019):

Section 178 of the Companies Act, 2013 and Regulation 20 of the LODRRs [of SEBI] mandates for the constitution of a Stakeholders Relationship Committee (SRC) comprising of the Independent Director [i.e. a non- executive director] as the Chairperson of the Committee and such other members as may be decided by the Board. The said Stakeholders Relationship Committee shall resolve the grievances of the security holders.

Accordingly, on 09-08-2019 Board re-constituted Stakeholders Relationship Committee comprising of Mr. Mukesh Pareek, Independent Director (Tenure ended on 20-02-2020) as Chairperson of the Committee, Ms. Pushpa Trivedi, Independent Director (Tenure ended on 14-06-2019), Ms. Lata Alker, Independent Directors (Tenure ended on 20-02-2020) and Mr. S.B. Bhide, CMD, HOCL as members & subsequently Mr. Chander Prakash Bhatia, Director Finance as Members of the Committee. Further as per procedure, Company Secretary to act as Secretary to the Committee.

There were no pending complaints and requests for Demat during the year under review. This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances, all the related jobs are being handled and dealt with suitably by the company's RTAs.

(a) Brief description of terms of reference:

i. The Committee shall consider and resolve the grievances of security holders of the company;

ii. The Committee to meet on quarterly basis or once/ twice in a year or on need basis;

iii. Company Secretary to act as Secretary to the Committee;

iv. The quorum of the Meeting is 1/3 of the composition of the Committee or two Members, whichever is more.

v. The Committee shall also consider and resolve the grievances of the security holders of the Company including complaints related to the transfer of shares, non- receipt of declared dividends [if any], etc.;

vi. Such other terms or matters which may be within the purview of the Committee as may be decided by the Board or the Committee.;

(b) The meeting of Stakeholders Relationship Committee was held 4 times in the year 2019-20, on 28th May 2019, 9th August 2019, 7th November 2019 & 14th February, 2020 and was attended by all the Committee members.

Stakeholders Relationship Committee	No. of Meetings attended
Mr. Mukesh Pareek (Tenure ended on 20-02-2020)	4
Ms. Lata Alker (Tenure ended on 20-02-2020)	4
Mr. S. B. Bhide	4
Mr. C. P. Bhatia	2
Ms. Pushpa Trivedi (Tenure ended on 14-06-2019)	1

7. Performance evaluation criteria for independent directors:

Not Applicable, being a Govt. PSU, all the Board of Directors are appointed by the Government. The performance evaluation of all the Directors including Independent Directors is done by the Department of the Central Government or Ministry, which is administratively in charge of the company.

8. Separate Meeting of Independent Directors:

As provided under Section 149(8) read with Schedule IV of the Companies Act,2013 and also as per Regulation 25(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015, Separate meeting of Independent Directors was held on 14th February, 2020 and attended by the 2 Independent Directors Mr. Mukesh Pareek & Mrs. Alka Tiwari. of the Board of the company.

9. Share Transfer committee (constituted under Regulation 40 of the LODRRs):

To approve physical transfer of shares and other transactions as mentioned under Regulation 40 of the LODRRs.

(a) name of the director heading the committee:- Shri. S.B. Bhide, CMD as Chairman [in view of easy availability of the directors at the work place, to convene the required STC meetings once in every fortnightly/monthly or so, to manage effectively all the Bonds/ shareholders/ investors, transfers/grievances related matters in compliances with corporate governance norms of the LODRRs and with suitable explanations to the Exchanges].

Company has a Share Transfer Committee comprising of (functional directors) Shri S. B. Bhide, CMD as Chairman, Mr. Chander Prakash Bhatia, DF and Mrs. Susheela. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Two Members.

(b) Name and designation of compliance officer :-

Mrs. Susheela S. Kulkarni, Company Secretary is designated as the Compliance Officer and acts as Member & Secretary to the Committee.

Share/Bonds Transfer System:

The Company's Share Transfer Committee is authorized to transfer securities as and when they are received from the company's registrar and transfer agents [viz. RTAs] (the valid transfer etc. documents). The dematerialized shares are directly transferred to the beneficiaries by the depositories.

All the correspondence with the shareholders and investors are duly carried out on behalf of the company by the company's RTAs.

As per Regulation 40 of the LODRRs the Company seeks to ensure that all transfers are approved for registration within the stipulated period. For this mechanism, the Company Secretary (the compliance officer) and company's RTAs have been entrusted with all the requisite powers and authorities, to carry out all the activities with regard to the shares related functions. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, and rematerialisation of shares based on the requisitions from the RTAs.

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

The Committee met 12 times during the year. The details are as under: -

05-04-2019, 22-04-2019, 26-04-2019, 27-05-2019, 25-06-2019, 26-07-2019, 14-08-2019, 12-09-2019, 27-09-2019, 14-10-2019, 09-12-2019, 17-02-2020.

No. of Pending Share Transfers

As on 31st March, 2020 there is no Share transfer case pending (as confirmed by RTA).

(c) Complaint Status for the period 01-04-2019 to 31-03-2020:

i. Number of shareholders' complaints received during the year 2019-20-- 7 Nos.

ii. Number of shareholders' complaints received and disposed of during the year 2019- 20-- 7 Nos.

iii. Number not solved to the satisfaction of shareholders - 7

iv. Number of pending complaints at the end of the year ended 31-03-2020 – Nil

10. Risk Management Committee: Not Applicable.

11. CSR & Sustainability Development Committee: (Not Applicable)

However, as per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. The CSR and SD Committee was re-constituted on 09-08-2019 comprising of 2 Independent Directors, viz. Ms. Lata Alkar (Tenure ended on 20-02-2020), as Member and Chairperson of the Committee, Mr. Mukesh Pareek, Independent Directors (Tenure ended on 20-02-2020) & 2 Executive Director of the Board of the Company viz. Mr. S.B. Bhide, CMD, HOCL, C. P. Bhatia, DF as Member to the Committee . The terms of reference of the said CSR and SD Committee included among others, is as per Section 135 of the Companies Act, 2013 and Rules 2014 thereunder, alongwith Schedule Vll,etc. Though the Company is not required to carry out any CSR activities on account of accumulated losses, in view of the company's closure of Rasayani unit, Company has donated Rasayani unit's old used tables, fans, chairs and cupboards etc. to Zilla Parishad Schools and other educational institutions and charitable trusts etc.

12. General body meetings:

(a) location and time, where last three annual general meetings held;

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

Particulars	FY 2016-2017	FY 2017-2018	FY 2018-2019
Date and	29-09-2017	27-09-2018	26-09-2019
Time	3.00 p.m.	3.00 p.m.	2.00 p.m
Venue	Rasarang Hall, Dr.Kasbekar, Part at PO, Rasayani,Dist Raigad, Pin: 410207	Rasarang Hall, Dr.Kasbekar, Part at PO, Rasayani,Dist Raigad, Pin: 410207	The Institution of Engineers (India) Auditorium Hall- 1st Floor, Plot No: 106, Sector-15, CBD Belapur, Navi Mumbai- 400614

(b) whether any special resolutions passed in the previous three annual general meetings; Yes

(c) Whether any special resolution passed last year /during the year through postal ballot - (2018-19 and 2019-20) - Yes. During the year 2018-19, 1 Special Resolution pursuant to Regulation 24(6) of SEBI (Listing Obligations and Disclosure Requirements) has been passed through Postal Ballot and during the 2019-20 1 Special Resolution pursuant to Section 180(1)(a) of the Companies Act, 2013 has been passed through Postal Ballot.

Details of Resolutions passed:

I. During the year 2019-20:

1. To Sell or otherwise dispose of the whole or substantially the whole of the Undertaking of the Company viz. Hindustan Fluorocarbons Ltd. (HFL) (Subsidiary of HOCL) under section 180(1)(a) as per Letter from Government of India (Ministry of Chemicals And Fertilizers, Department of Chemicals & Petrochemicals) vide File No. P. 51015/06/2019-Ch. III dated 29-01-2020 informing decisions of CCEA directing closure of Hindustan Fluorocarbons Limited including i) To close the operations of the Plant of HFL ii) To dispose off the Plant and Machinery and other assets of HFL iii) Disposal/Sale or transfer of the entire 126 Acers (approx) of free-hold land of HFL on 'as is where is' basis (subject to outcome of the decision of Telangana Government/TSIIC on purchase of land, and as per guidelines 4.2 and 4.3.2 of the DPE Guidelines).

Details of voting pattern: -

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs.

II. During the Financial Year 2018-19:

1. To consider and to approve subject to approval of the Central Government and all such other approvals as may be required in this regard the proposal for sale or dispose of 66.13 acres of land of Hindustan Fluorocarbons Limited(HFL) (Subsidiary) situated at Rudraram, Mamidipally and Edthanoor Village, Sangareddy District, Telangana on 'as is where is basis'.

Details of voting pattern: -

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs.

(d) Person who conducted the postal ballot exercise: - Company.

(e) Whether any special resolution is proposed to be conducted through postal ballot: - No.

(f) Procedure for postal ballot: -

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [i.e. Rule 22 of the Company (Management and Administration) Rules, 2014]

13. CEO/CFO certification for Financial Year ending on 31st March, 2020.

This is to certify that:

A. Financial statements and the cash flow statement for the year have been reviewed and to the best of their knowledge and belief:

1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. To the best of their knowledge and belief, no transactions are entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. They have indicated to the auditors and the Audit committee: -

1) significant changes in internal control over financial reporting during the year;

2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3) 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 listed entity's internal control system over financial reporting.

Place: Belapur CBD	**Sd/-**	**Sd/-**
Date: 13-08-2020	**C. P. Bhatia**	**S. B. Bhide**
	Chief Financial Officer	**Chairman and Managing Director**

14. Code of Conduct for Directors and Senior Management Personnel:

The Company has adopted (since 2007) a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the company. The Code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The Code is displayed on the Company's website – www.hoclindia.com. (Due to technical error, the Code is currently not viewable on the company website and therefore setting up new website is in process). All Directors and Senior Management Personnel have complied with the code and the compliance has been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that:

In line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management Personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2019-20.

Sd/-
S.B.Bhide
Chairman and Managing Director

Place: Mumbai
Date: 13-08-2020

15. Means of communication:

(a) Quarterly results;

- These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges at BSE-E-portal online, immediately after they are approved by the Board. Also placed on Company's website.

(b) newspapers wherein results normally published;

- The results are published in a Regional Language News Papers (Navashakti) and English National Daily (The Free Press Journal) as per the requirements under the Listing Regulations with the Stock Exchanges.

(c) Any website, where displayed;

- The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website: www. hoclindia.com

(d) Whether it also displays official news releases; -- No

(e) Presentations made to institutional investors or to the analysts. – No

- Management Discussion and Analysis Report forms part of this 59th Annual Report of the Company for the year-2019-20.
- Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/Speed Post/Courier Service. - Yes, through on line filing of the e-filing portal of the Exchange (BSE), under corporate Announcements as per Regn.29/30 & other applicable Regulations of the LODRRs .

16. General shareholder information:

Company (HOCL) CIN:- L99999MH1960GOI011895

Compliance Officer: Smt. Susheela S. Kulkarni, Company Secretary is the Compliance Officer of the Company under relevant Regulations of the Listing Regulations. (LODRRs).

Company's Website: www.hoclindia.com

Registered & Corporate Office Address: Office Nos.: 401,402,403, 4th Floor, "V- Times Square", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai- 400614, Maharashtra.

(a) The schedule of the current-59th Virtual Annual general meeting (AGM) of the Company - date, time and venue;

59th Virtual Annual General Meeting:

Date &Time: Monday, the 28th September, 2020 at 2 p.m.

Venue : Through Video Conference- Virtual AGM- Chairman, Company Secretary, Moderator for web link etc- at : HOCL Board Room, Registered Office and Corporate Office at 4th Floor, 401-403, V Times Square, Plot No: 3, Sector-15, CBD Belapur, Navi Mumbai- 400614

(b) Financial year;

The Company follows April - March as its Financial Year.

(c) Dividend payment date- Not applicable, in view of the continuous losses during the previous years as well as carry forward of the accumulated losses of the previous years, the Board of Directors do not recommend any Dividend for the year under review. (i) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to stock exchange;: Bombay Stock Exchange Ltd.[BSE]; Payment towards Annual Listing fees for the year 2019-20 amounting to Rs. 3,54,000/- was paid on 20th April, 2019 through RTGS to Stock Exchange (BSE) and duly complied with the same.

(d) Earlier in 2016-17 (w.e.f.30-01-2017), in pursuance of Regulation 6(a) of the SEBI (DES) Regulations, 2009, Company has voluntarily delisted its Equity shares from the National Stock Exchange of India Ltd.(NSE), as a measure of economy overall , which was duly acknowledged by the NSE on 31-1-2017 and approved by NSE vide letter dated 02-08-2017.

(e) Stock /script code: Stock Code at BSE : 500449

ISIN of HOCL Equity Shares at NSDL & CDSL: INE048A01011

(f) Market price data- high, low (at BSE) during each month in last financial year; (2019-20)

Month	Monthly Highest	Monthly Lowest
April, 2019	25.60	23.00
May, 2019	25.75	17.20
June, 2019	25.00	19.05
July, 2019	22.90	16.35
August, 2019	17.70	10.70
September, 2019	17.75	12.25
October, 2019	17.50	12.20
November, 2019	16.85	12.00
December, 2019	16.25	12.35
January, 2020	17.75	14.20
February,2020	15.25	10.86
March, 2020	11.60	05.85

(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;---Nil

(h) In case the securities are suspended from trading, the directors report shall explain the reason thereof; None /N.A.

(i) Registrar to an issue and Share Transfer Agent;

M/s. Bigshare Services Pvt. Ltd. –, M/s. Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Bldg., Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400 059 ,Maharashtra.

(j) Share transfer system;

The Company's Share Transfer Committee is authorised to transfer securities as and when they are received from the company's registrar and transfer agents [viz. RTAs] (the valid transfer etc. documents). The dematerialized shares are directly transferred to the beneficiaries by the depositories.

All the correspondence with the shareholders and investors are duly carried out on behalf of the company by the company's RTAs.

The Company seeks to ensure that all transfers are approved for registration within the stipulated period. And for this mechanism the Company Secretary (the compliance officer) and company's RTAs have been entrusted with all the requisite powers and authorities, to carry out all the activities with regard to the shares related functions. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, dematerialization and rematerialisation of shares based on the requisitions from the RTAs.

There was no pending complaints and requests for demat during the year under review.

This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances, which are being handled and dealt with suitably by the company's RTAs.

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.

(k) Distribution of shareholding;

As on Date: 31-03-2020; (NSDL-CDSL-Physical)

Shareholding of Nominal		No.of Shareholders	Percentage of Total	Share Amount	Percentage of Total
₹	₹			₹	
1	500	42499	86.4471	6398571	9.5255
501	1000	3240	6.5982	2789705	4.1530
1001	2000	1685	3.4315	2679635	3.9891
2001	3000	568	1.1567	1470557	2.1892
3001	4000	275	0.5600	1011299	1.5055
4001	5000	257	0.5234	1238339	1.8435
5001	10000	370	0.7535	2806959	4.1787
10001	99999999999	260	0.5295	48778035	72.6154
TOTAL		**49104**		**671731000**	**100.0000**

(l) Dematerialization of shares and liquidity:- HOCL Equity Shares ISIN: INE048A01011

The shares of the Company are compulsorily traded in dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Ltd. (NSDL), 97.03% of the share capital of the Company has been dematerialized as on 31st March 2020 - total accounts dematerialized is 33,584 involving 6,51,80,966 shares.

(m) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity :- Nil/None.

(n) Commodity price risk or foreign exchange risk and hedging activities :- Nil/None

(o) Plant locations: -

Sr.No.	Location	Main Product
1.	Kochi	Phenol Complex

(p) **Address for correspondence**

i. Registered Office & Corporate Office at: 401,402,403, 4th Floor, V Times Square, Sector-15, CBD, Belapur, Navi Mumbai-400614

ii. R&T Agents address :

M/s. Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Bldg., Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400 059 ,Maharashtra.

(q) list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad- N.A.

17. Performance in comparison to broad based indices:

Period	Sensex	BSE-PSU Index	HOCL Price ₹ (BSE)
March 2019	38,672.91	7,640.47	23.00
March 2020	32,968.68	7,858.02	23.15

18. Other Disclosures:

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large; - None

b) web link where policy for determining 'material' subsidiaries is disclosed; -

i) A subsidiary of HOCL shall be considered 'material' if the income or net worth of the concerned subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of HOCL and its subsidiaries, in the immediately preceding accounting year.

ii) Further, HOCL shall not dispose off shares in its material subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without the approval of the Central Govt. and without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by the Govt./by a Court/tribunal.

iii) Further, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the Central Govt. and the approval of shareholders by way of special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal. The Policy for determining material subsidiaries is disclosed on the website of the Company www.hoclindia.com

c) web link where policy on dealing with related party transactions; -

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.

d) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; - None, as suitable explanations were submitted from time to time to the Exchange (BSE).

e) Vigil Mechanism - Whistle blower policy:

The Company has instituted procedures for the receipt, retention and dealing with complaints.

Your Company has put in place a fraud prevention policy. As a part of compliance with the policy, Company has appointed nodal officers. The fraud prevention policy has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for dealing in matters pertaining to fraud. During the year under review, no such case was reported.

In addition, your Company has Vigilance Department (as per CVC guidelines) to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

Details of establishment of vigil mechanism whistle blower policy, and affirmation that no personnel have been denied access to the audit committee; Yes – details are also placed on the Company's website www.hoclindia.com, as per LODRRs. No person has been denied access to the Audit Committee.

f) details of compliance with mandatory requirements and adoption of the non-mandatory requirements; - Company has complied with all the mandatory requirements.

g) a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

h) where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: -None

The Board of Directors have accepted all the recommendations made by the Audit Committee in their meeting.

i) total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. - Rs. 5,10,000/- excluding out of pocket expenses.

j) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year- Nil

b. number of complaints disposed of during the financial year- Nil

c. number of complaints pending as on end of the financial year- Nil

19. Prevention of Insider Trading:

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary of the company is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

20. Management Discussion & Analysis Report:

Management discussion & Analysis Report is annexed to the Directors' Report which forms part of this Annual Report.(Annexure III)

Further 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; - Yes. – Duly effected as applicable and are provided in this report;
- Web link where policy for determining 'material' subsidiaries is disclosed;

  www.hoclindia.com The information/documents required to be hosted on the website of the Company under the provisions of the Act and LODR were hosted as prescribed.
- Web link where policy on dealing with related party transactions; N.A.
- Disclosure of commodity price risks and commodity hedging activities. N.A.

21. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed. - Not applicable. [as all compliances as in (2) to (10) above were duly complied with.];

As on 31-03-2020 all applicable compliances in connection with the Board's composition, other relevant and applicable compliances etc. were complied with all the requirements of the Listing Regulations entered into with the

Stock Exchanges. Company Secretary responsibility statement under Corporate Governance Compliances- Submitted

22. The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted. - Yes, as applicable.

Following are the requirements as specified in Part E of Schedule II:

A. The Board

A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties. - Yes.

B. Shareholder Rights.

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders. – Yes- Through placing on company website & uploading on BSE portal regularly/quarterly/half yearly/yearly.

C. Modified opinion(s) in audit report

The listed entity may move towards a regime of financial statements with unmodified audit opinion. – Is complied with accordingly.

However, Auditors have given Unmodified Opinion for FY (2020-19)

D. Separate posts of chairperson and chief executive officer

The listed entity may appoint separate persons to the post of chairperson and managing director or chief executive officer. However in the case of our company Govt. has appointed Chairman & Managing Director (also a Chief Executive Officer) in view of the fact that, the power to appoint all the Director at the Board of the company vests with the GOI/President of India as per company's Articles of Association,

E. Reporting of internal auditor

The internal auditor may report directly to the audit committee. - Yes.

22. Declaration to be added that the Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

It is hereby confirmed and declared that, Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

23. Details of unclaimed Shares: Nil

24. Details of status of listing fees paid:

Presently Company's Equity Shares are listed with BSE Ltd.

Accordingly, payment towards Annual Listing fees for the year 2019-20 for Rs. 3,54,000/- was paid on 20th April, 2019 through RTGS to Stock Exchange (BSE) and duly complied with the same.

25. Secretarial Audit Report:

The Board has appointed M/s D. S. Momaya & Co, Practising Company Secretary to conduct Secretarial Audit for the FY 2019-2020. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed to this Report as Annexure and complied with Section 204 of Companies Act and Regulation 24A of SEBI LODRRs, the replies to observations (if any) from Auditor forms part as Annexure to the Directors Report. The Company also obtained Annual Secretarial Compliance Report from M/s D. S. Momaya & Co. for the year 2019-20.

26. Training of Board Members:

The Company (HOCL) being a PSU/Govt Co., the DPE is organising the training & orientation programme for the Independent Directors in the CPSE's. Accordingly, during the previous years and year under review, DPE had organised several training & orientation programme for the Independent Directors and all the 3 Independent Directors on Companies' Board have attended adequate numbers of those training & orientation programme.

Training Programmes conducted for Directors:

The Training Programme for new Board members (Functional, Government, Nominee and Independent) includes following Programmes :

- Risk Profile of the Business of Company
- Responsibility of respective Director and the manner in which such responsibilities are to be discharged.
- Corporate Governance
- Model Code of Busines Ethics and Conduct

27. Book Closure Date:

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2020 to Monday, the 28th September, 2020 (both days inclusive) for the purpose of 59th Virtual Annual General Meeting (VAGM) of the company to be held on 28th September, 2020.

28. Policy for Determining Materiality of Evens or Information

Company has adopted a Policy for Determination of Materiality of Evens or Information in terms of Regulation 30 of LODRRs of SEBI.

The said Policy is disclosed on the website of the Company - www.hoclindia.com.

29. Compliance of DPE Guidelines on Corporate Governance for the CPSEs

Company (HOCL) being a CPSU is required to comply the Department of Public Enterprise (DPE) set out guidelines on Corporate Governance.

And in this respect the Quarterly Reports (SER-Self Evaluation Report) are being submitted to the DCPC, Administrative Ministry and Annual SARs are also submitted to the DPE.

Recently the Company (HOCL) has been awarded "Excellent" Grade in Corporate Governance Compliance Report for the year 2019-20.

For Hindustan Organic Chemicals Ltd.,

Sd/-

Date: 13-08-2020 **(Mrs. Susheela S. Kulkarni)**

Place: CBD Belapur **Company Secretary**

(Annexure V)

Corporate Governance Compliance Certificate Under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

To the Members of
Hindustan Organic Chemicals Limited
401, 402, 403, 4th Floor, V-TIMES SQUARE Plot No. 3,
Sector 15, CBD Belapur Navi Mumbai Thane MH 400614

I have examined the relevant records of Hindustan Organic Chemicals Limited **(CIN: L99999MH1960GOI011895)** for the purpose of certifying compliance of conditions of the Corporate Governance as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), for the financial year ended 31st March 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of this certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with the requirements of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31st March 2020 except the appointment of Independent Directors from February 21,2020 with respect to the provisions of Regulation 17(1) of the LODR.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai Sd/-
Date: 09.08.2020 CS Amrita Nautiyal
FCS No. 5079
CP No. 7989
UDIN : F005079B000564682

Annexure VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].

To,
The Members,
HINDUSTAN ORGANIC CHEMICALS LIMITED
(CIN: L99999MH1960GOI011895)
401, 402, 403, 4th Floor, V-TIMES SQUARE,
Plot No. 3, Sector 15, CBD Belapur,
Navi Mumbai, Thane - 400614.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HINDUSTAN ORGANIC CHEMICALS LIMITED (CIN: L99999MH1960GOI011895) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our Opinion thereon.

We note that the Company was registered as Sick Company vide BIFR Order No. Case No.501/2014 dated 30th September, 2014. The Company has informed that the Department of Chemicals & Petrochemicals vide File No. P. 51015/06/2019-Ch. III dated 29th January, 2020 has directed the Company for closure of Hindustan Fluorocarbons Limited which is the Subsidiary of the Company.

Based on our verification of the HINDUSTAN ORGANIC CHEMICALS LIMITED books, papers, minute books, forms and returns filed and scanned copies of the documents, evidences of submission provided and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by HINDUSTAN ORGANIC CHEMICALS LIMITED for the Financial Year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing- Not applicable to the Company during the financial year under review;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009 (upto 10th November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018 (with effect from 11th November, 2018)- Not applicable as there was no reportable event during the financial year under review;

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations,2014- Not Applicable as the Company has not issued any shares/options during the period under review

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008- Not Applicable as the Company has not issued and listed any debt securities during the period under review;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable to the Company;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable as the Company has not delisted its equity shares from stock exchange during the period under reviewand

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th of September 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (from 11th September 2018)- Not Applicable as the Company has not bought back any of its securities during the period under review.

(vi) The Management has informed that the following Laws are specifically applicable to the Company:

   a. Petroleum Act, 1934 and Rules, 2002;

   b. Manufacture, Storage and Import of Hazardous Chemicals (Amendment) Rules, 2000;

   c. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;

   d. Inflammable Subs**tance Act, 1952;**

   e. The Poisons Act, 1919 and Maharashtra Poisons Rules, 1972;

   f. Guidelines on Corporate Governance for central Public Sector Enterprises, 2010;

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

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

   (ii) SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 and Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that, the Board of Directors of the Company was duly constituted upto 20th February 2020 with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Appointment of adequate number of Independent Directors on the Board due to vacancy arising out of end of term of existing independent directors is to be done by the Ministry as the Company is Public Sector Undertaking and such Appointment are awaited. The changes in the composition of the Board of Directors, which took place during the period under review, were carried out in compliance with the provisions of the Act and rules made thereunder.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that, the compliance of COVID-19 guidelines issued by Government has duly complied by the Company.

We further report that, the compliance by the Company of applicable financial Laws such as Direct and Indirect tax Laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by statutory financial auditors, tax auditors and designated professional.

We further report that based on the review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary/the Chairman and Managing Director and taken on record by the Board of Directors at their meetings(s), we are of the opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, as per the Restructuring Plan of Hindustan Organic Chemicals Limited approved by the Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India vide letter dated 25May, 2017 to Sale the land at Rasayani, Maharashtra during the year under review,85.27 Acres of land was further sold to BPCL on "as is where is basis" at value of INR 137.18 Crores.

We further report that during the audit period;

(i) No event has occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except:

   - Receipt of directions from the Department of Chemicals and Petrochemicals vide letter dated 29th January 2020 directing closure of Hindustan Fluorocarbons limited (Subsidiary of HOCL) and was approved through Postal Ballot process results of which were declared on 30th March 2020 by passing following Special Resolution : Sell or otherwise dispose of the whole or substantially the whole of the Undertaking of the Company viz. Hindustan Fluorocarbons Ltd. (HFL) (Subsidiary of HOCL) under section 180(1)(a) as per Letter from Government of India (Ministry of Chemicals And Fertilizers, Department of Chemicals & Petrochemicals) vide File No. P. 51015/06/ 2019-Ch. III dated 29-01-2020 informing decisions of CCEA directing closure of Hindustan Fluorocarbons Limited including i) closure the operations of the Plant of HFL ii) disposing off the Plant and Machinery and other assets of HFL ii) Disposal/ Sale or transfer of the entire 126 Acers (approx) of free-hold land of HFL on 'as is where is' basis (subject to outcome of the decision of Telangana Government/ TSIIC on purchase of land, and as per guidelines 4.2 and 4.3.2 of the DPE Guidelines

- Disposal of 66.13 acers of land of Hindustan Fluorocarbons Limited, subsidiary of the Company at Rudraram, Mamidipally and Edthanoor Village, Sangareddy District, Telangana as approved through postal Ballot process results of which were declared on 06th May 2019.

(ii) During the year, there were no other instances of

a. Public/Right/Preferential issue of shares / debentures/sweat Equity, etc.
b. Redemption / buy-back of securities
c. Merger / amalgamation / reconstruction, etc.
d. Foreign technical collaborations.

This report is to be read with our letter of even date which is annexed as Annexure hereto and forms part to this report.

For D. S. Momaya& Co.
Company Secretaries

Sd/-
CS Divya Momaya
Proprietor
FCS No. 7195/ CP No. 7885
UDIN : F007195B000438241

Place: Navi Mumbai
Date: 10/07/2020

ANNEXURE A
ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To
The Members,
Hindustan Organic Chemicals Limited

Our Secretarial Audit Report for the Financial Year ended 31st March, 2020 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For D. S. Momaya& Co.
Company Secretaries

Sd/-
CS Divya Momaya
Proprietor
FCS No. 7195/ CP No. 7885
UDIN : F007195B000438241

Place: Navi Mumbai
Date: 10/07/2020

INDEPENDENT AUDITOR'S REPORT

To the members of
Hindustan Organic Chemicals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of HINDUSTAN ORGANIC CHEMICALS LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	**Kerala Value Added tax Input Credit Refund Receivable** As per the Kerala Value Added Tax Act, Company is entitled to receive refund of excess in input tax credit on purchases of raw materials and consumables from the Kerala Commercial Tax Department. The total refund due as on March 31, 2020 for the periods from 2005-06 to 2007-08, 2011-12, 2012-13 and 2014-15 to 2016-17 is Rs.1721.70 lakhs. The Company has filed refund claim applications in Form No.21B and 21CC with Assessing Authority for each year as per the Act.	Our principal audit procedures included the following: Analyzed the relevant provisions of the Kerala Value Added Tax Act and Rules there under. Reviewed the records and documents submitted to the Assessing Authority for claiming the refund and also the related correspondence received from the Assessing Authority. Reviewed the working/calculation of refund amount claimed.
2	**Estimation of Provision & Contingent Liabilities** In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability. In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed. As a result, there is a high degree of judgment required for the recognition and measurement of provisions and disclosure of contingent liabilities. Company has reported Provision and Contingencies amounting to Rs.42401.70 lakhs in the note 39 to Standalone Ind AS financial statement. There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.	Our principal audit procedures included the following: We inspected the minutes of the board and enquired of the senior officials of management for claims arising and challenged whether provisions are required. In respect of penal interest and interest on interest of Government of India loans [39 (i) (a) (ix) & (x)] we verified the loan release orders and other communication from Ministry of Chemicals and Fertilisers, Government of India. In respect of other claims/matters which are under dispute we have verified the related documents and assessed the opinion of senior officials in charge /counsels engaged by the company.

Emphasis Matter

5. We draw attention to Note No.46 to Notes to Standalone Financial Statement as regards Management's evaluation of impact of Covid-19 on the future performance of the Company. Our opinion is not modified in this regard.

Information Other than the Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report, and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon.

7. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

9. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Standalone Financial Statements

10. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If, we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

15. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, based on our audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) As per Notification No. G.S.R. 463(E) dated June 5, 2015, the Government Companies are exempted from provisions of section 164 (2) of the Act. Accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure C"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements –Refer Note No.39 to the financial statement.
        ii. The Company has entered into long term transmission contract with Gas Authority of India Limited (GAIL) for the transmission of liquefied natural gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses if any, cannot be identifiable in the current scenario. The company did not have any derivative contract.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
20. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
21. As required by the directions and sub directions issued by the office of the Comptroller & Auditor General of India under section 143 (5) of the Act, we give in the **"Annexure B"** a statement on the matters referred in those directions.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)
Sd/-
CA. JOJO AUGUSTINE
Partner (Membership No. 214088)
UDIN: 20214088AAAABD6257

Place: Ernakulam
Date: 26, June 2020

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 20 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

i. In respect of the Company's fixed assets :
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

ii. In respect of inventories:
   (a) The inventory has been physically verified by the management at reasonable intervals during the year.
   (b) The Company has maintained proper records of inventory. As explained to us, the discrepancies between the physical inventory and the book records were not material.

iii. According to the information and explanations given to us, the Company had granted secured/unsecured interest free term loan of Rs.2744.07 lakhs and term loan with varying interest rate amounting to Rs.756.42 lakhs to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :
   (a) As these term loans had been granted during the year 2008-09, the reporting as to whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest, is not applicable to this year.
   (b) As per the loan agreement, loan of Rs.2609.72 lakhs shall be repaid in seven equal installments commencing from the financial year 2010-11 and Rs.890.77 lakhs shall be repaid in five equal installments commencing from the financial year 2010-11. Both the principal and interest on the above loans have not been received by the company as per the stipulation.
   (c) The interest free term loan of Rs.2744.06 lakhs is overdue from the financial year 2017-18 onwards and the term loan with varying interest rate of Rs.453.01 lakhs and interest accrued thereon Rs.902.51 as at balance sheet date is overdue from the financial year 2015-16 onwards. Except follow up, the company has not taken any other steps for its recovery.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. The company has given guarantee for loan of Rs.603 lakhs from bank taken by its subsidiary M/s Hindustan Flurocarbons Limited.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

vi. We have broadly reviewed the books of account maintained by the company in pursuance to the rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, for certain products of the company and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.

vii. According to the information and explanations given to us, in respect of statutory dues :
   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below :

Sl. No.	Name of Statute	Nature of Dues	Period to which the amount relates (F.Y.)	Amount of dispute (Rs. In lakhs)	Forum where the disputes is pending
1	Central Excise Act, 1944	Exemption not allowed	2006-07	104.63	Customs, Excise & Services Tax Appellate Tribunal
2	Income Tax Act 1961	Penalty Dues	2001-02	70.50	High Court
3	Income Tax Act 1961	Disallowance of Expenses	2010-11	121.42	Income Tax Appellate Tribunal
4	Income Tax Act 1961	Disallowance of Expenses	2013-14	71.24	Income Tax Appellate Tribunal
5	Income Tax Act 1961	Disallowance of Expenses	2016-17	300.56	Commissioner of Income Tax (Appeals)

viii. The Company has made default in repayment of loans taken from Government and the details of which are given below:

Name of Lender	Period of Default as on March 31, 2020 (in years)	Defaulted Amount (Rs. In lakhs)
Government of India	14	60.00
Government of India	13	60.00
Government of India	12	180.00
Government of India	11	536.00
Government of India	10	480.60
Government of India	9	480.60
Government of India	8	480.60

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. Being a Government Company, the provisions of section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company and hence reporting under clause (xi) of paragraph 3 of the Order is not applicable.

xii. The Company is not a Nidhi Company under section 406 of the Act and hence reporting under clause 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)

Sd/-
CA. JOJO AUGUSTINE
Partner (Membership No. 214088)
UDIN: 20214088AAAABD6257

Place: Ernakulam
Date: 26, June 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 21 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

As required by the directions and sub directions issued by the Comptroller and Auditor General of India under 143 (5) of the Act, we give below our comments on the matters referred therein.

A. Directions

1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with financial implications if any may be stated	Yes, all the accounting transactions are processed through IT System. However, there are two IT systems in place that is Tally ERP in Rasayani Unit and SAP in Kochi Unit upto November 30, 2019. From December 1, 2019 onwards, in Kochi Unit also accounting transactions other than payroll and fixed assets are processing through Tally ERP. Consolidation of the Rasyani and Kochi Unit as a whole is prepared using MS Office.
2	Whether there is restructuring of an existing loan or cases waiver/ write off of bad debts/loans/ interest etc made a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	There are no loans, which have restructured during the year. A restructuring plan has been approved by the Government of India, vide order dated May 22, 2017. As per Government of India letter No.51012/01/2018-Ch.III dated 12/06/ 2020, ex-post facto approval has been conveyed waiving interest of Rs.758.97 lakhs due on Government of India loans as on 31/03/2015. If Government of India has not granted ex-post facto approval to the request for waiver of interest, the Other Income would have been Rs.1435.65 lakhs
3	Whether funds received or receivable for specific schemes from central or state agencies were properly accounted for or utilized as per its terms and conditions? List the case of deviations.	No. The company has not received any fund for specific scheme from central or state agencies.

B. Sub-direction

	State areas of land under encroachment and briefly explain the steps taken by the company to remove encroachment.	As per the information and explanation available to us, in Rasayani Unit, land admeasuring 22.717 acres is under encroachment as per the report of survey conducted by M/s The Geo Tek dated April 24, 2019. Also there is public road constructed in 10.576 acres of land and its value considered as Nil. 32.547 Acres of land is given to Maharashtra Industrial Development Corporation, Maharashtra State Electricity Board, Hindustan Insecticides Limited, and *Mahatma* Education Society. We have been informed that the company has taken up matter before the Ministry and is in the process of necessary action for the recovery of encroached land.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)

Sd/-
CA. JOJO AUGUSTINE
Partner (Membership No. 214088)
UDIN: 20214088AAAABD6257

Place: Ernakulam
Date: 26, June 2020

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 19(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hindustan Organic Chemicals Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HINDUSTAN ORGANIC CHEMICALS LIMITED (the "Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)

Sd/-
CA. JOJO AUGUSTINE
Partner (Membership No. 214088)
UDIN: 20214088AAAABD6257

Place: Ernakulam
Date: 26, June 2020

Standalone Balance Sheet as at 31st March 2020

Rs. in Lakhs

Particulars				Notes	As at 31.03.2020	As at 31.03.2019
ASSETS						
1.	**Non Current assets**					
	a)	Property, Plant and equipment		3a	12452.28	11904.24
	b)	Investment Property		3b	87.93	95.15
	c)	Intangible assets		3c	18.85	0.00
	d)	Financial Assets				
		i) Investments		4	329.06	1111.00
		ii) Loans		5	0.00	0.44
	e)	Other Non-current assets		6	624.15	618.93
			Total Non-current assets		**13512.27**	**13729.76**
2.	**Current assets**					
	a)	Inventories		7	4620.14	4734.61
	b)	Financial assets				
		i) Trade Receivables		8	786.23	1770.63
		ii) Cash and cash equivalents		9a	2367.48	3130.88
		iii) Bank balances other than (ii) above		9b	7998.00	3904.12
		iv) Loans		10	2041.50	2041.49
		v) Other Financial assets		11	265.96	410.20
	c)	Non current assets held for sale		3d	98750.80	117845.61
	d)	Other Current assets		12	3412.53	4198.85
			Total Current Assets		**120242.64**	**138036.39**
			Total Assets		**133754.91**	**151766.15**
EQUITY AND LIABILITIES						
1.	**Equity**					
	a)	**Equity Share capital**		13	**6726.96**	**6726.96**
	b)	**Other equity**				
		i) Securities Premium		14a	4838.57	4838.57
		ii) Retained Earnings		14b	-101096.65	-105346.85
		iii) Other comprehensive Income		14c	92432.94	106395.55
			Total Other Equity		**-3825.14**	**5887.27**
			Total Equity		**2901.82**	**12614.23**
2.	**Liabilities**					
	Non-current liabilities:					
	a)	Financial liabilities (Net)				
	i)	Borrowings		15	15882.38	24561.88
	b)	Provisions (Long term)		16	1048.00	1007.14
	c)	Deferred Tax liabilities		17	15194.52	18831.52
	d)	Net employee defined benefit liabilities		18	2199.25	2306.38
			Total Non-current liabilities		**34324.15**	**46706.92**
3.	**Current liabilities:**					
	a)	Financial liabilities				
		i) Preference Share Capital		19	27000.00	27000.00
		ii) Trade payables		20	3612.88	9800.12
		iii) Other current financial liabilities		21	8679.49	8679.49
	b)	Provisions (Short term)		22	5668.62	4870.44
	c)	Net employee defined benefit liabilities		23	79.14	90.17
	d)	Other current liabilities		24	51488.81	42004.79
	Total Current liabilities				**96528.94**	**92445.00**
	Total equity and liabilities				**133754.91**	**151766.15**
Significant Accounting Policies				2		
Notes to the Standalone Financial Statements				1&3-48		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Standalone Statement of Profit and Loss for the year ended 31st March 2020

Rs. in Lakhs

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
INCOME			
Revenue from operations-Sale of products	25	30,001.23	47,199.01
Other Income	26	2,194.62	11,571.30
Total Income		**32,195.85**	**58,770.31**
EXPENSES			
Cost of Materials Consumed	27	19,681.86	25,517.54
Changes in Inventories of Finished Goods and WIP	28	(24.92)	943.99
Employee Benefits Expenses	29	5,265.96	5,470.20
Finance Costs	30	5,626.34	6,573.75
Depreciation and amortization expenses	31	128.76	176.90
Other Expenses	32	10,986.23	12,999.72
Total expenses		**41,664.23**	**51,682.10**
Profit / (Loss) before exceptional items and tax		(9,468.38)	7,088.21
Less: Exceptional items		-	-
Profit / (Loss) before tax		(9,468.38)	7,088.21
(1) Current tax		-	-
(2) Deferred tax		-	-
Less: Tax expenses:		-	-
Profit / (Loss) for the period		**(9,468.38)**	**7,088.21**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss		-	-
a) Revaluation of Plant, property & equipments	14c	(2,916.56)	(569.16)
Deferred Tax expenses	14c	3,409.00	345.22
b) Provision for diminution of investment	14c	(781.94)	-
Deferred Tax expenses		228.00	
c) Changes in defined benefit plan	14c	(182.55)	(156.89)
Other Comprehensive Income for the year, net of tax		(244.05)	(380.84)
Total Comprehensive Income for the year		**(9,712.43)**	**6,707.37**
Earnings per equity share (in Rupees)			
Basic (Face value of Rs. 10 each)		(14.10)	10.55
Diluted (Face value of Rs.10 each)		(14.10)	10.55
Significant Accounting Policies	2		
Notes to the Standalone Financial Statements	1&3-48		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

As per our report of even date attached
For ***BSJ & Associates***
Chartered Accountants
FRN: 010560S

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Navi Mumbai
Date: 26.06.2020

Place: Ernakulam
Date: 26.06.2020

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital

	Equity shares of INR 10 each	
	Nos.	**Rs. In Lakhs**
Issued, subscribed and fully paid		
At 1st April 2018	67173100	6726.96
Changes during the period	-	-
At 31 March 2019	67173100	6726.96
Changes during the period	-	-
At 31st March 2020	67173100	**6726.96**

B. Statement of Changes in Other Equity for the year ended 31st March , 2020 **Rs. in Lakhs**

Description	Other Comprehensive Income	Securities Premium	Retained earnings	Total Other Equity
As at 1st April 2018	**1,11,310.74**	**4,838.57**	**(1,18,160.39)**	**(2,011.08)**
Profit for the period as restated	-	-	7,088.19	7,088.19
Profit on sale of Land	-	-	5,725.35	5,725.35
Other comprehensive income- revaluation of assets	(334.32)			(334.32)
Other comprehensive income - cost of sale on revalued assets	(234.85)			(234.85)
Reserve transferred to Retained earning on sale of land	(5,725.35)			(5,725.35)
Other comprehensive income- Deferred Tax Liabilities	1,155.00			1,155.00
Provision for Duties & Taxes Receivable no longer required	381.22			381.22
Other comprehensive income - remeasurement of fair value of defind benefit obligation’	(156.89)			(156.89)
As at 31st March 2019	**1,06,395.55**	**4,838.57**	**(1,05,346.85)**	**5,887.27**
Profit for the period			(9,468.36)	-9468.36
Profit on sale of Land			13,718.56	13718.56
Other comprehensive income- revaluation of assets	-2916.56			-2916.56
Other comprehensive income - cost of sale on revalued assets	0.00			0.00
Reserve transferred to Retained earning on sale of land	-13718.56			-13718.56
Other comprehensive income- Deferred Tax Liabilities	3,409.00			3409.00
Less : Diminition of Investment during the year (HFL)	-553.94			-553.94
Other comprehensive income - remeasurement of fair value of defind benefit obligation’	(182.55)			-182.55
As at 31st March 2020	**92,432.94**	**4,838.57**	**(1,01,096.65)**	**(3,825.14)**

The accompanying notes are an integral part of these financial statements

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Retained Earnings

The balance held in this reserve is the accumulated retained profit and is permitted to be distributed to shareholder as part of dividend.

Other Comprehansive Income

The company has chosen to recognise land at revalued model through other comprehensive income

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Navi Mumbai
Date: 26.06.2020

Place: Ernakulam
Date: 26.06.2020

Standalone Cash flow Statement for the Year ended 31st March 2020

(Rs.in lakhs)

Description	For the Year ended 31st March 2020	For the year ended 31st March 2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period before tax	(9,468.38)	7,088.21
Adjustments for :		
Depreciation/Loss on impairment of Assets	182.31	176.90
Profit(-) / Loss on sale of Assets	(162.18)	(3,431.55)
Interest Income	(649.95)	(380.93)
Interest & Finance Charges	24.56	51.66
Income from investment property	(55.13)	(78.55)
Changes in defined Employee benefit plan-other comprehensive income	(182.55)	(156.89)
Operating Cash Flows before Working Capital changes (A)	**(10,311.32)**	**3,268.85**
Adjustments for		
(Increase)/Decrease in Inventories	114.47	996.73
(Increase)/Decrease in Trade & Other Receivables	(2,184.14)	(686.21)
Increase/(Decrease) in Trade Payables & Other Liabilities	(1,976.83)	(19,231.99)
Cash Generated from Operations (Working Capital Changes) (B)	**(4,046.50)**	**(18,921.47)**
Net Cash flow from Operating activities (1) (A+B)	**(14,357.82)**	**(15,652.62)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(84.23)	(67.67)
Sale of fixed assets – Assets held for sale	15,682.69	10,791.16
Interest Income	649.95	380.93
Income from investment property	55.13	78.55
Net Cash flow from / (used in) Investing activities	**16,303.54**	**11,182.97**
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans	(2,685.00)	4.62
Increase/Decrease in Unsecured Loans (Net of Repayments)	0.44	1.27
Interest Paid	(24.56)	(51.66)
Net cash used in financing activities	**(2,709.12)**	**(45.77)**

(Rs.in lakhs)

Description	For the Year ended 31st March 2020	For the year ended 31st March 2019
Net Increase Decrease in Cash and Cash Equivalents	(763.41)	(4,515.42)
Cash & cash equivalents at the beginning of the period	3,130.89	7,646.31
Cash & cash equivalents at the end of the period	**2,367.48**	**3,130.89**
Cash & cash equivalents as per above comprise of following		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	1.98	392.68
Saving Account (Refer Note i)	141.19	136.08
Deposits with original maturity of less than three months	2,222.78	2,600.47
b) Cash on Hand	1.53	1.66
Total	**2,367.48**	**3,130.89**

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

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Notes to the Standalone Financial statements for the period ended 31st March, 2020

1. Corporate Information

Hindustan Organic Chemicals Limited (the company) is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on Bombay Stock Exchange (BSE) in India. The registered office of the company is located at 401, 402 and 403, 4th Floor, V Times Square, Sector 15, CBD Belapur, Navi Mumbai 400614 previous year at Rasayani, Raigad Dist. Maharashtra. The Company is principally engaged in the business of bulk industrial chemicals and chemical intermediates.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statement

"These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (`Act') (to the extent notified). The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The separate financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

Derivative financial Instrument

Defined Benefit Plans – Plan Assets

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),The financial statements are presented in Indian Rupee ('INR') or ('Rs.') which is also the Company's functional currency and all values are rounded to the nearest lakhs upto two decimals, except when otherwise indicated. Wherever the amount represented Rs. '0' (zero) construes value less than Rupees a lakh.

Significant accounting estimates, assumptions and judgements

The preparation of the Company's separate financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

"The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed at appropriate places.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Taxes

Tax expense (Income Tax and Deferred Tax) in accordance with Ind-AS 12: Accounting for Taxes on Income has been recognised. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made.The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations

"The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, pension, post-employment medical plans; and

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. A defined benefit plan is a post employment benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employee have earned in return for their services in the current and prior periods.

v. Defined contribution plans

The company's provident fund scheme is a defined contribution plan. A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognised as employees benefit expenses in the statement of Profit and Loss when they are due.

i. Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date. The Company's liability is actuarially determined at the end of each year. Actuarial gains/ losses through re-measurement are recognised in other comprehensive income.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

a) Defined benefit plans (gratuity benefits), liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the planned assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels and period of service etc.

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

c) Temporary 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.

d) Bonus is provided in accordance with provisions of Payment of bonus act,1965 on the basis of profitability.

e) Post employment and other long term employee benefits are recognised 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 technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured on the basis of quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model.The inputs to these models are taken from observation of the market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk,credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet 31.03.2019.

Impairment of financial assets

Provision for doubtful debts / Loans / Advances is made in the Books in respect of Sundry Debtors outstanding for more than 3 years. In respect of other Debtors, Loans and Advances, provisions are made to the extent considered as not recoverable by the management.

Impairment of non-financial assets

"The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset should be considered as impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators."

2.2 Summary of significant accounting policies

a) Current versus Non-Current classification

"The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Trade receivables which are expected to be realised within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as noncurrent only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by units in this regard.

liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period payable shall be classified as Trade Payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue recognition

The Company earns revenue primarily from manufacturing chemical product.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

As the Company is engage only in chemical manufacturing business and operating from single location only therefore disaggregates revenue based on geography location and industrial vertical are not require.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of product

Revenue from the sale of prduct is recognised when the significant risks and rewards of ownership of the product have passed to the buyer. Revenue from the sale of product is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rebates..

Rendering of services

Income from services are recognized as and when the services are rendered.

Interest income

Interest income from a financial asset is recognised using effective interest rate method. Interest income is included in other income in the statement of profit and loss.

Rental Income

Rental income arising from operating lease on investment properties is accounted for on a straight line basis over lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases and is included in the Statement of profit or loss due to its operating nature.

c) Property, Plant and Equipment

Items of Property, plant and equipment including Capital-work in-progress are stated at cost (except land valued at fair value), net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives as prescribed in schedule II of Companies Act,2013. All other repair and maintenance costs are recognised in statement of profit or loss as an when incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives

Intangible assets: Amortisation over a period of 5 years.

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."

Investment Properties

The company uses the carrying value as the deemed cost of investment properties. Investments in property that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are measured initially at its cost including transaction cost and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent cost are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

The company depreciates its investment properties over the useful life which is similar to that of Property, Plant and Equipment.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

d) Non-Current assets held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing use.This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Leasehold improvements over the period of lease

Leasehold Land:

Lease premium paid on leasehold land is amortised over the life of the lease.The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

"i) Intangible assets consisting of computer software and SAP licence cost are amortised over a period of 5 years on straight line basis (SLM) from the date of acquisition.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition,intangible assets with definite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. Research costs are expensed as an when incurred. -Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate technical and commercial feasibility of making the asset available for use or sale.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset."

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Currency Transactions and balances

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets andTransactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rate prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets

h) Fair value measurement

"The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place eitherin the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.The principal or the most advantageous market must be accessible by the Company.The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricingthe asset or liability, assuming that market participants act in their economic best interest.A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities"

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

i) Leases

"The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition."

Company as a lessee

"A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased propertyor, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

Company as a lessor

"Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease."

j) Inventories

"(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products and finished products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) By-products are valued at estimated net realizable value.

(iv) Trading goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale."

k) Impairment of non-financial assets

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified,an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators."

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount,nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profitand loss net of any reimbursement.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects,when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

m) Financial instruments

"A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss."

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

"b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method."

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit andloss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in thestatement of profit and loss.

De-recognition

"A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

the rights to receive Cash flows from the asset have expired, or

the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay."

Impairment of financial assets

"In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits,trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables andOther receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount."

n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts,financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with theterms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amountrecognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised inthe statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis,to realise the assets and settle the liabilities simultaneously.

o) Derivative financial instruments

Initial recognition and subsequent measurement,The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Taxes

Current income tax

"Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situationsin which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognised for all taxable temporary differences, except:When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction thatis not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable futureDeferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it hasbecome probable that future taxable profits will allow the deferred tax asset to be recovered.Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at thereportingdate.Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in othercomprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction eitherin OCI or directly in equity.

s) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

Export Benefits:

"Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'."

u) Earnings Per Share:

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

v) Contingent Liability and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by theoccurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Companyor a present obligation that is not recognized because it is not probable that an outflow of resources will be requiredto settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot berecognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.Contingent liabilities and contingent assets are reviewed at each balance sheet date.

w) Share-Based Payments:

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

x) Errors and Omissions of earlier period:

Errors and omissions in individual items of Income and Expenditure relating to earlier periods, exceeding '1 Lakh is accounted in the respective period, if possible, or adjusted against opening retained earnings.

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has applied as they are effective from April 1, 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard. The company does not expect any significant impact from this pronouncement

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE 3 - Property, Plant and equipment

(Rs. In Lakhs)

Sl. No.	Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
		As at 01.04.2019	Additions	Deletions	Adjustments	As at 31.03.2020	Up to 01.04.2019	Deletions	Provided during the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
a.	**Property, Plant and equipment**											
1a	Land and Land Development	578.25	0.00	0.00	0.00	578.25	0.00	0.00	0.00	0.00	578.25	578.25
1b.	-do- Revaluation	8715.67	608.90	0.00	0.00	9324.57	0.00	0.00	0.00	0.00	9324.57	8715.67
2.	Buildings	1282.52	0.00	0.00	0.00	1282.52	833.04	0.00	22.30	855.34	427.18	449.48
3.	Plant and Equipment	24895.81	51.70	4.69	0.00	24942.82	22776.78	0.00	92.04	22868.82	2074.00	2119.02
4	Furniture, Fixtures and Equipments	111.57	2.75	0.00	0.00	114.32	107.27	0.00	1.40	108.67	5.65	4.30
5.	Vehicles	117.98	0.00	0.00	0.00	117.98	106.02	0.00	0.84	106.86	11.12	11.96
6.	Office Equipment	663.54	8.98	0.00	0.00	672.52	638.02	0.00	3.03	641.05	31.47	25.52
7.	Library Books	13.47	0.00	0.00	0.00	13.47	13.43	0.00	0.00	13.43	0.04	0.04
	Sub-total	36378.81	672.33	4.69	0.00	37046.45	24474.56	0.00	119.61	24594.17	**12452.28**	**11904.24**
8	Assets held for disposal	122865.38	0.00	24057.49	0.00	98807.89	5019.77	4962.68	0.00	57.09	98750.80	117845.61
	Total	**159244.19**	**672.33**	**24062.18**	**0.00**	**135854.34**	**29494.33**	**4962.68**	**119.61**	**24651.26**	**111203.08**	**129749.85**
Capital work- in- progress		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b1.	Investment property Land	16.71	0.00	0.00	0.00	16.71	0.00	0.00	0.00	0.00	16.71	16.71
b2.	Investment property Building	136.89	0.00	0.00	0.00	136.89	58.45	0.00	7.22	65.67	71.22	78.44
	Total	**153.60**	**0.00**	**0.00**	**0.00**	**153.60**	**58.45**	**0.00**	**7.22**	**65.67**	**87.93**	**95.15**
c) Intangible assets - Computer software		399.84	20.80	0.00	0.00	420.65	399.84	0.00	1.93	401.77	18.85	0.00
	G. Total	**159797.63**	**693.13**	**24062.18**	**0.00**	**136428.59**	**29952.62**	**4962.68**	**128.76**	**25118.70**	**111309.86**	**129845.00**

1. Kochi unit of the company had given 1.03 acre of land to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under lease agreement and the value of investment has been determined using pro-rata basis.
2. Kochi unit of the company own 184 residential flats comprising of 155104 Sq. Ft. out of which 46594 Sq. ft. consisting of 55 flats has been earmarked as investment property for letting out.

Amounts recognised in profit or loss for investment properties

	31.03.2020	31.03.2019
Rental income including contingent rent	32.72	25.86
Direct operating expenses from property that generated Rental Income	8.73	12.00
Direct operating expenses from property that did not generate rental income	0.00	0.00
Income from investment properties before depreciation	**23.99**	**13.86**
Depreciation	2.17	2.17
Income from investment properties	**21.82**	**11.69**

Fair value of investment property (Land)	As at 31.03.2020 (Rs. In Lakhs)
Investment property-Sterling Gas Ltd	84.48
Investment property-Township	336.04
Total	**420.52**

Estimation of fair value:

The fair value of investment property has been determined by an external independent property valuer having professional qualification. The fair value determined by Govt. has been used to determine fair value of investment property.

An amount of Rs.33.12 lakhs short provided towards fixed assets and corresponding depreciation reserve short provided by Rs.1.22 lakhs resulted in short provision of net fixed asset value by Rs.31.90 lakhs due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Value of asset and corresponding depreciation reserve short provided

(b) Amount of correction : Rs.33.12 lakhs in assets, Rs.1.22 lakhs in depreciation reserve and Rs.31.90 lakhs in net block.

(c) Financial line item affected : Note No.3 (3)

3d) Non current assets held for sale **Amount (Rs in Lakhs)**

Description of the Non-Current Assets	Facts and Circumstances of the sale	Manner of disposal	Timing of disposal	NET BLOCK	
				As on 31.03.2020	As on 31.03.2019
Land	Closure of Rasayani unit and disposal of assets.	Direct sale of 152 acres of land to BPCL and balance through NBCC.	Within 12 months	98625.83	115869.84
Buildings		E-auction through MSTC	-do-	65.15	73.16
Plant and Equipment		-do-	-do-	58.87	263.66
Furniture, Fixtures and Equipments		-do-	-do-	0.95	0.95
JNPT Tank farm- CWIP		Handing over to JNPT	-do-	0.00	1638.00
Total				**98750.80**	**117845.61**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Rs. in Lakhs

Description	As at 31.03.2020	As at 31.03.2019
4. Investments		
Non current		
Investment stated at Cost		
(A) Investments in Equity Instruments		
a. Investment in Subsidiaries (Quoted) 11060000 (previous year 11060000) Equity Shares of Rs. 10 each fully paid in Hindustan Fluorocarbons Ltd. (Holding 56.43% of shares)	1106.00	1106.00
Less: Provision for diminution of investment (Market value as on 31.03.2020 Rs.2.93, Previous Year Rs. 15.35 per share)*	781.94	-
	324.06	**1,106.00**
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd (50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for diminution of investment	-	-
	5.00	**5.00**
Total Non-Current Investments	**329.06**	**1,111.00**

Aggregate amount of quoted investments (Market Value)	324.06	1174.57
Aggregate amount of quoted investments (Cost)	1106.00	1106.00
Aggregate amount of unquoted investments	5.00	5.00
Aggregate amount of provision for impairment	781.94	-
Total Non-Current Investments	**329.06**	**1,111.00**

* Gain/loss in value of investment is recognised in Other comprehensive income since the market value as on 31.03.2020 was only Rs.2.93 per share (Face value Rs.10 per share).

5. Loans (Non-current asset)

(A) Security Deposit		
a. Unsecured, Considered good	0.00	0.00
b. Doubtful	3.06	3.06
Less: Allowance for doubtul security deposit	-3.06	-3.06
	-	**-**
(B) Sundry loans		
Loans to employees		
a. Unsecured, Considered good	-	0.44
Total Non-current loans	**-**	**0.44**

6. Other Non-Current Assets

i) Deposits with customs, MSEB, KSEB, BSNL, Rent deposit & Registrar HC.	624.15	618.93
Total (Other Non-Current Assets)	**624.15**	**618.93**

7. Inventories

a. Raw materials and components	515.89	574.87
b. Work-in-Progress (WIP)	835.12	789.40
c. Finished goods	1187.85	1208.65
d. Store and spares	2529.78	2518.00
Less: Allowances for obsolesence *	-448.50	-356.31
	2081.28	**2161.69**
Total	**4,620.14**	**4,734.61**

* Allowances for stores obsolesence are made at 50% of the Slow moving items above five years.

8. Trade receivables

Current		
Secured	0.00	1440.76
Unsecured, Considered good	786.23	329.87
Doubtful	1465.78	2571.84
Less: Allowance for doubtul trade receivable	-1465.78	-2571.84
Less: Bills Receivables discounted	0.00	0.00
Total trade receivables	**786.23**	**1770.63**

Allowance is made in the accounts for trade receivables which in the opinion of the management are considered doubtful of recovery. The Company is consistently following the practice of creating allowance for those trade receivables which remain outstanding for more than three years or doubtful of recovery.

The disclosure of movement as required under Indian Accounting Standard 37

Allowance for doubtful Trade receivables	As at 31.03.2020	As at 31.03.2019
Provision at the beginning of the year	2571.84	2571.80
Provisions made during the year	15.66	0.04
Less: written off during the year *	1121.72	0.00
Provision at the end of the year	**1465.78**	**2571.84**

*During the year the Company has written of Trade Receivables to the tune of Rs.1121.72 lakhs for which allowance has already been created, after due process of legal options for recovery has been concluded.

9a. Cash and cash equivalents

Current		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	1.98	392.68
Saving Account *	141.19	136.08
Deposits with original maturity of less than three months	2222.78	2600.47
b) Cash on Hand	1.53	1.66
Total	**2,367.48**	**3,130.88**

* Balance in Saving account is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

9b. Other Bank balances

Fixed Deposit against LC/BG	3900.00	3904.12
Fixed deposit for maturity of more than three months but less than 12 month	4098.00	0.00
Total	**7,998.00**	**3,904.12**

10. Loans (Current asset)

A) Current Loans and Advances to related parties		
Secured	3197.08	3197.08
(M/s. Hindustan Fluorocarbons Ltd.)		
Less: Provision for Doubtful repayment	1161.82	1161.82
Net amount	**2,035.26**	**2,035.26**
(B) Loans to employees		
a. Unsecured, Considered good	**66.65**	**66.64**
Less: Allowances	**60.41**	**60.41**
	6.24	**6.23**
(C) Sundry loans		
Doubtful	65.00	65.00
Less: Allowance for doubtul sundry loans	65.00	65.00
	-	**-**
Total loans (Current)	**2,041.50**	**2,041.49**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company

Subsidiary Company Hindustan Fluorocarbons Ltd has created mortgage in favour of the company on 84.31 acres of land at Rudraram Village, Medak Dist., Telengana state towards zero coupon loan of Rs.2744.07 lakhs outstanding, the interest bearing loan of Rs.453.01 lakhs and interest accruing thereon till the date of repayment of loan together with interest accrued. As per the current circle rate the value of the property/ security comes to Rs.2035.26, therefore provision for doubtful of recovery of loan and accrude interest amounting to Rs.1161.82 lakhs (Previous year Rs.1161.82 lakhs) and Rs.902.51 lakhs (Previous year Rs.845.25 lakhs) respectively had been created during the year towards the shortfall in the value of security.

11. Other Financial Assets

Current		
A) Interest receivable		
Unsecured, Considered good		
Accrued Interest on Deposits	371.89	210.52
Less: Provision for Doubtful Receipt	106.08	106.08
	265.81	**104.44**
Accrued Income from Township	5.53	5.53
Less : Allowances	5.53	5.53
	-	**-**
Total	**265.81**	**104.44**
B) Interest Receivables from related parties		
(M/s. Hindustan Fluorocarbons Ltd.)	902.51	845.25
Less: Provision for Doubtful repayment	902.51	845.25
Net amount	**-**	**-**
C) Receivable from ISRO (Reimbursement)	-	305.76
(Unsecured, Considered good)		
D) Miscellaneous advance recoverable		
a. Unsecured, Considered good		
b. Doubtful	0.15	0.00
Less: Allowance for doubtful other financial assets	-	-
	0.15	-
Total Other Financial Assets	**265.96**	**410.20**

12. Other Current Assets Rs. in Lakhs

i) Deposits with the Collectorate of Central Excise and Customs	10.00	28.51
Less : Allowances	2.90	2.90
Sub-total	**7.10**	**25.61**
ii) Statutory receivables - Duties & Taxes	2838.24	2851.52
Less :- Allowances	4.29	5.97
Sub-total	**2,833.95**	**2845.55**
iii) Advances to suppliers		
- Considered good	337.14	134.84
Less: Allowances for doubtful	1.44	0.00
	335.70	**134.84**
iv) Deposits	18.34	4.85
Less: Allowances for doubtful	0.00	1.80
Sub-total	**18.34**	**3.05**
v) Consideration of sale of Fixed Assets receivable	-	911.05
vi) Prepaid expenses	155.46	196.86
vii) Other Advances Recoverable	37.88	43.15
viii) Accrued income on Employee Advances	24.10	38.74
ix) Claim Receivable from Employees	-	-
Total (Other Current assets)	**3412.53**	**4198.85**

13. Share Capital

Rs. in Lakhs

Description	As at 31.03.2020		As at 31.03.2019	
	Nos.	Rs.	Nos.	Rs.
Authorised Share Capital				
Equity Shares of Rs. 10 each				
Opening Balance	100000000	10000.00	100000000	10000.00
Increase/(decrease) during the year -	0.00	-	0.00	
Closing balance	**100000000**	**10000.00**	**100000000**	**10000.00**
Issued equity capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid				
Opening balance	67173100	6717.31	67173100	6717.31
Add: Paid-up amount on shares forfeited -	9.65	-	9.65	
Increase/(decrease) during the year -	0.00	-	0.00	
Total - Equity share capital	**67173100**	**6726.96**	**67173100**	**6726.96**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs.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.

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	No. In	**% Holding**	**No. In**	**% Holding**
Equity shares of INR 10 each fully paid: The Government of India	3,94,81,500	58.78%	3,94,81,500	58.78%

During the year 2010-11, the Company forfeited 193000 shares of Rs.10 each (Rs.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”.

Rs. in Lakhs

Description	As at 31.03.2020	As at 31.03.2019
14. Other equity		
a) Securities Premium Reserve		
Opening balance	4838.57	4838.57
Increase/(decrease) during the year	0.00	0.00
Closing balance	**4,838.57**	**4,838.57**
b) Retained Earnings		
Opening balance	-105346.85	-118160.39
Add: Profit/(Loss) for the year	-9468.36	7088.19
Add: Profit on sale of Land	13718.56	5725.35
Closing balance	**(1,01,096.65)**	**(1,05,346.85)**
c) Other comprehensive income		
i) Revaluation of Property, plant & Equipments		
Opening balance	105679.42	110818.94
Add: Revaluation during the year	-2916.56	-334.32
Less : Cost of sale of revalued assets	0.00	-234.85
Less: Reserve transferred to Retained Earning	-13718.56	-5725.35
Add : Reversal of Deferred Tax liability on account of sale	2853.00	1191.00
Add/Less: Deferred Tax liability on account of revaluation during the year	556.00	-36.00
Closing balance	**92,453.30**	**1,05,679.42**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

ii) Provision for Duties & Taxes Receivable - Kochi		
Opening balance	0.00	-381.22
Less: Duties and Taxes provision not required	0.00	381.22
Closing balance	-	-
iii) Changes in Employees defined benefits plan		
Opening	716.13	873.02
Less:Re-measurement of defined benefit plan	-182.55	-156.89
Closing	**533.58**	**716.13**
iv) Equity Instrument through Other Comprehensive Income		
Opening balance	0.00	0.00
Add: Revaluation during the year	-781.94	0.00
Less : Deferred Tax liability on account of revaluation during the year	228.00	0.00
Closing balance	**(553.94)**	**-**
Total - Other Comprehensive income	**92,432.94**	**1,06,395.55**
Total Other Equity	**(3,825.14)**	**5,887.27**

Securities Premium Reserve - Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

15. Borrowings (Non-Current Liability)

Term Loan		
Loans from Government of India	15882.38	24561.88
Other Loan	-	-
Total	**15,882.38**	**24,561.88**

Details of Loan from Govt. of India as on 31.03.2020

(Rs.in Lakhs)

Sl. No.	Govt. Sanction No.	Purpose	Date of Sanction Date	Date of drawal	Rate of Interest	No. of installments	Loan Amt. as on 31.03.2020	Instalments due upto 31.03.2020	Total Interest upto 31.03.2020	Interest overdue upto 31.03.2020	Current maturity of loan
								Note No.24 (i)		Note No.24 (v)	Note No.21
1	52(25)/2001-ChIII	For meeting expenditure on renewal and replacement of plant machinery (Secured)	23.09.2005	29.09.2005	12.50%	10	350.00	350.00	634.55	612.50	
2	52(25)/2001-ChIII	-do-	27.03.2006	29.03.2006	12.50%	10	250.00	250.00	437.67	437.50	
3	51/18/2007-ChIII	For meeting expenditure on repair cost of CPP, Kochi unit	28.12.2007	28.12.2007	11.50%	5	100.00	100.00	140.96	138.00	
4	51/18/2007-ChIII	For renewal and replacement in HFL, Subsidiary company	27.03.2008	30.03.2008	11.50%	5	500.00	500.00	690.16	690.00	
5	16017/11/2007-ChIII	For supporting CDM project in HFL, Subsidiary company	13.08.2008	26.08.2008	14.50%	1	315.00	315.00	529.70	502.43	
6	16017/11/2007-ChIII	For various projects in Kochi unit.	23.03.2009	27.03.2009	14.50%	1	41.00	41.00	65.46	65.40	
7	51/11/2009-Ch.III	-do-	01.12.2009	15.12.2009	11.50%	5	660.00	660.00	781.25	759.00	
8	51/11/2009-Ch.III	-do-	20.01.2010	22-01-2010	11.50%	5	843.00	843.00	987.78	969.45	
9	P.51012/01/2012-32	For various projects	12.09.2012	18-09-2012	11.50%	5	1760.00	1760.00	1524.93	1416.80	
10	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX with GoI guarantee.	07.09.2015	10-09-2015	11.50%	5	1057.00	845.60	553.82	486.22	211.40
11	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XXI with GoI guarantee.	22.09.2015	24-09-2015	13.50%	5	1404.00	1123.20	856.31	758.16	280.80
12	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX & XXI with GoI guarantee.	22.09.2016	27-09-2016	11.00%	5	2461.00	1476.60	950.08	812.13	492.20
13	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX with GoI guarantee.	02.08.2017	07-08-2017	11.00%	5	1057.00	422.80	308.04	232.54	211.40
14	P.51012/4/2013-32-Ch.III	For repayment of principal HOCL Bonds series XX with GoI guarantee.	11.08.2017	14-08-2017	11.00%	5	10000.00	4000.00	2893.15	2200.00	2000.00
15	P.51012/4/2013-32-Ch.III	For repayment of principal and interest on HOCL Bonds series XXI with GoI guarantee.	12.09.2017	19-09-2017	11.00%	5	16392.46	6556.98	4564.81	3606.41	3278.49
16	P.51012/4/2013-32-Ch.III	For payment of statutory dues related to employees and other.	28.09.2017	29-09-2017	11.00%	5	11026.00	4410.40	3037.13	2425.72	2205.20
	Interest on loans repaid upto 31.03.2020								5511.09	5511.09	
	Total						**48216.46**	**23654.58**	**24466.89**	**21623.35**	**8679.49**

16. Provisions (Long term liability)

Opening		
For Employee's Benefits - Leave encashment	1005.07	983.59
Diff. in Fixed Assets	2.07	2.07
Provision for CBI Landlord account deposit interest	0.00	0.00
Provision for land Lease premium	-	490.99
Sub-total	**1,007.14**	**1,476.65**
<u>Arising during the year</u>		
For Employee's Benefits - Leave encashment	34.09	21.48
Diff. in Fixed Assets	1.66	0.00
Provision for CBI Landlord account deposit interest	5.11	0.00
Provision for land Lease premium	-	-
Sub-total	**40.86**	**21.48**
<u>Utilised</u>		
For Employee's Benefits - Leave encashment	-	-
Diff. in Fixed Assets	-	-
Provision for CBI Landlord account deposit interest	-	-
Provision for land Lease premium	-	490.99
Sub-total	**-**	**490.99**
Closing		
For Employee's Benefits - Leave encashment	1039.16	1005.07
Diff. in Fixed Assets	3.73	2.07
Provision for CBI Landlord account deposit interest	5.11	0.00
Provision for land Lease premium	-	-
Total	**1,048.00**	**1,007.14**

17. Deferred Tax liabilities

a) Deferred Tax Liability		
Excess Provision Written back	274.00	1,369.00
Impairment Provision written back	-	450.00
VRS Allowance U/s 35DDA of the Income Tax Act	469.00	469.00
Fair Value of Land	15422.52	18831.52
Fair Value of Investment in HFL	-228.00	-
	15937.52	**21119.52**
b) Deferred Tax Asset		
Depreciaiton	19.00	33.00
Provision for leave encashment	103.00	29.00
Voluntary Retirement Expense	-	91.00
Provision for doubtful debts	5.00	14.00
Provision for doubtful Advance	19.00	19.00
Provision for stock obsolences	27.00	-
Provision for statutory claims	17.00	-
Provision for liability on long term agreement	-	33.00
Accumulated carried forward loss to the extent of set off	553.00	0.00
	743.00	**219.00**
	15194.52	**20900.52**
Reversal of deferred tax liability [Note No.44]	**-**	**-2069.00**
Net Deferred tax liability [Note No.44]	**15,194.52**	**18,831.52**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

i) The deferred tax asset available on unused tax loss has not been recognised as there is no certainty that future adequate taxable profit available against which unused tax loss can be utilised. This has been adjusted to the extent of Rs.553 lakhs of deferred tax liability recognisable in statement of profit and loss during the year as it is relating to the same taxable authority and same period. Also refer Note No.44.

ii) The net deferred tax liability of Rs.2069 lakhs recognised in statement of profit and loss in 2018-19 is reversed during the year as it would have been adjusted towards deferred tax asset available on unused tax loss during that year as it is relating to the same taxable authority and same period. It is rectified by reinstating the previous year deferred tax liability in accordance with Ind AS 8. Also refer Note No.44.

An amount of Rs. 2069.00 lakhs excess provided towards deferred tax expense and deferred tax liability during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Deferred tax expense and liability excess provided

(b) Amount of correction : Rs.2069.00 lakhs

(c) Financial line item affected : Deferred tax expense in P&L A/c. and Note No.17 deferred tax liability

18. Net employee defined benefit liabilities - Non current

Net employee defined benefit liabilities - Gratuity	2199.25	2306.38

19. Preference Share capital

Opening Balance	27000.00	27000.00
Increase/(decrease) during the year	-	-
Closing balance	**27000.00**	**27000.00**

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released earlier in the year 2006-07 Rs.27000 lakhs (for financial restructuring Rs. 25000 lakhs and Caustic Soda Plant recommissioning Rs. 2000 lakhs)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 (ie.2015-16). At the request of the Company, Government of India had extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. At the request of the Company, the Government of India, had granted further extension of redemption, subject payment of interest @ 1.5 % pa, on the total amount of Rs.27000 lakhs and an amount of Rs.405 lakhs has been provided in the books of accounts during the year. Further interest @1 % is payable for default in repayment and accordingly interest amount of Rs.270 lakhs has been provided during the year.

20. Trade payables

Current - Trade Payable (Sundry Creditors)		
i) Outstanding dues of micro and small enterprises	94.94	100.44
ii) Outstanding dues of other than micro and small enterprises	3517.94	9699.68
Total	**3,612.88**	**9,800.12**

Amount due to Micro, Small and Medium enterprises:

Particulars		
a) i) Principal amount remaining unpaid as at the end of each accounting year	94.94	100.44
ii) Interest due thereon	-	-
iii) Interest due and payable for the period of delay in payment	-	-
iv) Interest accrued and remaining unpaid	-	-
v) Interest due and payable even in suceeding years	-	-

b) Dues to Micro, Small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. All the dues to them are paid within due date and there is no overdue amount as on the closing date.

21. Other Current financial liabilities

Current maturities of Long term debt:		
Current maturities of Govt loan	**8679.49**	**8679.49**
Total Borrowings	24561.88	33241.37
Less: Amount clubbed under “other current financial liabilities	8679.49	8679.49
Other payables	-	-
Non-current Borrowings (Net)	15,882.39	24,561.88
Aggregate Secured loans		
Aggregate Unsecured loans	24561.88	33241.37

Note:

i) There is a continuing default in repayment of loan from Government of India since the year 2005-06 and the overdue amount towards principal is Rs.23654.58 Lakhs (previous year Rs.17660.09 Lakhs)and for interest accrued is Rs.21623.35 Lakhs (previous year Rs.16648.51 Lakhs), these amounts are shown under ‘Other Current Liabilities’. Rs.8,679.49 Lakhs (previous year Rs.8679.49 Lakhs)maturing in next 12 months is shown under Other Current Liabilities as ‘current maturity of long-term borrowings’. The Company has during the year repaid loan overdue Principal amounts of Rs.2685.00 lakhs (previous year Nil).

ii) The interest on Government of India loan upto the date of March 31, 2005 amount to Rs.758.97 lakhs has been written off as the Government has granted ex-post facto approval to the request for waiving interest vide letter dated 12.06.2020.

22. Provisions (Short term liability)

Opening		
For Employees’ Benefits (Leave)	307.57	339.36
For Employees Remuneration	20.81	20.81
For Statutory claims	0.00	0.00
For Interest to others	-	-
For Additional Interest	4542.06	5931.77
Sub-total	**4,870.44**	**6,291.94**
Arising during the year		
For Employees’ Benefits (Leave)	370.65	326.31
For Employees Remuneration	0.00	0.00
For Statutory claims	60.10	0.00
For Interest to others	0.00	63.62
For Penal Interest	675.00	676.10
Sub-total	**1,105.75**	**1,066.03**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

22. Provisions (Short term liability)

Utilised		
For Employees' Benefits (Leave)	307.57	358.10
For Employees Remuneration	0.00	0.00
For Statutory claims	0.00	0.00
For Interest to others	0.00	63.62
For Penal Interest	0.00	2065.81
Sub-total	**307.57**	**2,487.53**
Closing		
For Employees' Benefits (Leave)	370.65	307.57
For Employees Remuneration	20.81	20.81
For Statutory claims	60.10	0.00
For Interest to others	0.00	0.00
For Penal Interest	5217.06	4542.06
Total	**5,668.62**	**4,870.44**

During the year the company has made provision in respect of Damages/Penalty/ Penal interest and the total cumulative provision is given below.

a. Interest (1.5 %) on Preference Share (Rs.270 Crore) postponement of redemption for 4 year Rs.405 lakhs.

b. Interest on default in repayment of Preference Share Capital @ 1 % Rs.270 lakhs per year.

Total impact on account of the above is Rs.675 Lakhs for one year.

23. Net employee defined benefit liabilities - Current

Net employee defined benefit liabilities - Gratuity	79.14	90.17

24. Other current liabilities

i) Loan overdue- Loan from Government of India	23654.58	17660.09
ii) Advances from customers	420.46	741.61
iii) Deposits from Vendors / Customers	275.93	387.10
iv) Interest accrued but not due (on GoI Loan)	2843.56	2974.25
v) Interest accrued and due (on GoI Loan)	21623.35	16648.51
vi) Statutory Liabilities	478.72	452.27
vii) Employee related liabilities	253.84	865.88
viii) Payroll Recoveries Payable	11.85	12.26
ix) Other Liabilities	1926.52	2262.82
Total other current liabilities	**51,488.81**	**42,004.79**

Rs. in Lakhs

Description	**Year ended 31.03.2020**	**Year ended 31.03.2019**

25. Revenue from operations - Sale of products (Manufactured)

Revenue disaggregation by class of products		
Phenol	19875.83	33009.32
Acetone	7062.72	9582.98
H_2O_2	1361.13	3253.54
H. E. of Cumene	1205.92	837.34
Cumox Oil	495.63	515.83
Others	0.00	0.00
Total	**30001.23**	**47199.01**

Details of major customer

Following are list of single customer represent 10% or more revenue during the year ended 31st March, 2020 and 31st March, 2019.

For F.Y. 2019-20 Rs. in Lakhs

Name of customer	Amt of revenue	%of total revenue
Ramesh Kumar & Company	10523.40	35%
Sonkamal Enterprises P Ltd	6108.84	20%
Pooja Petro Chemicals	8303.84	28%
For F.Y. 2018-19		
Name of customer	Amt of revenue	%of total revenue
Ramesh Kumar & Company	7526.49	15%
Sonkamal Enterprises P Ltd	5034.37	10%
Deepak Fertilisers and Chemicals Ltd	21953.48	44%

26. Other income

Direct income		
Facility charges from ISRO	230.00	910.00
Sale of Scrap	0.48	0.25
Sub-total	**230.48**	**910.25**
Interest income on		
On Call and Term Deposits (Gross)	649.95	380.93
On Advances and Deposits with MIDC, MSEB and others	26.08	77.97
On loan to Subsidiary Company	63.62	63.62
Delayed payment & Finance charges from Sundry debtors	8.96	14.72
Sub-total	**748.61**	**537.24**
Other non-operating income		
Estate Rent	55.13	78.55
Transport, Water, Electricity,etc. recoveries	5.29	8.95
Sale of Tender Forms	0.24	0.18
Exchange rate Diff - Gain	0.94	0.00
Creditors written back	182.12	4702.76
Interest on GoI Loan interest waived	758.97	0.00
Provision for Impairment written back	0.00	1544.65
Profit on Sale of Assets	162.18	3508.57
Miscellaneous Income	50.66	280.15
Sub-total	**1215.53**	**10123.81**
Total	**2194.62**	**11571.30**

The interest on Government of India loan sanctioned to the company upto the date of March 31, 2005 amount to Rs.758.97 lakhs has been written off as the Government has granted ex-post facto approval to the request for waiving interest vide letter dated 12.06.2020.

Reversal of Excess Provision w/ back include the following:

1. JNPT liabilities	0.00	1685.98
2. Khargar land lease premium.	0.00	490.99
4. Penal interest on Govt. Loan	0.00	2004.30
6. Provision no longer required in various cases	182.12	521.49
Total	**182.12**	**4702.76**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

27. Cost of raw material and components consumed

Inventory at the beginning of the year	574.87	907.84
Add: Purchases	19622.88	25184.57
Add: Raw material Overhead	0.00	0.00
Less: inventory at the end of the year	515.89	574.87
Cost of raw material and components consumed	**19,681.86**	**25,517.54**

28. Changes in Inventories of Finished Goods and WIP

(Increase) / Decrease in inventory		
Inventories at the beginning of the year:		
(i) Stock-in-Process	789.40	930.81
(ii) Stock for Captive consumption	89.68	282.78
(iii) Main Products	1109.08	1710.64
(iv) By Products	9.89	17.81
	1998.05	**2942.04**
Inventories at the end of the year:		
(i) Stock-in-Process	835.12	789.40
(ii) Stock for Captive consumption	138.14	89.68
(iii) Main Products	952.58	1109.08
(iv) By Products	97.13	9.89
	2022.97	**1998.05**
Changes in Inventories of finished goods and work in progress	**-24.92**	**943.99**

29 Employee benefits expense

a. Salaries, wages and bonus	3679.77	3940.96
b. Contribution to provident and other funds	506.39	430.45
c. Gratuity payments including premium for Group	232.63	214.60
d. Provision for Leave Encashment	354.52	98.17
e. Staff welfare expenses	492.65	473.65
	5265.96	**5157.83**
Voluntary retirement benefits (VRS & VSS)	0.00	312.37
Total	**5265.96**	**5470.20**

Note:

An amount of Rs.158.21 Lakh is provided for the short fall over an above investment made by the CPF Trust (Managed by the Company till 30th June, 2018) for the liability towards employees. Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts have been transferred to EPFO.

An amount of Rs.6.74 lakhs short provided towards canteen expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Canteen expense short provided

(b) Amount of correction : Rs.6.74 lakhs

(c) Financial line item affected : Note No.29 (e)

30. Finance costs

Interest:		
On Fixed Loans - Govt Loan	5601.78	6522.09
Interest - Others	4.82	15.62
	5606.60	**6537.71**
Other Borrowing Cost	19.74	36.04
Total finance costs	**5626.34**	**6573.75**

31. Depreciation and amortization expense

Depreciation of tangible assets	126.83	176.90
Amortization of intangible assets	1.93	0.00
Total	**128.76**	**176.90**

An amount of Rs.1.22 lakhs towards depreciation short provided due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Value of depreciation short provided

(b) Amount of correction : Rs.1.22 lakhs in depreciation .

(c) Financial line item affected : Note No.31

32. Other expenses

Consumption of Stores and Spares:		
i) Catalyst and Chemicals	190.86	249.27
ii) Consumable stores	413.59	347.05
iii) Packing materials	281.32	347.71
	885.77	**944.03**
Utilities:		
Power	1742.38	2531.01
Fuel	4317.03	5536.09
Water	234.29	224.04
	6293.70	**8291.14**
Repairs & Maintenance:		
Building	91.99	46.55
Plant and Machinery	344.22	117.11
Other Assets	252.76	195.68
	688.97	**359.34**
Administration Expenses:		
Rent	34.92	27.93
Insurance	242.51	89.39
Rates and taxes	548.30	175.73
Consultancy charges	162.37	139.78
Payment to Auditors: As Auditors	3.80	5.51
For Other statutory audits	1.30	0.00
For Reimb. of Expenses	0.75	0.40
Other expenses:		
Power for Township	24.24	60.95
Water for Township	15.65	69.76
Security Expenses	251.54	278.77
Advertisement Expenses	0.51	41.60
Hire of Vehicles Expenses	27.44	28.34
Loss on Sale of Assets/Disposal	53.55	77.02
Sundry balances written off	0.00	308.99
Miscellaneous Expenses	237.77	393.53
	1604.65	**1697.70**
Selling and distribution expenses:		
Cash Discount	606.12	758.24
Other selling expenes	0.00	48.60
	606.12	**806.84**
Provisions:		
Provision for Doubtful Debts	17.09	47.16
Provision for Doubtful Advances	57.26	63.62
Provision for Stock Obsolescence	92.19	0.00
Provision for Statutory claims	58.71	0.00
Provision for Penal interest	675.00	676.10
Unidentified assets	1.66	0.00
Material Purchase commitment charge	0.00	113.79
Provision for Doubtful of recovery (CBI Landlord A/C)	5.11	0.00
	907.02	**900.67**
Total	**10986.23**	**12999.72**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Notes:

1 An amount of Rs.33.13 lakhs excess provided towards consumption of stores and spares during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Store and spares excess provided
   (b) Amount of correction : Rs.33.13 lakhs
   (c) Financial line item affected : Note No.32 (ii)

2 An amount of Rs.1.71 lakhs short provided towards purchase of power from KSEB during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Power expense short provided
   (b) Amount of correction : Rs.1.71 lakhs
   (c) Financial line item affected : Note No.32 (power)

3 An amount of Rs.13.46 lakhs short provided towards security arrangement during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Security expense short provided
   (b) Amount of correction : Rs.13.46 lakhs
   (c) Financial line item affected : Note No.32 (security Expense)

4 An amount of Rs. 5.29 lakhs short provided towards miscellaneous expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Miscellaneous expense short provided
   (b) Amount of correction : Rs.5.29 lakhs
   (c) Financial line item affected : Note No.32 (Miscellaneous Expense)

5 An amount of Rs. 3.76 lakhs short provided towards repairs & maintance (other assets) expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Repairs and Maintance expense short provided
   (b) Amount of correction : Rs.3.76 lakhs
   (c) Financial line item affected : Note No.32 Repairs and maintanance (other assets)

6 An amount of Rs. 7.17 lakhs excess provided towards miscellaneous expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Miscellaneous expense excess provided
   (b) Amount of correction : Rs.7.17 lakhs
   (c) Financial line item affected : Note No.32 (Miscellaneous Expense)

33 EMPLOYEES BENEFIT PLAN:

A. Provision for leave encashment

The Company has provision of Rs.1409.82 Lakh (previous year Rs.1005.70 lakh) for leave encashment as on 31st March, 2020, as per the Ind AS-19 based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

B. Provident fund

Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO)and managed by EPFO. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages.

C. Gratuity

Gratuity plan is governed by the Payment of Gratuity Act, 1972 and employee who has completed five years of service is entitled to gratuity and the level of benefits provided depended on the member's length of service and salary at retirement age. 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 balance fund available with LIC is Rs. 15.34 lakh.

All dues on account of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2020 have been paid and there are no further dues.

1. Funded Status of the plan Rs. In lakh

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of unfunded obligations	0.00	0.00
Present value of funded obligations	2277.66	2396.55
Fair value of plan assets	-15.34	-14.32
Net Liability (Asset)	**2262.32**	**2382.23**

2a. Profit and loss account for current period

Current Service Cost	90.17	93.62
Past Service cost and loss/gain on curtailments and settlement	0.00	0.00
Net Interest cost	141.73	152.13
Total included in 'Employee Benefit Expense' (P&L)	**231.90**	**245.75**

2b. Other Comprehensive Income for the current period

Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	56.82	47.38
Due to change in demographic assumption	-0.34	-
Due to experience adjustments	126.07	112.23
Return on plan assets excluding amounts included in interest income	-1.01	-2.72
Amounts recognized in Other Comprehensive Income	**181.54**	**156.89**

3. Reconciliation of defined benefit obligation

Opening Defined Benefit Obligation	2396.55	2403.05
Transfer in/(out) obligation	0.00	0.00
Current service cost	90.18	93.62
Interest Cost	141.73	152.13
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	56.82	47.38
Due to change in demographic assumption	(0.34)	
Due to experience adjustments	126.07	112.23
Past Service Cost	0.00	0.00
Loss(gain) on curtailments	0.00	0.00
Liabilities Extinguished on settlement	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00
Exchange diffeences on foreign plans	0.00	0.00
Benefits paid	(533.35)	(411.86)
Closing defined benefit Obligation	2277.66	2396.55

4. Reconciliation of plan Assets

Opening value of plan assets	14.33	45.47
Transfer in (out) plan assets	0.00	0.00
Expenses deducted from the fund	0.00	0.00
Inerest Income	0.00	0.00
Return on plan assets excluding amounts included in interest income	1.01	2.72
Assets distributed on settlements	0.00	0.00
Contributions by employer	0.00	0.00
Assets acquired in an amalgamation in the nature of purchase	0.00	0.00
Exchange rate differences on foreign plans	0.00	0.00
Benefits paid	0.00	-33.86
Closing value of plan assets	**15.34**	**14.33**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5. Reconciliation of net defined benefit liability

Rs. In lakh

	As at 31.03.2020	As at 31.03.2019
Net opening provision in books of accounts	2382.23	2357.59
Transfer in (out) obligation	0.00	0.00
Transfer (in) out plan assets	0.00	0.00
Employee benefits Expense as per Annexure 2	231.90	245.75
Amounts recognized in other comprehensive income	181.54	156.89
	2795.67	2760.23
Benefits paid by the company	-533.35	-378.00
Benefits settled (Rasayani Unit)	0.00	0.00
Contributions to plan assets	0.00	0.00
Closing provision in the books of accounts	2262.32	2382.23
Reconciliation of Assets Ceiling		
Opening Value of Assets Ceilng	0.00	0.00
Interest on Opening Value of Assets Ceiling	0.00	0.00
Loss/Gain on Assets due to surplus/Deficit	0.00	0.00
Closing Value of Plan Assets Ceiling	0.00	0.00

6. Composition of the Plan assets

Government of India Seccurities	0%	0%
State government seccurites	0%	0%
High Quality Corporate Bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of Insurance	100%	100%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	**100%**	**100%**

7. Bifurcation of liability as per schedule III

Current liability	79.13	90.17
Non - Current liability	2183.19	2292.05
Net Liability	**2262.32**	**2382.22**

8. Principle acturial assumptions

Discount Rate	6.25%	6.85%
Salary Growth rate	7.00%	7.00%
Withdrawal rates	3% at Younger ages reducing to 1% at older ages	3% at Younger ages reducing to 1% at older ages

9. Expected Cash Flows based on past service liability

Rs. In lakh

	Cash Flows	Distribution (%)
Year 1	618.80	20.1%
Year 2	453.75	14.8%
Year 3	356.76	11.6%
Year 4	183.29	6.0%
Year 5	187.57	6.1%
Year 6 to Year 10	661.16	21.5%

The future accrual is not considerd in arriving at the above cash flows
The expected contribution for the next year is Rs 79.14 Lakh.
The Average outstanding term of obligations (years)as at valuation date is 4.64 years

10. Sensitivity to key assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Discount Rate Sensitivity		
Increase by 0.5 %	2230.08	2349.18
(% change)	-2.09%	-1.98%
Decrease by 0.5%	2327.62	2446.21
(% change)	2.19%	2.07%
Salary Growth rate Sensitivity		
Increase by 0.5 %	2302.67	2425.15
(% change)	1.10%	1.19%
Decrease by 0.5%	2249.84	2366.05
(% change)	-1.22%	-1.27%
Withdrawal rate(W R)Sensitivity		
W. R x 110%	2278.95	2398.02
(% change)	0.06%	0.06%
W. R x 90%	2275.92	2395.12
(% change)	-0.08%	-0.06%

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if the two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any

Appendix A: Break-up of defined benefit obligation

Particulars	As at 31.03.2020	As at 31.03.2019
Vested	2,274.47	2,386.55
Non-vested	3.19	10.00
Total	**2,277.66**	**2,396.55**

Appendix B: Age wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)	
	As at 31.03.2020	As at 31.03.2019
Less than 25	-	-
26 to 35	33.64	37.82
36 to 45	178.54	163.84
46 to 55	808.63	908.09
56 and above	1256.85	1286.80
Accrued gratuity for Left Employees	-	-
Total	**2277.66**	**2396.55**

Appendix C: Past service wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)
	As at 31.03.2020
0 to 4	0.88
4 to 10	61.37
10 to 15	105.50
15 and above	2109.91
Accrued gratuity for Left Employees	-
Total	**2277.66**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

MAJOR RISK TO THE PLAN

A. Acturial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience:

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk :

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.85% p.a	6.85% p.a
Salary Growth rate	7.00%p.a	7.00%p.a
Demographic Assumptions		
Withdrawal rates p.a		
Age Band		
25 and below	3.00%	3.00%
26 to 35	2.50%	2.50%
36 to 45	2.00%	2.00%
46 to 55	1.50%	1.50%
56 and above	1.00%	1.00%

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality (2012-14)

Age (In years)	As at 31.03.2020	As at 31.03.2019
20	0.09%	0.09%
30	0.11%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

Method of Valuation

Actuaries has used projected unit credit (PUC)Method to value the Defined benefit obligation.

34 FIXED ASSETS

Originally the Company at Rasayani was in possession of land (as per revenue records) admeasuring 1012.355 acres. Out of the said land 251 acres were sold to BPCL and 20 acres were sold to ISRO during the year 2017-18, 38.687 acres were sold to BPCL in the year 2018-19 and 85.27 acres of land sold to BPCL in the current year 2019-20. Out of the said land, 65.840 acres (previous year 66.024 acres) includes 22.717 acres which has been idenitified as encroached, 32.547 acres has been given to MIDC, MSEB, HIL, MES etc, 10.576 acres of public road and hence considered at Nil value. The said encroachment has been determined on the basis of the survey carried out by the company through M/s. The Geo Tek vide their report dated April 24, 2019. The balance 551.558 acres of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL amounting to Rs. 828.26 crore.

As per the communication received from Municipal commissioner Panvel, regarding the actual area of plot No.11 & 12 of survey No.738 on which there is a public road passing through and thereby the total area of Panvel land available for sale has reduced from 8 acre to 7.09 acre. Accordingly the reserve price (fair value) has been reduced to Rs.158 crore. Further HOCL has applied for NOC from govt. of Maharashtra for sale of land which is yet to be received.

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. The balance amount due from ISRO towards settlement of C.N.A / N2O4 plant transfer has been received.

35 INVESTMENT

a) The Company has an investment of Rs.1106.00 lakh (previous year Rs.1106.00 lakh) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2020 is negative. Provision has been made during current year towards diminution in the value of these investments amounting to Rs.781.94 lakh due to the diminution in the market value to Rs.2.93 as on 31.03.2020 (face value Rs.10). Government of India has decided to close down M/s.HFL as per CCEA decision on 29.01.2020.

b) During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of Rs.2260.26 lakh accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.07 lakh as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of Rs. 2035.26 lakh as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to Rs.2744.07 (Previous year Rs.2744.07) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 (Previous Year Rs. 453.01) 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property. A provision has been made for the shortfall in the security to the extent of Rs.2064.34 lakh including interest as on 31st March, 2020 (Previous year Rs. 2007.07 lakh)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

c) The company has entered into an agreement on 16.10.2006 to lease the school infrastructure facilities to M/s.Mahatma Education Society (MES) for managing the school for a period of 30 years. The management of MES in order to start professional courses has constructed new buildings and facilities in the premises in contravention of the terms of agreement. The company has sent a notice for termination as per the tems of the agreement to M/s.MES. M/s.MES has filed a petition challenging the termination notice in the Dist. Magistrates Court Alibag. MES has filed petition in the Bombay High Court for appointment of Arbitrator in the dispute between HOCL and MES. The District Court has granted stay pending the final disposal of the Arbitration petition of MES. Company has filed a petition to vacate the stay granted by the District Court in the Bombay High Court.

36 EARNING PER SHARE

Earnings per share has been calculated as follows:	As at 31.03.2020	As at 31.03.2019
Net Profit/(Loss) after Tax (Rs. in lakh)	-9468.38	7088.21
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (Rs.)	10.00	10.00
Basic / Diluted Earning per equity share (Rs.)	-14.10	10.55

37 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 Indian Accounting Standard 108 with regard to disclosure of segmental results are therefore considered not applicable to the company.

38 BALANCE CONFIRMATION

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

39 Contingent Liabilities & Commitments

Rs. in lakh

i) Contingent Liabilities	As at 31.03.2020	As at 31.03.2019
a) Claims against the Company not Acknowledged as debts:		
i) Sales Tax / KVAT assessment demand	0.00	795.06
ii) CST - Differential tax on account of concessional forms in respect of concessional sales	0.00	21.64
iii) Income Tax Claims	563.72	485.74
iv) Excise duty / Service tax	104.63	330.46
v) Gratuity for School teachers	75.31	193.31
vi) Other claims (P&A - Legal cases)	272.90	207.19
vii) Rental claim Harchandrai House	5594.75	5153.40
viii) JNPT lease rent	2974.52	1981.00
ix) Penal interest on Govt. Loans	4687.52	3071.11
x) Interest on interest on Govt. Loan	28128.35	31273.65
	42401.70	**43512.56**
b) Bank Guarantees issued from Banks	682.75	682.75
c) 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.	603.00	603.00
ii) Commitments:		
Estimated amount of Contracts remaining to be executed on capital account and not provided for:	23.49	0.00

a) Claims against the Company not Acknowledged as debts:

iii) Income Tax Claims: Rs.563.72

There are various appeals for Assessment years are pending before authorities i.e. ITAT, High Court and other forums. The Company is awaiting for hearing, the details are as follows

AY 2002-03: Rs.70.50 Lakh, AY 2011-12: Rs.121.42 Lakh, AY 2014-15: Rs.71.24 Lakh and AY 2017-18: Rs.300.56 Lakh.

iv) Excise duty / Service tax

The Company has ongoing disputes with Central excise authorities relating to the period 2006-07, amounting to Rs.104.63 Lakh. Company has filed Appeals at various Tribunals.

v) Gratuity for School teachers

Case filed by the teaching staff of HOC Rasayani School for the period upto March 1997, pending before Bombay High Court (Rs.75.31 Lakh).

vi) Other claims (P&A - Legal cases): Rs.272.90 Lakh.

a) Case filed by the Company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

b) ESI corporation has raised a demand for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakh. The matter is pending with ESI Court, Ernakulam, as desired by the ESI Court we had applied for exemption from ESI Act to the Govt. of India, hence no liability is created and a contingent liability to that extend is provided.

c) The Company had invited open tender for work of construction of “Civil and Structural works for Construction of Plant Building, Technical Service Building, R&D Building, etc of PU System House Project. Company had issued the Work Order to M/s Shetusha Engineers & Constructions Pvt. Ltd. (SECPL). On account of delay and other shortcomings in the completion, company had deducted Liquidated damages. SECPL objected for the said deductions and filed an Arbitration Application before the Hon’ble High Court, Mumbai. Later the M/s SECPL had unconditionally withdrawn the said Arbitration Application from the Court. Further, M/s SECPL had filed Suit before the Hon’ble High Court, Mumbai against the Company for passing the Decree against the Company towards payment of Rs.113.35 Lakh including interest.

d) The Company invoked the peformance gurantee given by M/s Vakharia Construction Company, Mumbai (VCC)to whom civil contracts had been alloted as the contract works were not completed as per the terms of the work order. The matter was referred to arbitration and later went to the High Court. The court ordered the company to deposit Rs.12 lakhs and M/s VCC is allowed to withdraw the amount on submission of bank gurantee. The appeals filed before the Hight Court were dismissed. Now M/s VCC raised demand for bank gurantee commission paid to the bank and interest at the rate of 18% as the money decree passed by the Trial Court in favour of VCC was stayed due to filing civil application by the company. The liability estimated on this is Rs.39.38 lakhs and the matter is pending before court of law and accordingly shown under contigent liabilities.

vii) Rental claim Harchandrai House 5594.74 Lakh

v) As the company has not vacated the office premises taken on lease from M/s Harchandrai & Sons as per their notice they initiated legal proceedings and stopped to accept the lease rent. The company vacated the office premises during the year 2014. The rent not accepted by the landlord till the vacation of the office premises amounting to Rs.580.80 lakhs has been provided in the accounts. Landlords filed the Mesne Profit Application before Small Causes Court, Mumbai for Mesne profit for the period from 01/06/2000 to till the possession of the said premises. The Mense profit application is pending for hearing and the company is of the opinion that no provision is required as there is uncertainities in crystaliation of demand at this stage of litigation and accordingly the estimated amount is shown as contingent liability.

viii) JNPT lease rent: Rs.2974.52 Lakh

The Company has entered into MoU with Jawaharlal Nehru Port Trust (JNPT)t o hand over the land alloted to the company for setting up Liquid Tank Farm on lease bais along with assets of the company ‘as is where is basis’. The JNPT raised a demand of Rs.4124 lakhs towards lease rentals and other charges. The company has instituted arbitral proceedings and Arbitral Tribunal issed the awared in favour of the company. The assets of the company valued as per the MoU at Rs.1638.50 lakhs and same is agreed. The undisputed amount of lease rent payable by the Company to JNPT was computed on a mutual understanding

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

between the Parties on the basis of arbitral award is Rs. 805.13 lakhs. The company has shown balance amount of demand of JNPT after adjusting undispute lease rental paid as contingent liability since the appeal filed against the arbitral awards pending for hearing before High Court and the company is of the opinion that no provision is required as there is uncertainities in crystatlisation of demand at this stage of litigation.

ix) Interest at higher rate on Govt. Loans: Rs.4687.52 Lakh and Interest on defaulted interest Govt. Loan 28128.35.

The Government of India reserves the right to raise the rate of interest in respect of loans granted to the company, in case of default of repayment of principal on the due date and also charge interest at rate on default in any of the payment of interest due. As there is default in payment of principal loan as well as interest due thereon, the company, in anticipation that the Government of India may demand higher rate on principal and interest on interest outstanding, arrived the additional interest liability and shown as contingent laibility. As per the balance confirmation given by the Government of India, the interest at the higher rate and interest on defualted interest have not been included.

x) The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular and retired employees and not acknowledged as debts is not ascertainable.

b) Bank Guarantees issued Rs.697.25 Lakh

The Company has submitted bank guarantees to Kerala State Electricity Board amounting to Rs.214.25 lakh, Govt. of Kerala, Department of Commercial Taxes amounting to Rs.465 lakh as security deposit and Rs.3.5 Lakh to others. The subsidiary company has submitted Bank guarantee to Pollution control Board amounting to Rs.14.50 lakh. The company does not expect any outflow of resourses in respect of the above.

II) Estimated amount of Contracts remaining to be executed on capital account and not provided for: Rs.23.49 Lakh

The company has entered Tally ERP implementation contract with M/s Indmerc Solutions Pvt Ltd. for an amount of Rs.35.70 lakh, out of which company has already provided expenses to the tune of Rs.12.21 lakh in the books of accounts. Balance amount is Rs.23.49 lakh.

40 Disclosure relating to error or omission as per Ind AS 8 (Rs. In lakh)

	As at 31.03.2020	As at 31.03.2019

The following expenditure/income had been incorrectly accounted during the year 2018-19 due to error. The comparative expenditure/income in the financial statement of the year 2018-19 have been restated to correct the errors. The effect of the restatement on the financial statement is summarised below.

Increase in Other Income (Refer Note 21)	-	229.50
Increase in Employee Expenses (Refer Note 29)	(6.74)	(550.14)
Decrease in Other Expenses (Refer Note 32)	33.13	-
Increase in Finance Cost (Refer Note 25)	-	(80.41)
Increase in depreciation and amortisation (Refer Note 31)	(1.22)	3.70
Increase in Other Expenses (Refer Note 32)	(24.22)	(0.60)
Decrease in Other Expenses (Refer Note 32)	7.17	-
Decrease in deferred tax expense (Note No.17 & P&L A/c.)	2,069.00	-
Total	**2,077.12**	**(397.95)**
Income tax laiblity	-	-
(Increase)/decrease in Equity	2,077.12	(397.95)
(Increase)/decrease in Earning Per Share	3.09	(0.60)
(Increase)/decrease in Diluted Earning Per Share	3.09	(0.60)

The rates and taxes relating the period up to 31.03.2018 has been incorrectly accounted during the earlier financial years up to 31.03.2018 due to error. The effect of the restatement on the financial statement is summarised below.

Opening retained earnings as on 01.04.2019	(1,05,346.85)
Add: decrease in rates and taxes	(51.53)
Reinstated retained earnings as on 01.04.2019	(1,05,398.38)

41 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

Since Government of India owns 58.78% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals), the disclosures relating to transactions with the Government and other Government controlled entities have been reported in accordance with para 26 of Ind AS 24.

List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

Rs. In lakhs

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2019-20	Outstanding at the end of the year (31.03.2020)	Amt. of Transaction during 2018-19	Outstanding at the end of the year (31.03.2019)
1	Hindustan Flurocarbon Ltd. (HFL)	Subsidiary company with 56.43% share holding.	Interest on loan given to HFL	63.63	4099.59	63.63	4042.32
2a	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	26134.71	1606.33	30423.41	7812.05
2b	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	38.25	23.27	72.74	29.21
2c	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Rasayani land	13718.56	Nil	5416.18	Nil
3	ISRO	Controlled by Government of India.	Transfer of C.N.A/N2O4 plant- Reim. of Operational Expenses & Utility Charges	369.00	0.00	3894.06	1216.81
4	Indian Oil Corporation Limited	Controlled by Government of India.	Purchase of Raw materials (Benzene)	1164.07	0.00	0.00	0.00
5	FACT	Controlled by Government of India.	Purchase of Raw materials (Sulphuric acid)	10.13	2.48	0.00	0.00
	Trusts constituted by the Company *						
6a	HOCL Employees Provident Fund Trust, Rasayani	Managed by Trustees nominated by the company and the Employees' unions/ associations.	Company's contribution to Provident Fund	0.00	Nil	12.75	Nil
6b	HOCL Employees Provident Fund Trust, Kochi Unit	-do-	Company's contribution to Provident Fund	0.00	Nil	121.52	Nil
6c	HOCL Group Gratuity Trust	-do-	Nil	Nil	Nil	Nil	Nil

* Contribution for PF is considered upto 30.06.2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO)and managed by EPFO. The assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rs. in Lakhs

		Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
				2019-20			
A. Remuneration to Whole time Director, Managing Director and/or Manager:							
	Shri. S.B. Bhide, CMD	43.83	4.14	0.00	0.00	0.00	47.97
	Shri. C.P. Bhatia, DF (from 7.8.19)	21.16	2.74	0.00	0.00	0.00	23.90
B. Remuneration to Other Directors							
i)	**Govt. Nominee Directors**						
	Ms. Alka Tiwari, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
	Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii)	**Independent Directors**						
	(Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees)						
	Ms. Pushpa Trivedi, NOID	0.30	0.00	0.00	0.00	0.00	0.30
	Mr. Mukesh Pareek, NOID	1.40	0.00	0.00	0.00	0.00	1.40
	Ms. Lata Alker, NOID	1.40	0.00	0.00	0.00	0.00	1.40
C.	**Key Managerial Personnel**						
	Mrs. Susheela S. Kulkarni, CS	27.20	3.34	0.00	0.00	0.00	30.54
	Mr. P.O. Luise, CFO (upto 9.8.19)	7.18	0.96	0.00	0.00	0.00	8.14
		102.47	**11.18**	**0.00**	**0.00**	**0.00**	**113.65**
				2018-19			
A.	**Remuneration to Whole time Director, Managing Director and/or Manager:**						
	Shri. S.B. Bhide, CMD	37.96	3.85	0.00	0.00	0.00	41.81
B.	**Remuneration to Other Directors**						
i)	**Govt. Nominee Directors**						
	Ms. Alka Tiwari, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
	Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii)	**Independent Directors**						
	(Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees)						
	Ms. Pushpa Trivedi,NOID	1.00	0.00	0.00	0.00	0.00	1.00
	Mr. Mukesh Pareek,NOID	1.00	0.00	0.00	0.00	0.00	1.00
	Ms. Lata Alker, NOID	1.00	0.00	0.00	0.00	0.00	1.00
C.	**Key Managerial Personne**						
	Mrs. Susheela S. Kulkarni, CS	24.53	2.71	0.00	0.00	0.00	27.24
	Mr. P.O. Luise, CFO	22.09	2.64	0.00	0.00	0.00	24.73
		87.58	**9.20**	**0.00**	**0.00**	**0.00**	**96.78**

Note:

In the ordinary course of its business, the Company enters into transactions with other Government controlled entities (not included in the list above). The Company has transactions with other Government-controlled entities,including but not limited to the followings:

Sales and purchases of goods and ancillary materials; Rendering and receiving of services; Receipt of dividends; Loans and advances; Depositing and borrowing money; Guarantees and Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government controlled entities.

Note-42 Financial Instruments :

42 a. Financial Instrument

A Fair Values hierarchy :

Level 1 — Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds)which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 — The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives)is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 — If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

Rs. In Lakhs

	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	-	-	2041.50	2041.50	-	-	2041.93	2041.93
Trade Receivables	-	-	786.23	786.23	-	-	1,770.63	1770.63
Investments	324.06	-	5.00	329.06	1106.00	-	5.00	1111.00
Cash and cash equivalents	-	-	2367.48	2367.48	-	-	3130.88	3130.88
Bank balances other than Cash			7998.00	7998.00	-		3904.12	3904.12
Other Financial Assets	-	-	265.96	265.96	-	-	410.20	410.20
Total Financial assets	**324.06**	**-**	**13,464.17**	**13,788.23**	**1,106.00**	**-**	**11,262.76**	**12368.76**
Financial liabilities								
Non Cumulative Preference share	-	-	27000.00	27000.00	-	-	27000.00	27000.00
Borrowings	-	-	15882.38	15882.38	-	-	24561.88	24561.88
Trade payables	-	-	3612.88	3612.88	-	-	9800.12	9800.12
Other current financial liabilities	-	-	8679.49	8679.49	-	-	8679.49	8679.49
Total Financial liabilities	**-**	**-**	**55,174.75**	**55,174.75**	**-**	**-**	**70,041.49**	**70041.49**

42b. Categories of Financial Instruments

A Fair Values hierarchy :

	As at 31st March, 2020				*As at 31st March, 2019*			
	FVTPL	*FVOCI*	*Amortised Cost*	*Total*	*FVTPL*	*FVOCI*	*Amortised Cost*	*Total*
Financial assets :								
Loans	-	-	*2041.50*	*2041.50*	-	-	*2041.93*	*2041.93*
Trade Receivables	-	-	*786.23*	*786.23*	-	-	*1770.63*	*1770.63*
Investments	-	-	*329.06*	*329.06*	-	-	*1111.00*	*1111.00*
Cash and cash equivalents	-	-	*2367.48*	*2367.48*	-	-	*3130.88*	*3130.88*
Bank balances other than Cash	-	-	*7998.00*	*7998.00*	-	-	*3904.12*	*3904.12*
Other Financial Assets	-	-	*265.96*	*265.96*	-	-	*410.20*	*410.20*
Total Financial assets	-	**-**	***13,788.23***	***13,788.23***	-	**-**	***12,368.76***	***12,368.76***
Financial liabilities				-				-
Non Cumulative Preference share	-	-	*27000.00*	*27000.00*	-	-	*27000.00*	*27000.00*
Borrowings	-	-	*15882.38*	*15882.38*	-	-	*24561.88*	*24561.88*
Trade payables	-	-	*3612.88*	*3612.88*	-	-	*9800.12*	*9800.12*
Other current financial liabilities	-	-	*8679.49*	*8679.49*	-	-	*8679.49*	*8679.49*
Total Financial liabilities			***55,174.75***	***55,174.75***			***70,041.49***	***70,041.49***

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No. 43-a Financial risk management

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company but as company balance in foreign currency hence comapny is not exposed to foreign currecncy exchange rate risk

b) Interest rate risk

The Company's investments are primarily in subsidiary through quoted equity share and unquated equity share of other entity therefore none of the investment activity is generating interest out of the investment. Hence, the Company is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets. comapny generating revenue for individually in excess of 10% or more of the Company's revenue for the year ended March 31, 2020 from the below mention customer.

Name of customer	Amt of revenue	% of total revenue
Ramesh Kumar & Company	10523.4	35%
Sonkamal Enterprises P Ltd	6108.84	20%
Pooja Petro Chemicals	8303.84	28%

Geographic concentration of credit risk

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company manages liquidityrisk by maintaining adequate reserve, banking facilities and reserve borrowinf fcailities, continuosly monitoring forecast and actual cash flow and by matching the maturiy profiles of financial assets and liabilties.

43-b. Amendment in Ind AS 7 - Statement of Cash Flow

The amendments do not prescribe a specific format to disclose the financing activities.An entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in thestatement of financial position for liabilitiesarising from financing activities. including both changes arising from cash flow and non- cash flow changes, suggestion inclusion of a reconciliation between the opening and closing balance in balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Particular	2018-19	Cash flow	Non cash	2019-20
Non Current Borrowing	24561.88	(2,685.00)	(5,994.50)	15882.38
Non current Loan	0.44	0.44	-	0.00

Note No.44 Deferred Tax

For the Year 2019-20 Rs. in Lakhs

	Opening Balance 01.04.2019	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2020
Deferred Tax Liability				
Excess Provision W/back	1,369.00	274.00	-	1,643.00
Provision for impairment W/Back	450.00	-	-	450.00
VRS Expense Allowable u/s 35DDA of the Income Tax Act	469.00	469.00	-	938.00
Revaluation of land in Fair Value	18,831.52	-	(784.00)	18,047.52
Reversal of deferred tax liability on disposal of revalued of PPE	-	-	(2,853.00)	(2,853.00)
	21,119.52	**743.00**	**(3,637.00)**	**18,225.52**
Deferred Tax Asset				
Depreciation	33.00	19.00	-	52.00
Provision for Leave Encashment	29.00	103.00	-	132.00
Voluntary Retirement Benefits (VRS/VSS)	91.00	-	-	91.00
Provision for Doubtful Debts	14.00	5.00	-	19.00
Provision for Doubtful Advances	19.00	19.00	-	38.00
Provision for Long Term Agreements	33.00	-	-	33.00
Provision for Stock Obsolescence	-	27.00	-	27.00
Provision for Statutory claims	-	17.00	-	17.00
Accumulated Income tax loss to the extent of deferred tax liability	2,069.00	553.00	-	2,622.00
	2,288.00	**743.00**	**-**	**3,031.00**
Net Deferred tax liability	**18,831.52**	**-**	**(3,637.00)**	**15,194.52**

For the Year 2018-19

	Opening Balance 01.04.2018	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2019
Deferred Tax Liability				
Excess Provision W/back	-	1,369.00	-	1,369.00
Provision for impairment W/Back	-	450.00	-	450.00
Allowable u/s 35DDA (Note)	-	469.00	-	469.00
Revaluation of land in Fair Value	19,986.52	-	36.00	20,022.52
Reversal of deferred tax liability on disposal of revalued of PPE	-	-	(1,191.00)	(1,191.00)
	19,986.52	**2,288.00**	**(1,155.00)**	**21,119.52**
Deferred Tax Asset				
Depreciation	-	33.00	-	33.00
Provision for Leave Encashment	-	29.00	-	29.00
Voluntary Retirement Benefits (VRS/VSS)	-	91.00	-	91.00
Provision for Doubtful Debts	-	14.00	-	14.00
Provision for Doubtful Advances	-	19.00	-	19.00
Provision for Long Term Agreements	-	33.00	-	33.00
Provision for Stock Obsolescence	-	-	-	-
Provision for Statutory claims	-	-	-	-
Accumulated Income tax loss to the extent of deferred tax liability	-	2,069.00	-	2,069.00
	-	**2,288.00**	**-**	**2,288.00**
Net Deferred tax liability	**19,986.52**	**-**	**(1,155.00)**	**18,831.52**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

45 Notes to Statement of Profit and Loss and Other Comprehensive Income

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

d) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

46 The operations of the Company were scaled down during the last week of the year. The Company was in lock down for 7 days and thereby a decrease in production. As per our current assessment, no significant Impact on tangible assets, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor the changes in future economic conditions. The Management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However the actual Impact of Covid-19 on the Company's financial statements may differ from that estimated.

47 The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 26.06.2020.

48 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-	Sd/-	
S.B. Bhide	**C.P. Bhatia**	As per our report of even date attached
Chairman & Managing	Director (Finance)	For ***BSJ & Associates***
Director and CEO	& CFO	Chartered Accountants
DIN 05323535	DIN 08554234	FRN: 010560S
Sd/-		Sd/-
Mrs. Susheela S. Kulkarni		**CA. Jojo Augustine**
Company Secretary		Partner
		Membership No.214088
		UDIN:20214088AAAABD6257
Place: Navi Mumbai		Place: Ernakulam
Date: 26.06.2020		Date: 26.06.2020

CONSOLIDATED ACCOUNTS 2019-20

INDEPENDENT AUDITOR'S REPORT

To The Members of
Hindustan Organic Chemicals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Hindustan Organic Chemicals Limited (the "Company") and its subsidiary, (the Company and its subsidiary together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated loss, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s)specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Going Concern

4. We draw attention to the material uncertainty related to going concern to the audit opinion of the financial statement of M/s Hindustan Fluorocarbons Limited, a subsidiary of the Holding Company issued by independent firm of Chartered Accountants vide its report dated June 15, 2020 reproduced as under:

   "Attention is drawn to Note No.37 (Note No.47 in Consolidated Financial Statement) to the Notes to Accounts , wherein there is disclosure regarding the decision of the Cabinet Committee on Economic Affairs to close the operation of the Company which has been communicated to them through letter dated 29th Jan, 2020 from Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals, Govt. of India vide file No.51015/06/2019 together with timelines for implementation of said directions, the process of which is being initiated by the Board. Accordingly there is an existence of material uncertainty which had impacted the going concern."

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

   We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	**Kerala Value Added tax Input Credit Refund Receivable** As per the Kerala Value Added Tax Act, Company is entitled to receive refund of excess in input tax credit on purchases of raw materials and consumables from the Kerala Commercial Tax Department. The total refund due as on March 31, 2020 for the periods from 2005-06 to 2007-08, 2011-12, 2012-13 and 2014-15 to 2016-17 is Rs.1721.70 lakhs. The Company has filed refund claim applications in Form No.21B and 21CC with Assessing Authority for each year as per the Act.	Our principal audit procedures included the following: Analyzed the relevant provisions of the Kerala Value Added Tax Act and Rules there under. Reviewed the records and documents submitted to the Assessing Authority for claiming the refund and also the related correspondence received from the Assessing Authority. Reviewed the working/calculation of refund amount claimed.
2	**Estimation of Provision & Contingent Liabilities** In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability. In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed. As a result, there is a high degree of judgment required for the recognition and measurement of provisions and disclosure of contingent liabilities. Company has reported Provision and Contingencies amounting to Rs.42510.05 lakhs in the note 39 to consolidated Ind AS financial statement. There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.	Our principal audit procedures included the following: We inspected the minutes of the board and enquired of the senior officials of management for claims arising and challenged whether provisions are required. In respect of penal interest and interest on interest of Government of India loans [39 (i) (a) (x) & (xi)] we verified the loan release orders and other communication from Ministry of Chemicals and Fertilisers, Government of India. In respect of other claims/matters which are under dispute we have verified the related documents and assessed the opinion of senior officials in charge /counsels engaged by the company.

Emphasis Matter

6. We draw attention to Note No.46 to Notes to Consolidated Financial Statement as regards Management's evaluation of impact of Covid-19 on the future performance of the Company. Our opinion is not modified in this regard.

7. We also draw to attention the following Emphasis Matter to the audit opinion of the financial statement of M/s. Hindustan Fluorocarbons Limited, a subsidiary of the Holding Company issued by independent firm of Chartered Accountants vide its report dated June 15, 2020 reproduced as under:

   i) "We draw to Note No.38 (Note No.47 in Consolidated Financial Statement) to the Note to Accounts wherein the Management had initiated process on getting valuation of various assets to be disposed off in order to determine various elements specified for compliance in accordance with Ind AS 105 'Non-Current Assets held for sale and Discontinued Operation and accordingly the effects on financial statements of the compliance in progress have not been determined. Our opinion is not modified in this regard."

   ii) "We draw attention Note No.39 (Note No.48 in Consolidated Financial Statements) to the Note to Accounts as regards Management evaluation of Covid -19 impact on the future performance of the Company in the light of decision to close the operation of the Company as per the decision of the Government. Our opinion is not modified in this regard."

Information Other than the Financial Statements and Auditor's Report Thereon

8. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Shareholder's Information and Chairman's statement, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
9. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
10. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
11. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the consolidated financial statements

12. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.
13. In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.
14. The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

15. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
16. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.
17. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.
18. We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
19. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
20. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

21. We did not audit the standalone financial statements/ information of subsidiary whose financial statements is included in the consolidated financial statements of the Company. The financial statements/financial information of the subsidiary reflects total assets of Rs. 6016.02 lakhs as at 31st March 2020 and total revenue of Rs.3136.77 lakhs and total comprehensive loss of Rs. 412 lakhs for the year ended on that date, as considered in the consolidated financial statements.

22. These financial statements / information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect the subsidiary and our report in terms of section 143(3) and (11) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of its auditors. Our opinion is not modified in respect of this matter.

23. We also draw attention to the 'other matter' to the audit opinion of the financial statement of M/s Hindustan Fluorocarbons Limited, a subsidiary of the Holding Company issued by independent firm of Chartered Accountants vide its report dated June 15, 2020 reproduced as under:

"Attention is drawn to Note No.40 (Note No.49 in Consolidated Financial Statements) to the Notes on Accounts wherein the Company could not complete the corrective measures in implementing the directions issued u/s 143 (6) (b) of the Companies Act during the year under review for the reasons mentioned therein. There is no specific financial impact on its loss/assets/liabilities during the current year 2019-20 on this account. However, 2017-18 onwards Property, Plant & Equipment continues to be overstated and negative balance of 'Other Equity' continues to be under stated by 29.96 crores, as commented upon u/s 143(6) (b)."

Report on Other Legal and Regulatory Requirements

24. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) As per the notification no. G.S.R. 463(E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any director(s) are disqualified in terms of provisions contained in said section.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** which is based on the auditors' reports of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note no. 39 to the consolidated financial statements;

ii. The Holding Company has entered into long term transmission contract with the Gas Authority of India Limited (GAIL) for transmission of Liquified Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses cannot be identified in the current scenario. The Group did not have other derivative contract.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

25. As required by the directions and sub directions issued by the office of the Comptroller &Auditor General of India under section 143 (5) of the Act, we give in the **"Annexure A"** a statement on the matters referred in those directions.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)
Sd/-
CA. JOJO AUGUSTINE
Partner(Membership No. 214088)
UDIN: 20214088AAAABE4116

Place: Ernakulam
Date: 26, June 2020

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 25 under 'Report on Other Legal and Regulatory Requirements' section of our report even date)

AUDIT REPORT ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 AS PER THE DIRECTION AND SUB-DIRECTION OF THE COMPROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (5) OF COMPANIES ACT, 2013

Sl. No.	C & AG Direction	Comments of Statutory Auditors	
		Holding Company	Subsidiary Company
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, all the accounting transactions are processed through IT System. However, there are two IT systems in place that is Tally ERP in Rasayani Unit and SAP in Kochi Unit upto November 30, 2019. From December 1, 2019 onwards, In Kochi Unit also accounting transactions other than payroll and fixed assets are processing through Tally ERP. Consolidation of the Rasyani and Kochi Unit as a whole is prepared using MS Office.	As per the information, explanations and records produced for our verification, the Company has system in place to process all the accounting transactions through IT System and there are not instances of processing of accounting transactions outside the IT system
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts / loans/interest etc made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There are no loans, which have restructured during the year. A restructuring plan has been approved by the Government of India, vide order dated May 22, 2017. As per Government of India letter No.51012/01/2018-Ch.III dated 12/06/2020, ex-post facto approval has been conveyed waiving interest of Rs.758.97 lakhs due on Government of India loans as on 31/03/2015. If Government of India has not granted ex-post facto approval to the request for waiver of interest, the Other Income would have been Rs.1376.34 lakhs	There are no instances of any restructuring of existing loan availed by the company or cases of waiver or write off debts/loans/interest made by a lender to the company on account of company's inability to repay the loan.
3	Whether funds received/receivable for specific schemes from central /state agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	No. The company has not received any fund for specific scheme from central or state agencies.	As per the information, explanations and records produced for our verification during the year under review, no funds were received/receivable for any specific scheme from central / state agencies.

B. Sub-direction

1	State areas of land under encroachment and briefly explain the steps takenby the Company to remove encroachments.	As per the information and explanation available to us, in Rasayani Unit, land admeasuring 22.717 acres is under encroachment as per the report of survey conducted by M/s The Geo Tek dated April 24, 2019. Also there is public road constructed in 10.576 acres of land and its value considered as Nil.32.547 Acres of land is given to Maharashtra Industrial Development Corporation, Maharashtra State Electricity Board, Hindustan Insecticides Limited, and Mahatma Education Society. We have been informed that the company has taken up matter before the Ministry and is in the process of necessary action for the recovery of encroached land.	Not reported

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)
Sd/-
CA. JOJO AUGUSTINE
Partner(Membership No. 214088)
UDIN: 20214088AAAABE4116

Place: Ernakulam
Date: 26, June 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 24 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report even date)

Report on the Internal Financial Controls Over Financial Reporting

under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hindustan Organic Chemicals Limited ("the Company") and its subsidiary, which is incorporated in India, as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management over ride of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For *BSJ & Associates*
Chartered Accountants
(Firm's Registration No.010560S)
Sd/-
CA. JOJO AUGUSTINE
Partner(Membership No. 214088)
UDIN: 20214088AAAABE4116

Place: Ernakulam
Date: 26, June 2020

Consolidated Balance Sheet as at 31st March 2020

Rs. in Lakhs

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
ASSETS			
I. Non Current assets			
a) Property, Plant and equipment	3a	17,166.13	16,750.88
b) Investment Property	3b	87.93	95.15
c) Intangible assets	3c	188.29	182.18
d) Financial Assets			
(i) Investments	4	5.00	5.00
(ii) Loans	5	-	0.44
e) Other Non-current Assets	6	729.52	718.17
Total Non current Assets		**18,176.87**	**17,751.82**
Current assets			
Inventories	7	5,036.36	5,292.81
Financial assets			
(i) Trade Receivables	8	1,241.85	2,279.56
(ii) Cash and cash equivalents	9a	2,367.83	3,131.34
(iii) Bank balances other than (ii) above	9b	8,001.06	3,905.84
(iv) Loans	10	6.24	6.23
(v) Other financial assets	11	332.24	527.88
Non current assets held for sale	3d	98,750.80	1,17,845.61
Other current assets	12	3,498.36	4,358.50
Total Current Assets		**1,19,234.74**	**1,37,347.77**
Total Assets		**1,37,411.61**	**1,55,099.59**
EQUITY AND LIABILITIES			
1. Equity			
a) Equity Share capital	13	6,726.96	6,726.96
b) Other equity			
(i) Securities Premium	14a	4,838.57	4,838.57
(ii) Retained Earnings	14b	(1,03,731.05)	(1,07,839.90)
(iii) Other comprehensive Income	14c	94,142.92	1,07,351.11
Total Other Equity		**(4,749.56)**	**4,349.78**
Total Equity		**1,977.40**	**11,076.74**
Non Controlling interest		**(2,060.82)**	**(1,881.32)**
2. Liabilities			
Non-current liabilities:			
a) Financial liabilities (Net)			
i) Borrowings	15	15,882.38	24,561.88
b) Provisions (Long term)	16	1,915.12	1,980.80
c) Deferred Tax liabilities	17	15,194.52	18,831.52
d) Net employee defined benefit liabilities	18	2,199.25	2,306.38
Total Non-current liabilities		**35,191.27**	**47,680.58**
Current liabilities:			
a) Financial liabilities			
i) Preference Share Capital (Non cumulative)	19	27,000.00	27,000.00
(ii) Borrowings	19a	505.25	408.80
(iii) Trade payables	20	3,784.22	10,193.28
(iv) Other current financial liabilities	21	8,716.45	8,722.81
b) Provisions (Short term)	22	6,191.30	5,239.63
c) Net employee defined benefit liabilities	23	79.14	90.17
d) Other current liabilities	24	56,027.40	46,568.90
Current Liabilities - Total		**1,02,303.76**	**98,223.59**
Total equity and liabilities		**1,37,411.61**	**1,55,099.59**
Significant Accounting Policies	2		
Notes to the Financial Statements	1&3-51		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

Rs. in Lakhs

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
Revenue from operations:			
Revenue from operations-Sale of products	25	33,133.69	51,085.04
Other Income	26	2,135.31	11,748.46
Total Income		**35,269.00**	**62,833.50**
Expenses:			
Cost of Materials Consumed	27	20,984.88	27,099.47
Changes in Inventories of Finished Goods and WIP	28	95.80	899.97
Employee Benefits Expenses	29	6,476.41	6,740.65
Finance Costs	30	5,762.70	6,824.26
Depreciation and amortization expenses	31	277.07	326.22
Other Expenses	32	11,446.49	13,620.90
Total expenses		**45,043.35**	**55,511.47**
Profit / (Loss) before exceptional items and tax		**(9,774.35)**	**7,322.03**
Less: Exceptional items		-	-
Profit / (Loss) before tax		(9,774.35)	7,322.03
(1) Current tax		-	-
(2) Deferred tax		-	-
Tax expenses:		0.00	0.00
Profit / (Loss) for the period		**(9,774.35)**	**7,322.03**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss		-	-
a) Revaluation of Plant, property & equipments	14c	(2,916.56)	(569.16)
Deferred Tax expenses	14c	3,409.00	345.21
b) Provision for diminution of investment		(781.94)	-
Deferred Tax expenses	14c	228.00	-
c) Changes in defined benefit plan	14c	(237.02)	(454.35)
d) Financial Instruments through OCI at amortised cost		5.71	(350.81)
Other Comprehensive Income for the year, net of tax		**(292.81)**	**(1,029.11)**
Total Comprehensive Income for the year		**(10,067.16)**	**6,292.92**
Net profit attributable to			
a) Owners of the Company		(9,616.12)	7,247.89
b) Non controlling interest		(158.23)	74.14
Other Comprehensive income attributable to			
a) Owners of the Company		(271.57)	(746.72)
b) Non controlling interest		(21.24)	(282.39)
Total Comprehensive income attributable to			
a) Owners of the Company		(9,887.69)	6,501.17
b) Non controlling interest		(179.47)	(208.25)
Earnings per equity share (in Rupees)			
Basic (Face value of Rs. 10 each)		(14.55)	10.90
Diluted (Face value of Rs. 10 each)		(14.55)	10.90
Significant Accounting Policies	2		
Notes to the Financial Statements	1&3-51		

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital

	Equity shares of INR 10 each	
	Nos.	**Rs. In Lakhs**
Issued, subscribed and fully paid		
At 1st April 2018	67173100	6726.96
Changes during the period	-	-
At 31 March 2019	67173100	6726.96
Changes during the period	-	-
At 31st March 2020	67173100	**6726.96**

B. Statement of Changes in Other Equity for the year ended 31st March , 2020 **Rs. in Lakhs**

Description	**Other Comprehensive Income**	**Securities Premium**	**Retained earnings**	**Total Other Equity**
As at 1st April 2018	**1,12,632.12**	**4,838.57**	**(1,20,813.12)**	**(3,342.43)**
Profit for the period as restated	-		7,247.84	7,247.84
Profit on sale of Land	-		5,725.38	5,725.38
Other comprehensive income- revaluation of assets	(334.32)			(334.32)
Other comprehensive income - cost of sale on revalued assets	(234.85)			(234.85)
Reserve transferred to Retained earning on sale of land	(5,725.35)			(5,725.35)
Other comprehensive income- Deferred Tax Liabilities	1,155.00			1,155.00
Provision for Duties & Taxes Receivable no longer required	381.22			381.22
Other comprehensive income - remeasurement of fair value of defind benefit obligation'	(324.75)			(324.75)
Financial instruments through OCI at amortised cost	(197.96)			(197.96)
As at 31st March 2019	**107351.11**	**4838.57**	**-107839.90**	**4349.78**
Profit for the period as restated			(9,609.71)	(9,609.71)
Profit on sale of Land			13,718.56	13,718.56
Other comprehensive income- revaluation of assets	(2,916.56)			(2,916.56)
Other comprehensive income - cost of sale on revalued assets	-			-
Reserve transferred to Retained earning on sale of land	(13,718.56)			(13,718.56)
Other comprehensive income- Deferred Tax Liabilities	4,190.94			4,190.94
Less : Diminition of Investment during the year (HFL)	(553.94)			(553.94)
Other comprehensive income - remeasurement of fair value of defind benefit obligation'	(213.29)			(213.29)
Financial instruments through OCI at amortised cost	3.22			3.22
As at 31st March 2020	**94142.92**	**4838.57**	**-103731.05**	**-4749.56**

The accompanying notes are an integral part of these financial statements

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Retained Earnings

The balance held in this reserve is the accumulated retained profit and is permitted to be distributed to shareholder as part of dividend.

Other Comprehansive Income

The company has chosen to recognise land at revalued model through other comprehensive income

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Consolidated Cash flow Statement for the year ended 31st March 2020

(Rs.in lakhs)

Description	For the Year ended 31st March 2020	For the year ended 31st March 2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the period	(9,774.35)	7,322.02
Adjustments for :		
Depreciation/Loss on impairment of Assets	330.62	326.22
Profit(-) / Loss on sale of Assets	36.91	(3,431.55)
Interest Income	(654.11)	(386.25)
Interest & Finance Charges	24.56	362.10
Income from investment property	(55.13)	(78.55)
Changes in defined Employee benefit plan-other comprehensive income	(231.31)	(805.16)
Operating Cash Flows before Working Capital changes (A)	**(10,322.81)**	**3,308.83**
Adjustments for		
(Increase)/Decrease in Inventories	256.45	977.51
(Increase)/Decrease in Trade & Other Receivables	(2,013.08)	(1,040.76)
Increase/(Decrease) in Trade Payables & Other Liabilities	(2,228.11)	(19,286.53)
Cash Generated from Operations (Working Capital Changes) (B)	**(3,984.74)**	**(19,349.78)**
Net Cash flow from Operating activities (1) (A+B)	**(14,307.55)**	**(16,040.95)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(87.02)	(59.19)
Sale of fixed assets - Assets held for sale	15,682.69	10,791.16
Interest Income	654.11	386.25
Income from investment property	55.13	78.55
Net Cash flow from / (used in) Investing activities (2)	**16,304.91**	**11,196.77**
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans	(2,685.00)	4.62
Increase/Decrease in Unsecured Loans (Net of Repayments)	147.79	686.17
Interest Paid	(223.65)	(362.10)
Net cash used in financing activities (3)	**(2,760.86)**	**328.69**

(Rs.in lakhs)

Description		For the Year ended 31st March 2020	For the year ended 31st March 2019
Net Increase Decrease in Cash and Cash Equivalents (1+2+3)		(763.51)	(4,515.49)
Cash & cash equivalents at the beginning of the period		3,131.34	7,646.83
Cash & cash equivalents at the end of the period		**2,367.83**	**3,131.34**
Cash & cash equivalents as per above comprise of following			
a)	Balances with banks (of the nature of cash and cash equivalents):		
	Current accounts	2.17	392.97
	Saving Account	141.19	136.08
	Deposits with original maturity of less than three months	2,222.78	2,600.47
b)	Cash on Hand	1.69	1.82
Total		**2,367.83**	**3,131.34**

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

For and on behalf of the Board of Directors

Sd/-
S.B. Bhide
Chairman & Managing Director and CEO
DIN 05323535

Sd/-
C.P. Bhatia
Director (Finance) & CFO
DIN 08554234

Sd/-
Mrs. Susheela S. Kulkarni
Company Secretary

Place: Navi Mumbai
Date: 26.06.2020

As per our report of even date attached
For *BSJ & Associates*
Chartered Accountants
FRN: 010560S

Sd/-
CA. Jojo Augustine
Partner
Membership No.214088
UDIN:20214088AAAABD6257

Place: Ernakulam
Date: 26.06.2020

Notes to the Consolidated Financial statements for the period ended 31st March, 2020

1. **Corporate Information**

Hindustan Organic Chemicals Limited (the company) is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on Bombay Stock Exchange (BSE) in India. The registered office of the company is located at 401, 402 and **403,** 4th Floor, V Times Square, Sector 15, CBD Belapur, Navi Mumbai 400614 previous year at Rasayani, Raigad Dist. Maharashtra. The Company is principally engaged in the business of bulk industrial chemicals and chemical intermediates.

2. **Significant Accounting Policies**

2.1 **Basis of Preparation of Financial Statement**

"These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (`Act') (to the extent notified). The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The separate financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

Derivative financial Instrument

Defined Benefit Plans – Plan Assets

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),The financial statements are presented in Indian Rupee ('INR') or ('Rs.') which is also the Company's functional currency and all values are rounded to the nearest lakhs upto two decimals, except when otherwise indicated. Wherever the amount represented Rs. '0' (zero) construes value less than Rupees a lakh.

Significant accounting estimates, assumptions and judgements

The preparation of the Company's separate financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

"The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed at appropriate places.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Taxes

Tax expense (Income Tax and Deferred Tax) in accordance with Ind-AS 12: Accounting for Taxes on Income has been recognised. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made.The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations

"The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, pension, post-employment medical plans; and

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. A defined benefit plan is a post employment benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employee have earned in return for their services in the current and prior periods.

v. Defined contribution plans

The company's provident fund scheme is a defined contribution plan. A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognised as employees benefit expenses in the statement of Profit and Loss when they are due.

i. Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date. The Company's liability is actuarially determined at the end of each year. Actuarial gains/ losses through re-measurement are recognised in other comprehensive income.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

a) Defined benefit plans (gratuity benefits), liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the planned assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels and period of service etc.

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

c) Temporary 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.

d) Bonus is provided in accordance with provisions of Payment of bonus act,1965 on the basis of profitability.

e) Post employment and other long term employee benefits are recognised 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 technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured on the basis of quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model.The inputs to these models are taken from observation of the market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk,credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet 31.03.2019.

Impairment of financial assets

Provision for doubtful debts / Loans / Advances is made in the Books in respect of Sundry Debtors outstanding for more than 3 years. In respect of other Debtors, Loans and Advances, provisions are made to the extent considered as not recoverable by the management.

Impairment of non-financial assets

"The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset should be considered as impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators."

2.2 Summary of significant accounting policies

a) Current versus Non-Current classification

"The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Trade receivables which are expected to be realised within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as noncurrent only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by units in this regard.

liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period payable shall be classified as Trade Payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue recognition

The Company earns revenue primarily from manufacturing chemical product.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

As the Company is engage only in chemical manufacturing business and operating from single location only therefore disaggregates revenue based on geography location and industrial vertical are not require.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of product

Revenue from the sale of prduct is recognised when the significant risks and rewards of ownership of the product have passed to the buyer. Revenue from the sale of product is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rebates..

Rendering of services

Income from services are recognized as and when the services are rendered.

Interest income

Interest income from a financial asset is recognised using effective interest rate method. Interest income is included in other income in the statement of profit and loss.

Rental Income

Rental income arising from operating lease on investment properties is accounted for on a straight line basis over lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases and is included in the Statement of profit or loss due to its operating nature.

c) Property, Plant and Equipment

Items of Property, plant and equipment including Capital-work in-progress are stated at cost (except land valued at fair value), net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives as prescribed in schedule II of Companies Act,2013. All other repair and maintenance costs are recognised in statement of profit or loss as an when incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives

Intangible assets: Amortisation over a period of 5 years.

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."

Investment Properties

The company uses the carrying value as the deemed cost of investment properties. Investments in property that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are measured initially at its cost including transaction cost and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent cost are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

The company depreciates its investment properties over the useful life which is similar to that of Property, Plant and Equipment.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

d) Non-Current assets held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing use.This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Leasehold improvements over the period of lease

Leasehold Land:

Lease premium paid on leasehold land is amortised over the life of the lease.The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

"i) Intangible assets consisting of computer software, technical kow-how, SAP licence cost and Tally ERP are amortised over a period of 5 years on straight line basis (SLM) from the date of acquisition.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition,intangible assets with definite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. Research costs are expensed as an when incurred. -Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate technical and commercial feasibility of making the asset available for use or sale.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset."

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Currency Transactions and balances

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets andTransactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rate prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets

h) Fair value measurement

"The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place eitherin the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.The principal or the most advantageous market must be accessible by the Company.The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricingthe asset or liability, assuming that market participants act in their economic best interest.A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.The

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities"

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

i) Leases

"The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition."

Company as a lessee

"A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased propertyor, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

Company as a lessor

"Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease."

j) Inventories

"(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products and finished products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) By-products are valued at estimated net realizable value.

(iv) Trading goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale."

k) Impairment of non-financial assets

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified,an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators."

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount,nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profitand loss net of any reimbursement.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects,when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

m) Financial instruments

"A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss."

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

"b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method."

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit andloss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in thestatement of profit and loss.

De-recognition

"A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

the rights to receive Cash flows from the asset have expired, or

the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay."

Impairment of financial assets

"In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits,trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables andOther receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount."

n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts,financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with theterms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amountrecognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised inthe statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis,to realise the assets and settle the liabilities simultaneously.

o) Derivative financial instruments

Initial recognition and subsequent measurement,The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Taxes

Current income tax

"Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situationsin which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognised for all taxable temporary differences, except:When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction thatis not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable futureDeferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it hasbecome probable that future taxable profits will allow the deferred tax asset to be recovered.Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at thereportingdate.Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in othercomprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction eitherin OCI or directly in equity.

s) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

Export Benefits:

"Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'."

u) Earnings Per Share:

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

v) Contingent Liability and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by theoccurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Companyor a present obligation that is not recognized because it is not probable that an outflow of resources will be requiredto settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot berecognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.Contingent liabilities and contingent assets are reviewed at each balance sheet date.

w) Share-Based Payments:

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

x) Errors and Omissions of earlier period:

Errors and omissions in individual items of Income and Expenditure relating to earlier periods, exceeding '1 Lakh is accounted in the respective period, if possible, or adjusted against opening retained earnings.

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has applied as they are effective from April 1, 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard. The company does not expect any significant impact from this pronouncement

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE 3 - Property, Plant and equipment (Rs. In Lakhs)

Sl. No.	Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
		As at 01.04.2019	Additions	Deletions	Adjustments	As at 31.03.2020	Up to 01.04.2019	Deletions	Provided during the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
1	Land and Land Development	12348.75	608.90	0.00	0.00	12957.65	0.00	0.00	0.00	0.00	12957.65	12348.75
2	Buildings	1588.84	0.00	0.00	0.00	1588.84	991.26	0.00	28.36	1019.62	569.22	597.58
3	Plant and Equipment	32297.75	53.65	4.69	0.00	32346.71	28546.51	0.00	218.33	28766.05	3580.66	3718.11
4	Furniture, Fixtures and Equipments	200.85	3.59	0.00	0.00	204.44	185.08	0.00	4.20	189.28	15.16	15.77
5	Vehicles	117.98	0.00	0.00	0.00	117.98	106.02	0.00	0.84	106.86	11.12	11.96
6	Office Equipment	706.71	8.98	0.00	0.00	715.69	679.95	0.00	3.46	683.41	32.28	26.76
7	Library Books	13.47	0.00	0.00	0.00	13.47	13.43	0.00	0.00	13.43	0.04	0.04
8	Railway Sidings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-total	47274.35	675.12	4.69	0.00	47944.78	30522.25	0.00	255.19	30778.65	17166.13	16718.97
9	Assets held for disposal	122865.38	0.00	0.00	0.00	98807.89	5019.74	4962.68	0.00	57.09	98750.80	117845.61
	Total	**170139.73**	**675.12**	**4.69**	**0.00**	**146752.67**	**35541.99**	**4962.68**	**255.19**	**30835.74**	**115916.93**	**134564.58**
b) Investment property	**- Land**	16.71	0.00	0.00	0.00	16.71	0.00	0.00	0.00	0.00	16.71	16.71
	- Building	136.89	0.00	0.00	136.89	136.89	58.45	0.00	0.00	65.67	71.22	0.00
	Total	**153.60**	**0.00**	**0.00**	**136.89**	**153.60**	**58.45**	**0.00**	**0.00**	**65.67**	**87.93**	**16.71**
c) Intangible assets		633.69	20.80	0.00	0.00	654.49	451.51	0.00	14.67	466.18	188.29	182.18
	G. Total (a + b + c)	**170927.02**	**695.92**	**4.69**	**136.89**	**147560.76**	**36051.95**	**4962.68**	**269.86**	**31367.59**	**116193.15**	**134763.47**

1. In the books of Holding Company and Subsidiary company, the land is revalued as per Ind AS and for other assets it is only optional for Ind AS valuation method of adoption and the Company has adopted the cost method.
2. Kochi unit of the Holding Company had given 1.03 acre of land to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under lease agreement and the value of investment has been determined using pro-rata basis.

Amounts recognised in profit or loss for investment properties

	31.03.2020	31.03.2019
Rental income including contingent rent	32.72	25.86
Direct operating expenses from property that generated Rental Income	8.73	12.00
Direct operating expenses from property that did not generate rental income	0.00	0.00
Income from investment properties before depreciation	**23.99**	**13.86**
Depreciation	2.17	2.17
Income from investment properties	**21.82**	**11.69**

Fair value of investment property (Land)	As at 31.03.2020 (Rs. In Lakhs)
Investment property-Sterling Gas Ltd	84.48
Investment property-Township	336.04
Total	420.52

Estimation of fair value:

The fair value of investment property has been determined by an esternal independent property valuer having professional qualification. The fair value determined by Govt. has been used to determine fair value of investment property.

In the books of Holding Company, an amount of Rs.33.12 lakhs short provided towards fixed assets and corresponding depreciation reserve short provided by Rs.1.22 lakhs resulted in short provision of net fixed asset value by Rs.31.90 lakhs due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Value of asset and corresponding depreciation reserve short provided

(b) Amount of correction : Rs.33.12 lakhs in assets, Rs.1.22 lakhs in depreciation reserve and Rs.31.90 lakhs in net block.

(c) Financial line item affected : Note No.3 (3)

3d) Non current assets held for sale **Amount (Rs in Lakhs)**

Description of the Non-Current Assets	Facts and Circumstances of the sale	Manner of disposal	Timing of disposal	NET BLOCK	
				As on 31.03.2020	As on 31.03.2019
Land	Closure of Rasayani unit of Holding company and disposal of assets.	Direct sale of 152 acres of land to BPCL and balance through NBCC.	Within 12 months	98625.83	115869.84
Buildings		E-auction through MSTC	-do-	65.15	73.16
Plant and Equipment		-do-	-do-	58.87	263.66
Furniture, Fixtures and Equipments		-do-	-do-	0.95	0.95
JNPT Tank farm-CWIP		Handing over to JNPT	-do-	0.00	1638.00
Total				**98750.80**	**117845.61**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Lakhs

Description	As at 31.03.2020	As at 31.03.2019
4. Investments		
Investment stated at Cost:		
Investments in Equity instruments in Joint Venture Subsidiary - Unquoted:		
Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd.		
(50000 Unquoted Equity Shares @ Rs.10/-)	5.00	5.00
Less :- Provision for diminution of investment	0.00	0.00
	5.00	5.00
Total Non-Current Investments	**5.00**	**5.00**

Aggregate amount of quoted investments (Market Value)	-	0.00
Aggregate amount of quoted investments	0.00	0.00
Aggregate amount of unquoted investments	5.00	0.00
Total Non-Current Investments	**5.00**	**0.00**

5. Loans (Non-current asset)

(A) Security Deposit		
a. Unsecured, Considered good	0.00	0.00
b. Doubtful	3.06	3.06
Less: Allowance for doubtul security deposit	-3.06	-3.06
	0	**0**
(B) Sundry loans		
Loans to employees		
a. Unsecured, Considered good	0.00	0.44
Total loans	**0.00**	**0.44**

6. Other Non-Current Assets

i) Deposits with customs, MSEB, KSEB, BSNL, Rent deposit & Registrar HC.	624.15	618.93
Sub-total	624.15	618.93
ii) Other Deposits	105.37	99.24
Total	**729.52**	**718.17**

7. Inventories

a. Raw materials and components	582.73	646.77
b. Work in progress	913.28	951.38
c. Finished goods#	1200.35	1258.05
e. Store and spares	2788.50	2792.92
Less; Allowances for obsolesence*	-448.50	-356.31
	2340.00	2436.61
Total	**5036.36**	**5292.81**

* In the books of holding company, Allowances for stores obsolesence are made at 50% of the Slow moving items above five years.

In the books of Subsidiary company:

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.74 (2019: Rs. 122) and there is no difference to charge off during the year.

8. Trade receivables

Current		
Secured	0	1440.76
Unsecured, Considered good	1241.85	838.80
Doubtful	1465.78	2571.84
Less: Allowance for doubtul trade receivable	-1465.78	-2571.84
Total	**1241.85**	**2279.56**

i) In the books of holding company, Allowance is made in the accounts for trade receivables which in the opinion of the management are considered doubtful of recovery. The Company is consistently following the practice of creating allowance for those trade receivables which remain outstanding for more than three years or doubtful of recovery.

ii) Balance standing to the debit/credit of parties is subject to confirmation by them and review by the Company.

iii) In the books of Subsidiary company, Debts over due for a period exceeding six months includes towards case filed in High Court of Andhra Pradesh, which is pending amounting to Rs.129.16 Lakhs (2018: Rs 129.16 lakhs)

The disclosure of movement as required under Indian Accounting Standard 37

Allowance for doubtful Trade receivables	As at 31.03.2020	As at 31.03.2019
Provision at the beginning of the year	2571.84	2571.80
Provisions made during the year	15.66	0.04
Less: written off during the year *	1121.72	0.00
Provision at the end of the year	**1465.78**	**2571.84**

9a. Cash and cash equivalents

Current		
a) Balances with banks (of the nature of cash and cash equivalents):		
Current accounts	2.17	392.97
Saving Account *	141.19	136.08
Deposits with original maturity of less than three months	2222.78	2600.47
b) Cash on Hand	1.69	1.82
Total	**2367.83**	**3131.34**

* Balance in Saving account of the Holding company is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

9b. Other Bank balances

Fixed Deposit against LC/BG	3903.06	3905.84
Fixed deposit for maturity of more than three months but less than 12 month	4098.00	0.00
Total	**8001.06**	**3905.84**

10. Loans (Current asset)

(A) Loans to employees		
a. Unsecured, Considered good	66.65	66.64
Less: Allowances	60.41	60.41
	6.24	**6.23**
(B) Sundry loans		
Doubtful	65.00	65.00
Less: Allowance for doubtul sundry loans	65.00	65.00
	0.00	**0.00**
Total loans	**6.24**	**6.23**

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Holding Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Other Financial Assets

Current		
(A) Interest receivable		
a. Unsecured, Considered good		
Accrued Interest on Employees Advances	88.37	174.09
Accrued Interest on Deposits	349.80	48.03
Less: Provision for Doubtful Receipt	106.08	0.00
	332.09	**222.12**
Accrued Income from Township	5.53	5.53
Less : Allowances	5.53	5.53
	0.00	0.00
Total	**332.09**	**222.12**
(C) Receivable from ISRO (Reimbursement)	0.00	305.76
(Unsecured, Considered good)		
(D) Miscellaneous advance recoverable		
a. Unsecured, Considered good		
b. Doubtful	0.15	0.00
Less: Allowance for doubtful other financial assets	0.00	0.00
	0.15	0.00
Total	**332.24**	**527.88**

Subsidiary Company Hindustan Fluorocarbons Ltd has created mortgage in favour of the Holding Company on 84.31 acre of land at Rudraram Vill, Medak Dist., Telengana state towards zero coupon loan Rs.2744.07 lakhs outstanding and the interest bearing loan of Rs.453.01 lakhs and interest accrued thereon amounting to Rs.902.51 lakhs. The Subsidiary company had outstanding Govt. plan loan of Rs.3.60 Cr. availed for manufacture of MPTFE and Rs.13.20 Cr. availed for refurbishment of the Plant @11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid Rs.1.00 Crore with interest of Rs.24.92 lakh during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 amounting to Rs.1,580.00 lakh shown in Note-21 under the head 'Other Financial liabilities being Govt. Plan Loan current maturities of long term debt'.

12. Other Current Assets

(i) Deposits with the Collectorate of Central Excise and Customs	10.00	28.51
Less : Allowances	2.90	2.90
Sub-total	**7.10**	**25.61**
(ii) Statutory receivables - Duties & Taxes	2838.24	2851.52
Less :- Allowances	4.29	5.97
Sub-total	**2833.95**	**2845.55**
(iii) Advances to suppliers		
- Considered good	342.70	145.22
- Considered doubtful	0.91	0.91
Less: Allowances for doubtful	2.35	0.91
Sub-total	**341.26**	**145.22**
(iv) Deposits	18.34	4.85
Less: Allowances for doubtful	0.00	1.80
Sub-total	**18.34**	**3.05**
(v) Consideration of sale of Fixed Assets receivable	0.00	911.05
(vi) Statutory receivables	167.67	238.76
(vii) Prepaid Expenses	42.27	46.17
(viii) Other Advances Recoverable	37.88	43.15
(ix) Accrued income on Employee Advances	24.10	38.74
(x) Accrued income on Deposits	25.79	61.20
(xi) Claim Receivable from Employees	0.00	0.00
Total	**3498.36**	**4358.50**

13. Share Capital

Rs. in Lakhs

Description	As at 31.03.2020		As at 31.03.2019	
	Nos.	Rs.	Nos.	Rs.
Authorised Share Capital				
Equity Shares of Rs. 10 each Opening Balance	100000000	10000.00	100000000	10000.00
Increase/(decrease) during the year -	0	0.00	0	0.00
Closing balance	**100000000**	**10000.00**	**100000000**	**10000.00**
Issued equity capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid				
Opening balance	67173100	6717.31	67173100	6717.31
Add: Paid-up amount on shares forfeited -	0	9.65	0	9.65
Increase/(decrease) during the year -	0	0.00	0	0
Total - Equity share capital	**67173100**	**6726.96**	**67173100**	**6726.96**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.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.

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	No. In	**% Holding**	**No. In**	**% Holding**
Equity shares of INR 10 each fully paid: The Government of India	39481500	58.78%	39481500	58.78%

During the year 2010-11, the Company forfeited 193000 shares of Rs.10 each (Rs.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".

Rs. in Lakhs

	Description	As at 31.03.2020	As at 31.03.2019
14.	**Other equity**		
a)	**Securities Premium Reserve**		
	Opening balance	4838.57	4838.57
	Increase/(decrease) during the year	0.00	0.00
	Closing balance	**4838.57**	**4838.57**
b)	**Retained Earnings**		
	Opening balance	-107839.90	-120813.12
	Add: Profit for the year	-9609.71	7247.84
	Add: Profit on sale of Land	13718.56	5725.38
	Closing balance	**-103731.05**	**-107839.90**
c)	**Other comprehensive income**		
i)	**Revaluation of Property, plant & Equipments**		
	Opening balance	107369.93	112509.45
	Add: Revaluation during the year	-2916.56	-334.32
	Less : Cost of sale of revalued assets	0.00	-234.85
	Less: Reserve transferred to Retained Earning	-13718.56	-5725.35
	Add : Reversal of Deferred Tax liability on account of sale	2853.00	0.00
	Add/Less : Deferred Tax liability on account of revaluation during the year	1337.94	1155.00
	Closing balance	**94925.75**	**107369.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ii) Provision for Duties & Taxes Receivable		
Opening balance	0.00	-381.22
Less: Provision no longer required	0.00	-381.22
Closing balance	**0.00**	**0.00**
iii) Changes in Employees defined benefits plan		
Opening balance	-18.82	503.89
Less:Re-measurement of defined benefit plan	-213.29	-324.75
Add : Financial instruments through OCI at amortised cost	3.22	-197.96
	-228.89	**-18.82**
iv) Equity Instrument through Other Comprehensive Income		
Opening balance	0.00	**0.00**
Add: Diminition of Investment during the year (HFL)	-781.94	**0.00**
Less : Deferred Tax liability on account of revaluation during the year	228.00	**0.00**
Closing balance	**-553.94**	**0.00**
G. Total	**94142.92**	**107351.11**
Total Other Equity	**-4749.56**	**4349.78**

Securities Premium Reserve - Where the Holding Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

15. Borrowings (Non-Current Liability)

Term Loan		
Loans from Government of India	15882.38	24561.88
Total	**15,882.38**	**24,561.88**

Details of Loan from Govt. of India as on 31.03.2020 (Rs.in Lakhs)

Sl. No.	Govt. Sanction No.	Purpose	Date of Sanction Date	Date of drawal	Rate of Interest	No. of installments	Loan Amt. as on 31.03.2020	Instalments due upto 31.03.2020	Total Interest upto 31.03.2020	Interest overdue upto 31.03.2020	Current maturity of loan
								Note No.24 (i)		Note No.24 (v)	Note No.21
1	52(25)/2001-ChIII	For meeting expenditure on renewal and replacement of plant machinery (Secured)	23.09.2005	29.09.2005	12.50%	10	350.00	350.00	634.55	612.50	
2	52(25)/2001-ChIII	-do-	27.03.2006	29.03.2006	12.50%	10	250.00	250.00	437.67	437.50	
3	51/18/2007-ChIII	For meeting expenditure on repair cost of CPP, Kochi unit	28.12.2007	28.12.2007	11.50%	5	100.00	100.00	140.96	138.00	
4	51/18/2007-ChIII	For renewal and replacement in HFL, Subsidiary company	27.03.2008	30.03.2008	11.50%	5	500.00	500.00	690.16	690.00	
5	16017/11/2007-ChIII	For supporting CDM project in HFL, Subsidiary company	13.08.2008	26.08.2008	14.50%	1	315.00	315.00	529.70	502.43	
6	16017/11/2007-ChIII	For various projects in Kochi unit.	23.03.2009	27.03.2009	14.50%	1	41.00	41.00	65.46	65.40	
7	51/11/2009-Ch.III	-do-	01.12.2009	15.12.2009	11.50%	5	660.00	660.00	781.25	759.00	
8	51/11/2009-Ch.III	-do-	20.01.2010	22-01-2010	11.50%	5	843.00	843.00	987.78	969.45	
9	P.51012/01/2012-32	For various projects	12.09.2012	18-09-2012	11.50%	5	1760.00	1760.00	1524.93	1416.80	
10	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX with GoI guarantee.	07.09.2015	10-09-2015	11.50%	5	1057.00	845.60	553.82	486.22	211.40
11	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XXI with GoI guarantee.	22.09.2015	24-09-2015	13.50%	5	1404.00	1123.20	856.31	758.16	280.80
12	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX & XXI with GoI guarantee.	22.09.2016	27-09-2016	11.00%	5	2461.00	1476.60	950.08	812.13	492.20
13	P.51012/4/2013-32-Ch.III	For payment of interest on HOCL Bonds series XX with GoI guarantee.	02.08.2017	07-08-2017	11.00%	5	1057.00	422.80	308.04	232.54	211.40
14	P.51012/4/2013-32-Ch.III	For repayment of principal HOCL Bonds series XX with GoI guarantee.	11.08.2017	14-08-2017	11.00%	5	10000.00	4000.00	2893.15	2200.00	2000.00
15	P.51012/4/2013-32-Ch.III	For repayment of principal and interest on HOCL Bonds series XXI with GoI guarantee.	12.09.2017	19-09-2017	11.00%	5	16392.46	6556.98	4564.81	3606.41	3278.49
16	P.51012/4/2013-32-Ch.III	For payment of statutory dues related to employees and other.	28.09.2017	29-09-2017	11.00%	5	11026.00	4410.40	3037.13	2425.72	2205.20
	Interest on loans repaid upto 31.03.2020								5511.09	5511.09	
	Total						**48216.46**	**23654.58**	**24466.89**	**21623.35**	**8679.49**
Subsidiary company											
17	For manufacture of MPTFE (Rs.360 lakh) and For refurbishment of the Plant (Rs.1320 Lakh)		2015-16	2015-16	11.50%	5	1580.00	1580.00	781.17	781.17	
	G. Total										
							49796.46	**25234.58**	**25248.06**	**22404.52**	**8679.49**

iii) The subsidiary company had outstanding plan loan of Rs.360 Lakhs availed for manufacture of MPTFE and Rs. 1320 Lakhs availed for refurbishment of the Plant @11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid Rs.1.00 Crore with interest of Rs.24.92 lac during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16,2016-17, 2017-18, 2018-19 and 2019-20 amounting to Rs. 1,580.00 lacs shown in Note-16 under the head 'Other Financial Liabilities' being Govt. Plan Loan current maturities of long term debt.Company had received letter no.P.51015/06/2019-Ch.III(Vol.II) dated 29.01.2020 on closure of HFL in which interest on Rs.15.80 crore will be freezed upto 31.03.2019. Hence interest has not been charged for the year 2019-20.

16. Provisions (Long term liability)

Opening		
For Employee's Benefits - Leave encashment and Gratuity	1978.73	1786.07
Diff. in Fixed Assets	2.07	2.07
Provision for CBI Landlord account deposit interest	0.00	0.00
Provision for land Lease premium	0.00	490.99
Sub-total	**1980.80**	**2279.13**
Arising during the year		
For Employee's Benefits - Leave encashment and Gratuity	34.09	192.65
Diff. in Fixed Assets	1.66	0.00
Provision for CBI Landlord account deposit interest	5.11	0.00
Provision for land Lease premium	0.00	0.00
Sub-total	**40.86**	**192.65**
Utilised		
For Employee's Benefits - Leave encashment and Gratuity	106.54	0.00
Diff. in Fixed Assets	0.00	0.00
Provision for CBI Landlord account deposit interest	0.00	0.00
Provision for land Lease premium	0.00	490.98
Sub-total	**106.54**	**490.98**
Closing		
For Employee's Benefits - Leave encashment and Gratuity	1906.28	1978.73
Diff. in Fixed Assets	3.73	2.07
Provision for CBI Landlord account deposit interest	5.11	0.00
Provision for land Lease premium	0.00	0.00
Total	**1915.12**	**1980.80**

17. Deferred Tax liabilities

a) Deferred Tax Liability		
Excess Provision Written back	274.00	1,369.00
Impairment Provision written back	-	450.00
VRS Allowance U/s 35DDA of the Income Tax Act	469.00	469.00
Fair Value of Land	15194.52	18831.52
	15937.52	**21119.52**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

b) Deferred Tax Asset		
Depreciaiton	19.00	33.00
Provision for leave encashment	103.00	29.00
Voluntary Retirement Expense	-	91.00
Provision for doubtful debts	5.00	14.00
Provision for doubtful Advance	19.00	19.00
Provision for stock obsolences -	27.00	
Provision for statutory claims -	17.00	
Provision for liability on long term agreement	-	33.00
Accumulated carried forward loss to the extent of set off	553.00	0.00
	743.00	**219.00**
	15194.52	**20900.52**
Reversal of deferred tax liability [Note No.44]	**-**	**-2069.00**
Net Deferred tax liability [Note No.44]	**15,194.52**	**18,831.52**

i) The deferred tax asset available on unused tax loss has not been recognised as there is no certainity that future adequate taxable profit available against which unused tax loss can be utilised. This has been adjusted to the extent of Rs.553 lakhs of deferred tax liability recognisable in statement of profit and loss durig the as it is relating to the same taxable authority and same preiod. Also refer Note No. 44.

ii) During the year 2018-19, net deferred tax liability of Rs.2069 lakhs wrongly recognised in statement of Profit and Loss instead of adjusting the same towards deferred tax asset available on unused tax loss as it is relating to the same taxable authority and same period.Now it is rectified by reinstating the previous year deferred tax liability in accordance with Ind AS 8. Also refer Note No.44.

iii) The Subsidiary Company has not provided deferred tax assets due to huge accumulated losses incurred since there is no verture certinity to realise in future.

An amount of Rs. 2069.00 lakhs excess provided towards deferred tax expense and deferred tax liability during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Deferred tax expense and liability excess provided

(b) Amount of correction : Rs.2069.00 lakhs

(c) Financial line item affected : Deferred tax expense in P&L A/c. and Note No.17 deferred tax liability

18. Net employee defined benefit liabilities - Non current

Net employee defined benefit liabilities - Gratuity	**2199.25**	**2306.38**

19. Preference Share capital

Opening Balance	27000.00	27000.00
Increase/(decrease) during the year	0.00	0.00
Closing balance	**27000.00**	**27000.00**

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released earlier in the year 2006-07 Rs.27000 lakhs (for financial restructuring Rs. 25000 lakhs and Caustic Soda Plant recommissioning Rs. 2000 lakhs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme of the holding company. 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 (ie.2015-16). At the request of the Company, Government of India had extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. At the request of the Company, the Government of India, had granted further extension of redemption, subject payment of interest @ 1.5 % pa, on the total amount of Rs.27000 lakhs and an amount of Rs.405 lakhs has been provided in the books of accounts during the year. Further interest @1% is payable for default in repayment and accordingly interest amount of Rs.270 lakhs has been provided during the year.

19a. Current Borrowings

Loans repayable On Demand		
From Banks: Secured :		
Cash Credit from State Bank of India	505.25	408.80
Total current Borrowings	**505.25**	**408.80**
Aggregate Secured loans	505.25	408.80
Aggregate Unsecured loans	0.00	0.00

Note:

A) The Subsidiary Company has Secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 15.11 out of the total land of Acres 126.13 at Rudraram Village and guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd. The cash credit is repayable on demand and carries interest @13% p.a.

20. Trade payables

Current - Trade Payable (Sundry Creditors)		
i) Outstanding dues of micro and small enterprises	99.53	109.32
ii) Outstanding dues of other than micro and small enterprises	3684.69	10083.96
Total	**3784.22**	**10193.28**

Amount due to Micro, Small and Medium enterprises:

Particulars		
a) i) Principal amount remaining unpaid as at the end of each accounting year	103.82	109.32
ii) Interest due thereon	-	-
iii) Interest due and payable for the period of delay in payment	-	-
iv) Interest accrued and remaining unpaid	-	-
v) Interest due and payable even in suceeding years	-	-

b) Dues to Micro, Small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. All the dues to them are paid within due date and there is no overdue amount as on the closing date.

21. Other Current financial liabilities

Current maturities of Long term debt:		
Current maturities of Govt loan	8679.49	8679.49
Other payables	36.96	43.32
	8716.45	**8722.81**
Total Borrowings	24598.83	33284.69
Less: Amount clubbed under "other current financial liabilities	8716.45	8722.81
Other payables		
Non-current Borrowings (Net)	15882.38	24561.88
Aggregate Secured loans	0.00	0.00
Aggregate Unsecured loans	24598.83	33284.69

Note:

i) In the books of Holding company there is a continuing default in repayment of loan from Government of India since the year 2005-06 and the overdue amount towards principal is Rs.23654.58 Lakhs (previous year Rs.17660.09 Lakhs) and for interest accrued is Rs.21623.35 Lakhs (previous year Rs.16648.51 Lakhs), these amounts are shown under 'Other Current Liabilities'. Rs.8,679.49 Lakhs (previous year Rs.8679.49 Lakhs) maturing in next 12 months is shown

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

under Other Current Liabilities as 'current maturity of long-term borrowings'. The Company has during the year repaid loan overdue Principal amounts of Rs.2685.00 lakhs (previous year Nil).

ii) The interest on Government of India loan sanctioned to the holding company upto the date of March 31, 2005 amount to Rs.758.97 lakhs has been written off as the Government has granted ex-post facto approval to the request for waiving interest vide letter dated 12.06.2020.

22. Provisions (Short term liability)

Opening		
For Employees' Benefits (Leave and gratuity)	670.76	647.14
For Employees Remuneration	26.81	41.31
For Statutory claims	0.00	0.00
For Penal Interest	4542.06	5931.77
Sub-total	**5239.63**	**6620.22**
Arising during the year		
For Employees' Benefits (Leave and gratuity)	524.08	381.72
For Employees Remuneration	0.06	0.00
For Statutory claims	60.10	0.00
For Penal Interest	675.00	676.10
Sub-total	**1259.24**	**1057.82**
Utilised		
For Employees' Benefits (Leave and gratuity)	307.57	358.10
For Employees Remuneration	0.00	14.50
For Statutory claims	0.00	0.00
For Penal Interest	0.00	2065.81
Sub-total	**307.57**	**2438.41**
Closing		
For Employees' Benefits (Leave and gratuity)	887.27	670.76
For Employees Remuneration	26.87	26.81
For Statutory claims	60.10	0.00
For Penal Interest	5217.06	4542.06
Total	**6191.30**	**5239.63**

During the year the Holding Company has made provision in respect of Damages/ Penalty/Penal interest and the total cumulative provision is given below.

a. Interest (1.5 %) on Preference Share (Rs.270 Crore) postponement of redemption for 4 year Rs.405 lakhs.

b. Interest on default in repayment of Preference Share Capital @ 1 % Rs.270 lakhs per year.

Total impact on account of the above is Rs.675 Lakhs per year.

23. Net employee defined benefit liabilities - Current

Net employee defined benefit liabilities - Gratuity	79.14	90.17

24. Other current liabilities

i) Loan overdue- Loan from Government of India	25234.58	19240.09
ii) Advances from customers	424.14	743.20
iii) Deposits from Vendors / Customers	275.93	387.10
iv) Interest accrued but not due (on GoI Loan)	2843.56	2974.25
v) Interest accrued and due (on GoI Loan)	22404.52	17436.05
vi) Statutory Liabilities	512.56	554.71
vii) Employee related liabilities	2111.10	2734.43
viii) Payroll Recoveries Payable	11.85	12.26
ix) Other Liabilities	2209.16	2486.81
Total	**56027.40**	**46568.90**

Rs. in Lakhs

Description	Year ended 31.03.2020	Year ended 31.03.2019
25. Revenue from operations - Sale of products (Manufactured)		
Sale of products (Manufactured)		
Phenol	19875.83	33009.31
Acetone	7062.72	9582.98
H2O2	1361.13	3253.55
H. E. of Cumene	1205.92	837.34
Cumox Oil	495.63	515.83
Polytetrafluoroethylene	53.20	359.51
Application Development Customer Support	43.65	67.36
CFM - 22	3003.46	3427.99
Tetrafluoroethylene	0.90	0.00
Hydrogenchloride	31.25	31.17
Total	**33133.69**	**51085.04**

Details of major customer

Following are list of single customer represent 10% or more revenue during the year ended 31st March, 2020 and 31st March, 2019.

For F.Y. 2019-20 Rs. in Lakhs

Name of customer	Amt of revenue	%of total revenue
Ramesh Kumar & Company	10523.40	32%
Sonkamal Enterprises P Ltd	6108.84	18%
Pooja Petro Chemicals	8303.84	25%

For F.Y. 2018-19

Name of customer	Amt of revenue	%of total revenue
Ramesh Kumar & Company	7526.49	15%
Sonkamal Enterprises P Ltd	5034.37	10%
Deepak Fertilisers and Chemicals Ltd	21953.48	43%

26. Other income

Direct income		
Facility charges from ISRO	230.00	910.00
Sale of Scrap	0.48	0.25
Sub-total	**230.48**	**910.25**
Interest income on		
On Call and Term Deposits (Gross)	654.11	399.10
On Advances and Deposits with MIDC,MSEB and others	26.08	65.12
Delayed payment & Finance charges from Sundry debtors	8.96	14.72
Sub-total	**689.15**	**478.94**
Other non-operating income		
Estate Rent	55.13	78.55
Transport, Water, Electricity,etc. recoveries	5.29	8.95
Sale of Tender Forms	0.24	0.00
Exchange rate Diff - Gain	0.94	0.00
Miscellaneous Income	50.81	515.80
Prior Period Income	0.00	0.00
Creditors written back	182.12	4702.76
Interest on GoI Loan interest waived	758.97	0.00
Provision for Impairment written back	0.00	1544.65
Profit on Sale of Assets	162.18	3508.56
Sub-total	1215.68	10359.27
Total	**2135.31**	**11748.46**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In the books of the Holding company: The interest on Government of India loan sanctioned to the company upto the date of March 31, 2005 amount to Rs.758.97 lakhs has been written off as the Government has granted ex-post facto approval to the request for waiving interest vide letter dated 12.06.2020.

Reversal of Excess Provision w/ back include the following:

1. JNPT liabilities	0.00	1685.98
2. Khargar land lease premium.	0.00	490.99
4. Penal interest on Govt. Loan	0.00	2004.30
6. Provision no longer required in various cases	182.12	521.49
Total	**182.12**	**4702.76**

27. Cost of raw material and components consumed

Inventory at the beginning of the year	646.77	1002.28
Add: Purchases	20920.84	26743.96
Add: Raw material Overhead	0.00	0.00
Less: inventory at the end of the year	582.73	646.77
Cost of raw material and components consumed	**20984.88**	**27099.47**

28. (Increase)/Decrease in inventory

Inventories at the beginning of the year

(i) Stock-in-Process	951.38	1044.79
(ii) Stock for Captive consumption	89.68	282.78
(iii) Main Products	1158.48	1764.02
(iv) By Products	9.89	17.81
	2209.43	**3109.40**
Inventories at the end of the year		
(i) Stock-in-Process	913.28	951.38
(ii) Stock for Captive consumption	138.14	89.68
(iii) Main Products	965.08	1158.48
(iv) By Products	97.13	9.89
	2113.63	**2209.43**
Changes in Inventories of finished goods and work in progress	**95.80**	**899.97**

29. Employee benefits expense

a) Salaries and wages	4740.29	4970.18
b) Contribution to Provident Fund	626.67	642.08
c) Gratuity	232.63	214.60
e) Provision for Leave Encashment	354.52	98.17
f) Staff welfare expenses	522.30	503.25
	6476.41	6428.28
Voluntary retirement benefits (VRS & VSS)	0.00	312.37
Total	**6476.41**	**6740.65**

In the books of Holding Company,

i) An amount of Rs.158.21 Lakh is provided for the short fall over the above investment made by the CPF Trust (Managed by the Company till 30th June, 2018) for the liability towards employees. Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts have been transferred to EPFO.

ii) An amount of Rs.6.74 lakhs short provided towards canteen expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.
   (a) Nature of the prior period error : Canteen expense short provided
   (b) Amount of correction : Rs.6.74 lakhs
   (c) Financial line item affected : Note No.29 (e)

30. Finance costs

Interest:		
On Fixed Loans	5663.35	6765.30
Interest - Others	78.71	19.21
	5742.06	6784.51
Other Borrowing Cost-Bank charges	20.64	39.75
Total finance costs	**5762.70**	**6824.26**

31. Depreciation and amortization expense

Depreciation of tangible assets	275.14	326.22
Amortization of intangible assets	1.93	0.00
Total	277.07	326.22
26b. Provision for impairment loss on fixed assets	0.00	0.00
Total	**277.07**	**326.22**

In the books of Holding Company,

An amount of Rs.1.22 lakhs towards depreciation short provided due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Value of depreciation short provided

(b) Amount of correction : Rs.1.22 lakhs in depreciation .

(c) Financial line item affected : Note No.31

32. Other expense

Consumption of Stores and Spares		
i) Catalyst and Chemicals	190.86	249.27
ii) Consumable stores	500.09	384.18
iii) Packing materials	281.32	347.71
	972.27	**981.16**
Utilities		
Power and Fuel	6262.78	8366.73
Water	234.29	363.53
	6497.07	**8730.26**
Repairs & Maintenance:		
Building	91.99	47.17
Plant and Machinery	347.04	137.87
Other Assets	258.79	200.76
	697.82	**385.80**
Administration Expenses:		
Rent	43.36	36.40
Insurance	293.97	124.01
Rates and taxes	570.05	185.82
Consultancy / Professional cahrges	200.77	170.82
Payment to Auditors: As Auditors	5.45	7.12
For Taxation matters	1.30	0.00
For Reimb. of Expenses	0.75	0.40
Other expenses:		
Power for Township	24.24	60.95
Water for Township	15.65	69.75
Security Expenses	269.96	294.38
Advertisement Expenses	0.51	41.60
Hire of Vehicles Expenses	27.44	28.34
Loss on Sale of Assets/Disposal	53.55	77.02
Prior Period Expenses	0.00	0.00
Sundry Balances Written-off	0.00	308.99
Miscellaneous Expenses	315.22	468.88
Corporate Social Responsibility	0.72	4.17
	1822.94	**1878.65**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Selling and distribution expenses:		
Cash Discount	606.12	758.24
Other selling expenes	0.51	49.74
	606.63	**807.98**
Provisions:		
Provision for Doubtful Debts	17.09	47.16
Provision for Stock Obsolescence	92.19	0.00
Provision for Doubtful of recovery (CBI Landlord A/C)	5.11	0.00
Provision for Penal interest	675.00	676.10
Unidentified assets	1.66	0.00
Provision for statutory claims	58.71	0.00
Long term agreements	0.00	113.79
	849.76	**837.05**
Total	**11446.49**	**13620.90**

Notes:

In the books of Holding company,

1 An amount of Rs.33.13 lakhs excess provided towards consumption of stores and spares during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Store and spares excess provided

(b) Amount of correction : Rs.33.13 lakhs

(c) Financial line item affected : Note No.32 (ii)

2 An amount of Rs.1.71 lakhs short provided towards purchase of power from KSEB during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Power expense short provided

(b) Amount of correction : Rs.1.71 lakhs

(c) Financial line item affected : Note No.32 (power)

3 An amount of Rs.13.46 lakhs short provided towards security arrangement during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Security expense short provided

(b) Amount of correction : Rs.13.46 lakhs

(c) Financial line item affected : Note No.32 (security Expense)

4 An amount of Rs. 5.29 lakhs short provided towards miscellaneous expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Miscellaneous expense short provided

(b) Amount of correction : Rs.5.29 lakhs

(c) Financial line item affected : Note No.32 (Miscellaneous Expense)

5 An amount of Rs. 3.76 lakhs short provided towards repairs & maintance (other assets) expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Repairs and Maintance expense short provided

(b) Amount of correction : Rs.3.76 lakhs

(c) Financial line item affected : Note No.32 Repairs and maintanance (other assets)

6 An amount of Rs. 7.17 lakhs excess provided towards miscellaneous expense during the year 2018-19 due to error, as such the comparative amounts for the year 2018-19 is restated as per Ind As 8.

(a) Nature of the prior period error : Miscellaneous expense excess provided

(b) Amount of correction : Rs.7.17 lakhs

(c) Financial line item affected : Note No.32 (Miscellaneous Expense)

33 EMPLOYEES BENEFIT PLAN:

A Provision for leave encashment

The Holding Company has a provision of Rs.1409.82 Lakh (previous year Rs.1005.70 Lakh) for leave encashment as on 31st March 2020, as per the Ind AS-19 based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

B. Provident fund

Holding Comapny: Employees receive benefits from the provident fund managed by the Company upto 30th June 2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages.

Subsidiary Company: 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.

C. Gratuity

Gratuity plan is governed by the Payment of Gratuity Act, 1972 and an employee who has completed five years of service is entitled to gratuity and the level of benefits provided depends on the member's length of service and salary at retirement age. 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 balance fund of Holding and Subsidiary company available with LIC is Rs. 15.34 Lakh and Rs.4.12 Lakh respectively.

All dues on account of gratuity of Rasayani unit and Kochi unit employees of Holding company relieved upto 31.03.2020 have been paid and there are no further dues.

Details of Actuarial Valuation of Gratuity Details:

1. Funded Status of the plan **Rs. In Lakh**

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Present value of unfunded obligations	0.00	0.00
Present value of funded obligations	3227.83	3323.56
Fair value of plan assets	-19.74	-18.44
Net Liability (Asset)	3208.09	3305.12

2a. Profit and loss account for current period

Current Service Cost	120.09	124.67
Past Service cost and loss/gain on curtailments and settlement	0.00	0.00
Net Interest cost	202.89	200.78
Total included in 'Employee Benefit Expense' (P&L)	322.98	325.45

2b. Other Comprehensive Income for the current period

Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	56.82	47.38
Due to change in demographic assumption	-0.34	0.00
Due to experience adjustments	180.54	409.69
Return on plan assets excluding amounts included in interest income	-1.01	-2.98
Amounts recognized in Other Comprehensive Income	236.01	454.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Reconciliation of defined benefit obligation

Opening Defined Benefit Obligation	3323.56	3087.43
Transfer in/(out) obligation	0	0
Current service cost	120.1	124.67
Interest Cost	202.89	200.78
Components of actuarial gain/losses on obligations:	0	0
Due to Change in financial assumptions	56.82	47.38
Due to change in demographic assumption	-0.34	0
Due to experience adjustments	180.54	409.69
Past Service Cost	0	0
Loss(gain) on curtailments	0	0
Liabilities Extinguished on settlement	0	0
Liabilities assumed in an amalgamation in the nature of purchase	0	0
Exchange diffeences on foreign plans	0	0
Benefits paid	-533.35	-411.86
Closing defined benefit Obligation	3350.22	2403.05

4. Reconciliation of plan Assets

Opening value of plan assets	18.45	49.07
Transfer in (out) plan assets	0	0
Expenses deducted from the fund	0	0
Inerest Income	0	0
Return on plan assets excluding amounts included in interest income	1.01	2.98
Assets distributed on settlements	0	0
Contributions by employer	150.31	152.46
Assets acquired in an amalgamation in the nature of purchase	0	0
Exchange rate differences on foreign plans	0	0
Benefits paid	0	-33.86
Closing value of plan assets	19.74	18.45

5. Reconciliation of net defined benefit liability

Net opening provision in books of accounts	2382.23	2357.59
Transfer in (out) obligation	0	0
Transfer (in) out plan assets	0	0
Employee benefits Expense as per Annexure 2	231.91	245.75
Amounts recognized in other comprehensive income	181.54	156.89
Sub-total	2795.68	2760.23
Benefits paid by the company	-533.35	-378
Benefits settled (Rasayani Unit)	0	0
Contributions to plan assets	0	0
Closing provision in the books of accounts	2262.33	2382.23
Reconciliation of Assets Ceiling		
Opening Value of Assets Ceilng	0	0
Interest on Opening Value of Assets Ceiling	0	0
Loss/Gain on Assets due to surplus/Deficit	0	0
Closing Value of Plan Assets Ceiling	0	0

6. Composition of the Plan assets

	%	%
Government of India Seccurities	0	0
State government seccurites	0	0
High Quality Corporate Bonds	0	0
Equity shares of listed companies	0	0
Property	0	0
Special Deposit Scheme	0	0
Policy of Insurance	100	100
Bank Balance	0	0
Other Investments	0	0
Total	100	100

7. Bifurcation of liability as per schedule III

Current liability	79.13	90.17
Non - Current liability	2183.19	2292.05
Net Liability	2262.32	2382.22

8. Principle acturial assumptions

Discount Rate	6.85%	7.35%
Salary Growth rate	7.00%	7.00%
Withdrawal rates	3% at Younger ages reducing to 1% at older ages	3% at Younger ages reducing to 1% at older ages

9. Expected Cash Flows based on past service liability

	Cash Flows	Distribution (%)
Year 1	654.97	19.9
Year 2	387.43	11.8
Year 3	443.06	13.5
Year 4	331.56	10.1
Year 5	167.43	5.1
Year 6 to Year 10	704.68	21.4

The future accrual is not considerd in arriving at the above cash flows

The expected contribution for the next year is Rs 79.14 Lakh.

The Average outstanding term of obligations (years) as at valuation date is 4.64 years

10. Sensitivity to key assumptions

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Discount Rate Sensitivity		
Increase by 0.5 %	2230.08	2349.18
(% change)	-2.09%	-1.98%
Decrease by 0.5%	2327.62	2446.21
(% change)	2.19%	2.07%
Salary Growth rate Sensitivity		
Increase by 0.5 %	2302.68	2425.15
(% change)	1.10%	1.19%
Decrease by 0.5%	2249.84	2366.05
(% change)	-1.22%	-1.27%
Withdrawal rate(W R)Sensitivity		
W. R x 110%	2278.95	2398.02
(% change)	0.06%	0.06%
W. R x 90%	2275.92	2395.12
(% change)	-0.08%	-0.06%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if the two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any

Appendix A: Break-up of defined benefit obligation

Particulars	As at 31.03.2020	As at 31.03.2019
Vested	2,274.47	2,391.06
Non-vested	3.19	5.49
Total	**2,277.66**	**2,396.55**

Appendix B: Age wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)	
	As at 31.03.2020	As at 31.03.2019
Less than 25	-	-
26 to 35	33.64	37.82
36 to 45	178.54	163.84
46 to 55	808.63	908.09
56 and above	1256.85	1286.80
Accrued gratuity for Left Employees	-	-
Total	**2277.66**	**2396.55**

Appendix C: Past service wise distribution of defined benefit obligation

Age (In years)	DBO (in Rs.)
	As at 31.03.2020
0 to 4	0.88
4 to 10	61.37
10 to 15	105.50
15 and above	2109.91
Accrued gratuity for Left Employees	-
Total	**2277.66**

MAJOR RISK TO THE PLAN

A. Acturial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience:

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk :

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.85% p.a	6.85% p.a
Salary Growth rate	7.00%p.a	7.00%p.a

Demographic Assumptions

Withdrawal rates p.a

Age Band		
25 and below	3.00%	3.00%
26 to 35	2.50%	2.50%
36 to 45	2.00%	2.00%
46 to 55	1.50%	1.50%
56 and above	1.00%	1.00%

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality (2012-14)

Age (In years)		
20	0.09%	0.09%
30	0.11%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34 FIXED ASSETS

Originally the Holding Company at Rasayani was in possession of land (as per revenue records) admeasuring 1012.355 acres. Out of the said land 251 acres were sold to BPCL and 20 acres were sold to ISRO during the year 2017-18, 38.687 acres were sold to BPCL in the year 2018-19 and 85.27 acres of land sold to BPCL in the current year 2019-20. Out of the said land, 65.840 acres (previous year 66.024 acres) includes 22.717 acres which has been idenitified as encroached, 32.547 acres has been given to MIDC, MSEB, HIL, MES etc, 10.576 acres of public road and hence considered at Nil value. The said encroachment has been determined on the basis of the survey carried out by the company through M/s. The Geo Tek vide their report dated April 24, 2019. The balance 551.558 acres of land has been revalued at the ready recknor rate or the agreed rate of sale to BPCL amounting to Rs. 828.26 crore.

As per the communication received from Municipal commissioner Panvel, regarding the actual area of plot No.11 & 12 of survey No.738 on which there is a public road passing through and thereby the total area of Panvel land available for sale has been reduced from 8 acre to 7.09 acre. Accordingly the reserve price (fair value) has been reduced to Rs.158 crore. Further HOCL has applied for NOC from govt. of Maharashtra for sale of land which is yet to be received.

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the company has closed the Rasayani Unit, plant and equipment scrapped has been disposed off. The balance amount due from ISRO towards settlement of C.N.A / N2O4 plant transfer has been received.

35 INVESTMENT

a) The Holding Company has an investment of Rs.1106.00 Lakh (previous year Rs.1106.00 Lakh) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2020 is negative. Provision has been made during current year towards diminution in the value of these investments amounting to Rs.781.94 Lakh due to the diminution in the market value to Rs.2.93 as on 31.03.2020 (face value Rs.10). Government of India has decided to close down M/s.HFL as per CCEA decision on 29.01.2020.

b) During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of Rs.2260.26 Lakh accumulated on loan given to HFL and converted the unsecured loan amounting to Rs.2744.07 Lakh as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of Rs. 2035.26 Lakh as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to Rs.2744.07 (Previous year Rs.2744.07) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to Rs. 453.01 (Previous Year Rs. 453.01) 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property. A provision has been made for the shortfall in the security to the extent of Rs.2070.70 Lakh including interest as on 31st March, 2020 (Previous year Rs. 2007.07 Lakh)

c) The Holding Company has entered into an agreement on 16.10.2006 to lease the school infrastructure facilities to M/s.Mahatma Education Society (MES) for managing the school for a period of 30 years. The management of MES in order to start professional courses has constructed new buildings and facilities in the premises in contravention of the terms of agreement. The company has sent a notice for termination as per the tems of the agreement to M/s.MES. M/s.MES has filed a petition challenging the termination notice in the Dist. Magistrates Court Alibag. MES has filed petition in the Bombay High Court for appointment of Arbitrator in the dispute between HOCL and MES. The District Court has granted stay pending the final disposal of the Arbitration petition of MES. Company has filed a petition to vacate the stay granted by the District Court in the Bombay High Court.

36 EARNING PER SHARE

Earnings per share has been calculated as follows:

Particulars	As at 31.03.2020	As at 31.03.2019
Net Profit/(Loss) after Tax (Rs. in Lakh)	-9774.35	7322.03
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (Rs.)	10	10
Basic / Diluted Earning per equity share (Rs.)	-14.55	10.90

37 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.

38 BALANCE CONFIRMATION

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

39 Contingent Liabilities & Commitments

Rs. in Lakh

I) Contingent Liabilities	As at 31.03.2020	As at 31.03.2019
a) Claims against the Company not Acknowledged as debts:		
i) Sales Tax / KVAT assessment demand	0.00	795.06
ii) CST - Differential tax on account of concessional forms in respect of concessional sales	0.00	21.64
iii) Income Tax Claims	563.72	485.74
iv) Excise duty / Service tax	104.63	330.46
v) Gratuity for School teachers	75.31	193.31
vi) Other claims (P&A - Legal cases)	286.36	220.65
vii) Rental claim Harchandrai House	5594.75	5153.40
viii) JNPT lease rent	2974.52	1981.00
ix) Damages on Delayed payment of PF with interest	94.89	94.89
x) Penal interest on Govt. Loans	4687.52	3071.11
xi) Interest on interest on Govt. Loan	28128.35	31273.65
Sub-total	**42510.05**	**43620.91**
b) Bank Guarantees issued from Banks	697.25	692.75
c) 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.	603.00	603.00

II) Commitments:

Estimated amount of Contracts remaining to be executed on capital account and not provided for:	23.49	0.00

a) Claims against the Company not Acknowledged as debts:

iii) Income Tax Claims: Rs.563.72

There are various appeals for Assessment years are pending before authorities i.e. ITAT, High Court and other forums. The Holding Company is awaiting for hearing, the details are as follows

AY 2002-03: Rs.70.50 Lakh, AY 2011-12: Rs.121.42 Lakh, AY 2014-15: Rs.71.24 Lakh and AY 2017-18: Rs.300.56 Lakh.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

iv) Excise duty / Service tax

The Holding Company has ongoing disputes with Central excise authorities relating to the period 2006-07, amounting to Rs.104.63 Lakh. Company has filed Appeals at various Tribunals.

v) Gratuity for School teachers

Case filed by the teaching staff of HOC Rasayani School for the period upto March 1997, pending before Bombay High Court (Rs.75.31 Lakh).

vi) Other claims (P&A - Legal cases): Rs.286.36 Lakh.

a) Case filed by the Holding Company against the award passed by MAC Tribunel, Trichur in relation to Phenol Tanker accident in 1994 (Rs.118 Lakh)

b) ESI corporation has raised a demand for contribution during the period from 01.04.1992 to 31.10.1992 amounting to Rs.2.17 lakh (Holding Company). The matter is pending with ESI Court, Ernakulam, as desired by the ESI Court we had applied for exemption from ESI Act to the Govt. of India, hence no liability is created and a contingent liability to that extend is provided. ESI case of subsidiary company amounting to Rs.13.46 Lakh.

c) The Holding Company had invited open tender for work of construction of “Civil and Structural works for Construction of Plant Building, Technical Service Building, R&D Building, etc of PU System House Project. Company had issued the Work Order to M/s Shetusha Engineers & Constructions Pvt. Ltd. (SECPL). On account of delay and other shortcomings in the completion, company had deducted Liquidated damages. SECPL objected for the said deductions and filed an Arbitration Application before the Hon’ble High Court, Mumbai. Later the M/s SECPL had unconditionally withdrawn the said Arbitration Application from the Court. Further, M/s SECPL had filed Suit before the Hon’ble High Court, Mumbai against the Company for passing the Decree against the Company towards payment of Rs.113.35 Lakh including interest.

d) The Holding Company invoked the peformance gurantee given by M/s Vakharia Construction Company, Mumbai (VCC) to whom civil contracts had been alloted as the contract works were not completed as per the terms of the work order. The matter was referred to arbitration and later went to the High Court. The court ordered the company to deposit Rs.12 lakhs and M/s VCC is allowed to withdraw the amount on submission of bank gurantee. The appeals filed before the Hight Court were dismissed. Now M/s VCC raised demand for bank gurantee commission paid to the bank and interest at the rate of 18% as the money decree passed by the Trial Court in favour of VCC was stayed due to filing civil application by the company. The liability estimated on this is Rs.39.38 lakhs and the matter is pending before court of law and accordingly shown under contigent liabilities.

vii) Rental claim Harchandrai House 5594.74 Lakh

v) As the company has not vacated the office premises taken on lease from M/s Harchandrai & Sons as per their notice they initiated legal proceedings and stopped to accept the lease rent. The company vacated the office premises during the year 2014. The rent not accepted by the landlord till the vacation of the office premises amounting to Rs.580.80 lakhs has been provided in the accounts. Landlords filed the Mesne Profit Application before Small Causes Court, Mumbai for Mesne profit for the period from 01/06/2000 to till the possession of the said premises. The Mense profit application is pending for hearing and the company is of the opinion that no provision is required as there is uncertainities in crystaliation of demand at this stage of litigation and accordingly the estimated amount is shown as contingent liability.

viii) JNPT lease rent: Rs.2974.52 Lakh

The Company has entered into MoU with Jawaharlal Nehru Port Trust (JNPT) to hand over the land alloted to the company for setting up Liquid Tank Farm on lease bais along with assets of the company ‘as is where is basis’. The JNPT raised a demand of Rs.4124 lakhs towards lease rentals and other charges. The company has instituted arbitral proceedings and Arbitral Tribunal issed the awared in favour of the company. The assets of the company valued as per the MoU at Rs.1638.50 lakhs and same is agreed . The undisputed amount of lease rent payable by the Company to JNPT was computed on a mutual understanding between the Parties on the basis of arbitral award is Rs. 805.13 lakhs. The company has shown balance amount of demand of JNPT after adjusting undispute lease rental paid as contingent liability since the appeal filed against the arbitral awards pending for hearing before High Court and the company is of the opinion that no provision is required as there is uncertainities in crystatlisation of demand at this stage of litigation.

ix) Damages on Delayed payment of PF with interest (Subsidiary company): Rs.94.89 Lakh

Damages on delayed payments of Provident fund with interest thereon from 2000 to 2011. Application filed on 14.05.2014 due to pendency of cases, matter could not be reached due to statutory provisions under the Act, Govt. of India have not constituted to hear the pending cases with BIFR.

x) Interest at higher rate on Govt. Loans: Rs.4687.52 Lakh and Interest on defaulted interest Govt. Loan 28128.35.

The Government of India reserves the right to raise the rate of interest in respect of loans granted to the company, in case of default of repayment of principal on the due date and also charge interest at rate on default in any of the payment of interest due. As there is default in payment of principal loan as well as interest due thereon, the company, in anticipation that the Government of India may demand higher rate on principal and interest on interest outstanding, arrived the additional interest liability and shown as contingent laibility. As per the balance confirmation given by the Government of India, the interest at the higher rate and interest on defualted interest have not been included.

xi) The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular and retired employees and not acknowledged as debts is not ascertainable.

b) Bank Guarantees issued Rs.697.25 Lakh

The Holding Company have submitted bank guarantees to Kerala State Electricity Board amounting to Rs.214.25 lakh, Govt. of Kerala, Department of Commercial Taxes amounting to Rs.465 lakh as security deposit and Rs.3.5 Lakh to others. The subsidiary company have submitted Bank guarantee to Pollution control Board amounting to Rs.14.50 lakh. The company does not expect any outflow of resourses in respect of the above.

II) Estimated amount of Contracts remaining to be executed on capital account and not provided for: Rs.23.49 Lakh

The company have entered Tally ERP implementation contract with M/s Indmerc Solutions Pvt Ltd. for an amount of Rs.35.70 lakh, out of which company have already provided expenses to the tune of Rs.12.21 lakh in the books of accounts. Balance amount is Rs.23.49 lakh.

40 Disclosure relating to error or omission as per Ind AS 8

In the books of the holding company, the following expenditure/income had been incorrectly accounted during the year 2018-19 due to error. The comparative expenditure/income in the financial statement of the year 2018-19 have been restated to correct the errors. The effect of the restatement on the financial statement is summarised below.

Increase in Other Income (Refer Note 21)	-	229.50
Increase in Employee Expenses (Refer Note 29)	(6.74)	(550.14)
Decrease in Other Expenses (Refer Note 32)	33.13	-
Increase in Finance Cost (Refer Note 25)	-	(80.41)
Increase in depreciation and amortisation (Refer Note 31)	(1.22)	3.70
Increase in Other Expenses (Refer Note 32)	(24.22)	(0.60)
Decrease in Other Expenses (Refer Note 32)	7.17	-
Decrease in deferred tax expense (Note No.17 & P&L A/c.)	2,069.00	-
	2,077.12	(397.95)
Income tax laiblity	-	-
(Increase)/decrease in Equity	2,077.12	(397.95)
(Increase)/decrease in Earning Per Share	3.09	(0.60)
(Increase)/decrease in Diluted Earning Per Share	3.09	(0.60)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The rates and taxes relating the period up to 31.03.2018 has been incorrectly accounted during the earlier financial years up to 31.03.2018 due to error. The effect of the restatement on the financial statement is summarised below.

Opening retained earnings as on 01.04.2019	(9,609.71)
Add: decrease in rates and taxes	(51.53)
Reinstated retained earnings as on 01.04.2019	(9,661.24)

41 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

Since Government of India owns 58.78% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals), the disclosures relating to transactions with the Government and other Government controlled entities have been reported in accordance with para 26 of Ind AS 24.

List of related parties where control exists and also related parties with whom transactions have taken place and relationships: **Rs. In lakhs**

Sr. No.	Name of the Related Party Relationship	Relationship	Details of Transaction	Amt. of Transaction during 2019-20	Outstanding at the end of the year (31.03.2020)	Amt. of Transaction during 2018-19	Outstanding at the end of the year (31.03.2019)
1	Hindustan Flurocarbon Ltd. (HFL)	Subsidiary company with 56.43% share holding.	Interest on loan given to HFL	63.63	4099.59	63.63	4042.32
2a	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Purchase of Raw materials (LPG, Benzene, FO, H2 & LNG)	26134.71	1606.33	30423.41	7812.05
2b	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Finished Goods (H2O2)	38.25	23.27	72.74	29.21
2c	Bharat Petroleum Corporation Ltd	Controlled by Government of India.	Sale of Rasayani land	13718.56	Nil	5416.18	Nil
3	ISRO	Controlled by Government of India.	Transfer of C.N.A/N2O4 plant- Reim. of Operational Expenses & Utility Charges	369.00	0.00	3894.06	1216.81
4	Indian Oil Corporation Limited	Controlled by Government of India.	Purchase of Raw materials (Benzene)	1164.07	0.00	0.00	0.00
5	FACT	Controlled by Government of India.	Purchase of Raw materials (Sulphuric acid)	10.13	2.48	0.00	0.00
	Trusts constituted by the Company *						
6a	HOCL Employees Provident Fund Trust, Rasayani	Managed by Trustees nominated by the company and the Employees' unions/ associations.	Company's contribution to Provident Fund	0.00	Nil	12.75	Nil
6b	HOCL Employees Provident Fund Trust, Kochi Unit	-do-	Company's contribution to Provident Fund	0.00	Nil	121.52	Nil
6c	HOCL Group Gratuity Trust	-do-	Nil	Nil	Nil	Nil	Nil

* Contribution for PF is considered upto 30.06.2018. From 1st July 2018 onwards the Company has transferred the Provident fund accounts of all employees to Employees Provident Fund Organisation (EPFO) and managed by EPFO. The assets and liabilities as on 01.07.2018 of the Trust managing the Provident Fund accounts are under transfer to EPFO.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rs. in Lakhs

		Short-term employee benefits	Post-term employee benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
	2019-20						
A.	**Remuneration to Whole time Director, Managing Director and/or Manager:**						
	Shri. S.B. Bhide, CMD	43.83	4.14	0.00	0.00	0.00	47.97
	Shri. C.P. Bhatia, DF (from 7.8.19)	21.16	2.74	0.00	0.00	0.00	23.90
B.	**Remuneration to Other Directors**						
i)	**Govt. Nominee Directors**						
	Ms. Alka Tiwari, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
	Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii)	**Independent Directors**						
	(Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees)						
	Ms. Pushpa Trivedi, NOID	0.30	0.00	0.00	0.00	0.00	0.30
	Mr. Mukesh Pareek, NOID	1.40	0.00	0.00	0.00	0.00	1.40
	Ms. Lata Alker, NOID	1.40	0.00	0.00	0.00	0.00	1.40
C.	**Key Managerial Personnel**						
	Mrs. Susheela S. Kulkarni, CS	27.20	3.34	0.00	0.00	0.00	30.54
	Mr. P.O. Luise, CFO (upto 9.8.19)	7.18	0.96	0.00	0.00	0.00	8.14
		102.47	**11.18**	**0.00**	**0.00**	**0.00**	**113.65**
	2018-19						
A.	**Remuneration to Whole time Director, Managing Director and/or Manager:**						
	Shri. S.B. Bhide, CMD	37.96	3.85	0.00	0.00	0.00	41.81
B.	**Remuneration to Other Directors**						
i)	**Govt. Nominee Directors**						
	Ms. Alka Tiwari, AS&FA	0.00	0.00	0.00	0.00	0.00	0.00
	Shri. Samir Kumar Biswas, JS	0.00	0.00	0.00	0.00	0.00	0.00
ii)	**Independent Directors**						
	(Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees)						
	Ms. Pushpa Trivedi,NOID	1.00	0.00	0.00	0.00	0.00	1.00
	Mr. Mukesh Pareek,NOID	1.00	0.00	0.00	0.00	0.00	1.00
	Ms. Lata Alker, NOID	1.00	0.00	0.00	0.00	0.00	1.00
C.	**Key Managerial Personne**						
	Mrs. Susheela S. Kulkarni, CS	24.53	2.71	0.00	0.00	0.00	27.24
	Mr. P.O. Luise, CFO	22.09	2.64	0.00	0.00	0.00	24.73
		87.58	**9.20**	**0.00**	**0.00**	**0.00**	**96.78**

Note:

In the ordinary course of its business, the Company enters into transactions with other Government controlled entities (not included in the list above). The Company has transactions with other Government-controlled entities,including but not limited to the followings:

Sales and purchases of goods and ancillary materials; Rendering and receiving of services; Receipt of dividends; Loans and advances; Depositing and borrowing money; Guarantees and Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government controlled entities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note-42 Financial Instruments

42a. Fair Value measurement hierarchy

A **Level 1 —** Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV. Company do not have any such investment

Level 2 — The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 — If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlistedequity securities, contingent consideration and indemnification asset

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

Rs. In Lakhs

	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Loans	0.00	0.00	6.24	6.24	0.00	0.00	6.67	6.67
Trade Receivables	0.00	455.62	786.23	1241.85	0.00	508.93	1770.63	2279.56
Investments	0.00	0	5.00	5.00	0.00	0.00	5.00	5.00
Cash and cash equivalents	0.00	0.35	2367.48	2367.83	0.00	0.45	3130.89	3131.34
Bank balance other than cash	0.00	3.06	7998.00	8001.06	0.00	1.72	3904.12	3905.84
Other Financial Assets	0.00	92.07	240.17	332.24	0.00	178.88	349.00	527.88
Total Financial assets	**0.00**	**551.10**	**11403.12**	**11954.22**	**0.00**	**689.98**	**9166.31**	**9856.29**
Financial liabilities								0.00
Non Cumulative Preference share	0.00	0.00	27000.00	27000.00	0.00	0.00	27000.00	27000.00
Borrowings	0.00	505.25	15882.38	16387.63	0.00	408.80	24561.88	24970.68
Trade payables	0.00	171.34	3612.88	3784.22	0.00	393.17	9800.11	10193.28
Other current financial liabilities	0.00	4142.92	4573.53	8716.45	0.00	4085.65	4637.16	8722.81
Total Financial liabilities	**0.00**	**4819.51**	**51068.79**	**55888.30**	**0.00**	**4887.62**	**65999.15**	**70886.77**

42b. Categories of Financial Instrument

A Fair Values hierarchy :

	As at 31st March, 2020				As at 31st March, 2019			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets :								
Loans			6.24	6.24			6.67	6.67
Trade Receivables			1241.85	1241.85			2279.56	2279.56
Investments			5.00	5.00			5.00	5.00
Cash and cash equivalents			2367.83	2367.83			3131.34	3131.34
Other Financial Assets			332.24	332.24			527.88	527.88
Total Financial assets	0	0	**3953.16**	**3953.16**			**5950.45**	**5950.45**
Financial liabilities								
Non Cumulative Preference share			27000.00	27000.00			27000.00	27000.00
Borrowings			16387.63	16387.63			24970.68	24970.68
Trade payables			3784.22	3784.22			10193.28	10193.28
Other current financial liabilities			8716.45	8716.45			8722.81	8722.81
Total Financial liabilities	**0**	**0**	**55888.30**	**55888.30**	**0.00**	**0.00**	**70886.77**	**70886.77**

Note No. 43 a) Financial risk management

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company but as company balance in foreign currency hence comapny is not exposed to foreign currecncy exchange rate risk

b) Interest rate risk

The Company's investments are primarily in subsidiary through quoted equity share and unquated equity share of other entity therefore none of the investment activity is generating interest out of the investment. Hence, the Company is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets.

Geographic concentration of credit risk

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The company manages liquidity risk by maintaining adequate reserve, banking facilities and reserve borrowing fcailities, continuosly monitoring forecast and actual cash flow and by matching the maturiy profiles of financial assets and liabilties.

43-b. Amendment in Ind AS 7 - Statement of Cash Flow

The amendments do not prescribe a specific format to disclose the financing activities.An entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in thestatement of financial position for liabilitiesarising from financing activities. including both changes arising from cash flow and non- cash flow changes, suggestion inclusion of a reconciliation between the opening and closing balance in balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Particular	2018-19	Cash flow	Non cash	2019-20
Non Current Borrowing	24561.88	(2,685.00)	(5,994.50)	15882.38
Loan given	6.68	0.44	-	6.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note No.44 Deferred Tax

For the Year 2019-20 — Rs. in Lakhs

	Opening Balance 01.04.2019	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2020
Deferred Tax Liability				
Excess Provision W/back	1,369.00	274.00	-	1,643.00
Provision for impairment W/Back	450.00	-	-	450.00
VRS Expense Allowable u/s 35DDA of the Income Tax Act	469.00	469.00	-	938.00
Revaluation of land in Fair Value	18,831.52	-	(784.00)	18,047.52
Reversal of deferred tax liability on disposal of revalued of PPE	-	-	(2,853.00)	(2,853.00)
	21,119.52	**743.00**	**(3,637.00)**	**18,225.52**
Deferred Tax Asset				
Depreciation	33.00	19.00	-	52.00
Provision for Leave Encashment	29.00	103.00	-	132.00
Voluntary Retirement Benefits (VRS/VSS)	91.00	-	-	91.00
Provision for Doubtful Debts	14.00	5.00	-	19.00
Provision for Doubtful Advances	19.00	19.00	-	38.00
Provision for Long Term Agreements	33.00	-	-	33.00
Provision for Stock Obsolescence	-	27.00	-	27.00
Provision for Statutory claims	-	17.00	-	17.00
Accumulated Income tax loss to the extent of deferred tax liability	2,069.00	553.00	-	2,622.00
	2,288.00	**743.00**	**-**	**3,031.00**
Net Deferred tax liability	**18,831.52**	**-**	**(3,637.00)**	**15,194.52**

For the Year 2018-19

	Opening Balance 01.04.2018	Recognised in P & L	Recognised in OCI	Closing Balance 31.03.2019
Deferred Tax Liability				
Excess Provision W/back	1,369.00	-	1,369.00	
Provision for impairment W/Back	450.00	-	450.00	
Allowable u/s 35DDA (Note)	469.00	-	469.00	
Revaluation of land in Fair Value	19,986.52	-	36.00	20,022.52
Reversal of deferred tax liability on disposal of revalued of PPE	-	-	(1,191.00)	(1,191.00)
	19,986.52	**2,288.00**	**(1,155.00)**	**21,119.52**
Deferred Tax Asset				
Depreciation	33.00	-	33.00	
Provision for Leave Encashment	29.00	-	29.00	
Voluntary Retirement Benefits (VRS/VSS)	91.00	-	91.00	
Provision for Doubtful Debts	14.00	-	14.00	
Provision for Doubtful Advances	19.00	-	19.00	
Provision for Long Term Agreements	33.00	-	33.00	
Provision for Stock Obsolescence	-	-	-	
Provision for Statutory claims	-	-	-	
Accumulated Income tax loss to the extent of deferred tax liability	2,069.00	-	2,069.00	
	-	**2,288.00**	**-**	**2,288.00**
Net Deferred tax liability	**19,986.52**	**-**	**(1,155.00)**	**18,831.52**

45. Notes to Statement of Profit and Loss and Other Comprehensive Income

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) Represents Deferred Tax adjustments on the Ind AS transition adjustments. However considering the losses of the company no current tax impact was given.

d) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

e) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

46 The operations of the Holding Company were scaled down during the last week of the year. The Company was in lock down for 7 days and thereby a decrease in production. As per our current assessment, no significant impact on tangible assets, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor the changes in future economic conditions. The Management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However the actual Impact of Covid-19 on the Company's financial statements may differ from that estimated.

47 As per the letter dated 29.01.2020 from the Ministry of Chemicals and Fertilizers, Department of Chemicals & Petrochemicals, under which the Subsidiary Company functions, Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 22nd Jan, 2020 had approved the following:

a) Shutting down the operations of the plant/unit of HFL & closure of the Subsidiary Company.

b) Separating the employees (regular and non-regular/adhoc) rendered surplus due to closure of plant through VRS/VSs, after payment of all their outstanding salary/ wages and statutory dues, except for skeletal staff required to implement the full and final closure of the company. Employees not opting for VRS/VSS will be retrenched as per the provisions of Industrial Disputes Act, 1947.

c) Grant of interest free loan of Rs.77.20 crore by Govt. of India to Subsidiary Company to be utilized exclusively for closure related expenditure including (a) implementation of VRS/VSs for Subsidiary Company employees, their dues, statutory dues, payment to suppliers /contractors /utilities dues and repayment of SBI working capital loan (b) salary/wages and administrative expenses of Subsidiary Company 's skeletal staff to be temporarily retained for completing the closure of Subsidiary Company for two years.

d) Above interest free loan of Rs.77.20 crore will be repaid by Subsidiary Company to Govt. of India from the sale proceeds of land and other assets of the Subsidiary Company, as and when disposed off and after settling all the liabilities related to closure of the Subsidiary Company.

e) After settlement of all liabilities related to closure of Subsidiary Company and repayment of interest free loan of Rs.77.20 crores, surplus proceeds from disposal of land and other assets, if any, will be used for repayment of Subsidiary Company's outstanding Govt of India (Rs.15.80 crore) and interest thereon, with freezing of interest upto 31.3.2019. Full or part of the principal loan amount (Rs.15.80 crore) and interest thereon upto 31.3.2019 remaining unpaid due to insufficient sale proceeds is to be written off/waived

f) for facilitating disposal of Subsidiary Company 's land, M/s NBCC (India) Ltd may be appointed as Land Management Agency (LMA) to manage and assist in the land disposal subject to outcome of the decision of Telangana Govt/TSIIC on purchasing land of HFL.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

g) Disposal of plant/machinery and movable assets will be done by Subsidiary Company through e-auction by MSTC Ltd.

In pursuance of the said decision, Subsidiary Company had received an amount of Rs.73.70 Crores on 26.05.2020 (subsequent to the year end) as per the above CCEA Order.

48 As per the letter issued by the Ministry, the Board of Subsidiary Company had initiated the process mentioned above, which includes several components/steps to be taken, which got delayed due to Covid-19 pandemic. Management had initiated the process on getting valuations of various assets to be disposed off in order to determine various elements specified for compliance in accordance with Ind-AS 105 'Non Current Assets held for sale and discontinued operations' Due to above reason, the Subsidiary Company is yet to determine the financial impact due to compliance in progress.

49 The Subsidiary Company had, during the Financial Year 2017-18 had adopted the carrying value of all the assets as deemed cost of Property, Plant and Equipment on the date of transition to Ind AS, except for the Freehold land, where fair value was considered as deemed cost. C&AG during their supplementary audit u/s 143(6)(a) of the Companies Act, 2013 had observed that as per para D7AA of Ind AS-101 on 'First time adoption of Indian Accounting Standards', where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value of 'all' of its Property, Plant and Equipment as at the date of transition measured as per the previous GAAP and use that as its deemed cost at the date of transition. Thus, the option of applying the carrying value on selective basis to some of the items of Property, Plant and Equipment and using fair value for others is not available under the provisions of Ind-AS 101. They further observed that the Subsidiary Company had selectively applied fair valuation to Freehold only, which resulted in overstatement of Property, Plant and Equipment and understatement of negative balance of Other Equity by Rs.29.96 Crores. This was issued as Comment u/s 143(6)(b) during the year 2017-18 as well as in 2018-19 since no corrective action was taken by the Subsidiary Company during that year.

The Subsidiary Company had initiated the process of taking corrective action in the Current Year. Since Circle Rate of land was taken as basis for earlier revaluation as on Ind-AS transition date, which is same during the current year also if done in accordance with Ind AS 16, there would be no new financial impact on the financials. However, the Subsidiary Company 's plan to complete these corrective measures during the year 2019-20 got delayed due to Covid 19 pandemic coupled with decision of Cabinet Committee on Economic Affairs (CCEA) described in detail above to shut down the operations of the plant & closure of the Subsidiary Company . The Subsidiary Company is in the process of completing the corrective measures as well as implementing the said closure decision as per the timelines.

50 The Standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 26.06.2020.

51 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-	Sd/-	
S.B. Bhide	**C.P. Bhatia**	As per our report of even date attached
Chairman & Managing	Director (Finance)	**For *BSJ & Associates***
Director and CEO	& CFO	Chartered Accountants
DIN 05323535	DIN 08554234	FRN: 010560S

Sd/-	Sd/-
Mrs. Susheela S. Kulkarni	**CA. Jojo Augustine**
Company Secretary	Partner
	Membership No.214088
	UDIN:20214088AAAABD6257
Place: Navi Mumbai	Place: Ernakulam
Date: 26.06.2020	Date: 26.06.2020

Book-Post

HOCL CIN L99999MH1960GOI011895

If undelivered please return to :
Bigshare Services Pvt. Ltd.,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road, Marol,
Andheri (East), Mumbai 400059, Maharashtra.
Email: investor@bigshareonline.com;
Tel: 022 62638200, Fax: 022 62638299