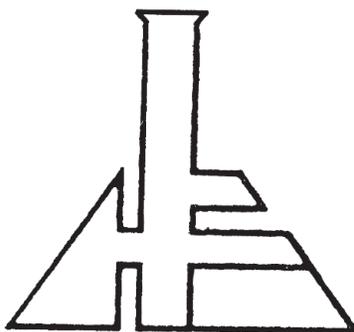


35th
ANNUAL REPORT
2017 - 2018



HINDUSTAN FLUOROCARBONS LIMITED

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BOARD OF DIRECTORS

Shri S B Bhide Chairman	HOCL Nominee (From 08.03.2016)
Shri T S Gaikwad Managing Director	From 01.01.2008
Shri.Dinesh Kumar Director	Govt. of India Nominee (From 24.06.2016 upto 09.08.2017)
Ms.Pushpa Trivedi Director	HOCL Independent Nominee (From 28.10.2016)
Shri.Rajkishore Das Independent Director	From 13.02.2017
Shri. Dharmendra Kumar Madan Director	Govt. of India Nominee (From 09.08.2017)
Mrs. Rajani. K Company Secretary	(From 19.05.2011)

AUDITORS

M/s. K.S. Ramakrishna & Co.
Chartered Accountants
5-9-22/38/2, Adarsh Nagar,
Hyderabad - 500 063.

BANKERS

State Bank of India,
Gunfoundry, Hyderabad.

REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

303, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001

WORKS

Rudraram PO, Kandi Mandal,
Sangareddy Dist - 502 329. Telangana State

AUDIT COMMITTEE (A.C) OF THE BOARD

SHRI DINESH KUMAR	Director, Member (From 08.08.2016 up to 09.08.2017)
SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Dr.PUSHPA TRIVEDI	Director, Member (From 11.11.2016)
SHRI.RAJKISHORE DAS	Director, Chairman (From 27.02.2017)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

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

SHRI. DINESH KUMAR	Director, Member (From 08.08.2016 up to 09.08.2017)
SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Dr. PUSHPA TRIVEDI	Director, Chairman (From 10.02.2017)
SHRI. S B BHIDE	Chairman, Member (From 10.02.2017)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

SHARE TRANSFER COMMITTEE

SHRI S B BHIDE	Chairman, Chairman (From 08.03.2016)
SHRI. T S GAIKWAD	MD, Member (From 12.08.2011)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

NOMINATION AND REMUNERATION COMMITTEE:

SHRI S B BHIDE	Director Member (From 08.03.2016)
SHRI DINESH KUMAR	Director, Member (From 08.08.2016 up to 09.08.2017)
SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Dr.PUSHPATRIVEDI	Director, Member (From 10.02.2017)
SHRI. RAJKISHORE DAS	Director, Chairman (From 27.02.2017)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011)

**35TH ANNUAL GENERAL MEETING NOTICE**

Notice is hereby given that the 35th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Monday the 24th September, 2018 at 3.00 P.M. at Press Club, Deshodharaka Bhavan, Basheerbagh, Hyderabad - 500 001 to transact the following business .

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2018 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.
2. To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India for the financial year 2018-19.

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

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

**PLACE : MUMBAI
DATE : 10.08.2018**

**Regd.Office
303, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001.**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS. BEFORE THE MEETING.**
2. **Members/Proxies should bring their admission slip duly filled in at the meeting.**
3. The Register of Members and Shares Transfer Books of the company will remain closed from Tuesday the 18th September, 2018 to Monday the 24th September, 2018 (both days inclusive).
4. **Share transfer documents and all correspondence relating thereto and members who hold shares in physical form are requested to notify immediately any changes in their addresses should be addressed to the Registers and Transfer Agents of the company.**
5. **The company, consequent upon the introduction of the depository system (DS) entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The members, therefore, have the option of holding and dealing in the shares of the company in electronic form through NSDL and CDSL.**
6. **Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.**
7. **Members are requested to bring their copy of Annual Report at the meeting, as the same will not be distributed again as a measure of economy.**
8. **Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the company at least 10 days before the AGM so that the same can be suitably replied.**
9. **Procedure and instructions for e-voting:**
 - i. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
 - (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that



- you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email csraghavad@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "**Corporate Name_Event No.**"
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
 - i. E-Voting Event Number, User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
 - II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- Other instructions:**
- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Premkumar Nair, (Unit: Hindustan Fluorocarbons Limited) of Karvy Computer share Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at einward.ris@karvy.com or phone no. 040-6716 1500 or call Karvy's toll free No.1-800-34-54-001 for any further clarifications.
 - b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - c. The remote e-voting period commences on 21st September, 2018 (9.00 A.M. IST) and ends on 23rd September, 2018 (5.00 P.M. IST).



During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 17th September, 2018.
- e. In case a person has become a Member of the Company after 10th August, 2018 i.e the date considered for dispatch of AGM Notice but on or before the cut-off date i.e., 17th September, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
Example for NSDL:
MYEPWD <SPACE> IN12345612345678
Example for CDSL:
MYEPWD <SPACE> 1402345612345678
Example for Physical:
MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Member may call Karvy's toll free number 1800-3454-001.
 - iv. Member may send an e-mail request to einward.ris@karvy.com.
10. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and issued a circular on 21-4-2011.

Section 20 of the Companies Act, 2013 provides service of documents under "Certificate of Posting" as one of the accepted mode of service where as the Department of Posts has recently discontinued the postal facility under "Certificate of Posting" vide Letter Dated 23.02.2011, the Information Technology Act, 2000 also permits service of documents etc., in electronic mode.

Hence, the service of documents of a company can be made through Electronic mode. So, we request all the members to register their email id's by sending email along with names, DP id's & Folio Number to the following Mail ID: hflshareholders@gmail.com

11. With reference to the SEBI Circular - "Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue – Physical share holders are requested to complete the process of submission of PAN and bank details to exercise the due diligence in specified format which company has shared you over Registered post in one time and two reminders over ordinary post in two times.

BSE has issued a Circular to Listed Companies on July 05, 2018 informing about amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only – Physical Share-holders are requested to convert the physical form into Demat before 05.12.2018 to take care about the transfer of shares in future w.e.f 05.12.2018

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

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

PLACE: MUMBAI

DATE : 10.08.2018

Regd.Office

**303, Babukhan Estate,
Basheerbagh, Hyderabad – 500 001.**



CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 35th Annual General Meeting of your Company. I am sure, you must have received the Directors' Report and Audited Annual Accounts of the Company for the year ended 31st March, 2018 and with your permission I take them as read.

I now proceed to share with you briefly the performance of the company and our activities.

1. OPERATIONS AND OVERALL PERFORMANCE

Your Company has adopted IND AS accounting for the Financial Year 2017-18 as per the Phase II of MCA guidelines and incurred a net loss of Rs.482.65 lacs from operations as against the net loss of Rs. 633.43 lacs (Rs.488.55 lacs as per IGAAP) of the previous year. During the year, the sales turnover (net) was Rs.3685.36 lacs as against Rs. 3383.51 lacs in the previous year. CFM-22 sale quantity was 1165 MT as against 1111 MT in the previous year and balance quantity was used as feed stock to

manufacture of PTFE. Quality of all company's products continued to be well accepted by our customers. Company has achieved 100% capacity utilization as against 95% in the previous financial year.

2. FUTURE OUTLOOK.

DIVERSIFICATION:

In consistence with vision company is making continues efforts to develop Fluoro Specialty Chemicals and in addition to this company is going to focus on Pilot scale trials for manufacture of zero ODS refrigerant gas HFC32.

3. SAFETY, ENVIRONMENT & ISO CERTIFICATION'

The company continued to lay emphasis on the consciousness about safety among the employees and periodic reviews of safety measures have enabled the company once again to maintain safe operations during the year.



Management is maintaining strictly all the required environmental norms and quality systems as per ISO 9001:2008

4. INDUSTRIAL RELATIONS

Employee relations continued to be cordial throughout the year. Company continued to follow Govt. policy of reservation in recruitment of SC/ST/OBC. During the year there were no strikes or lock outs affecting the production/profitability.

5. CORPORATE GOVERNANCE

Your Company lays emphasis in conducting its affairs with in the frame work of policies and guidelines set by the Government in a transparent manner. It is the endeavor of the Company to build trust between share holders, Employees and Customers based on the basic principles of Corporate Governance. The detailed Report on the Corporate Governance as well as Management Discussion Analysis Report is enclosed as a part of the Director's Report. This Report analyses in brief the potentialities of the Company as well as the focus of the Company's business

6. ACKNOWLEDGEMENTS :

I place on record my appreciation and gratitude to all the employees and others who

had extended their support and co-operation during the year to achieve the targeted goals of the Company. In particular I am grateful to various officials of the Govt of India. especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals, the Finance Ministry, Ministry of Environment, Forest and Climate Change, Govt. of India, Govt of Telangana, , Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bankers State Bank of India, Statutory/Govt Auditors etc for the continued support. In conclusion I am fully confident that with the continued support from all of you my urge to place your Company in the pedestal of success will not be unrealistic.

We on our part would continue our efforts to take your Company into the future by meeting the challenges, grabbing the opportunities in our endeavor in the path towards turnaround. We look forward to your continued support in this ongoing process.

In conclusion I am optimistic that the company would attain significant profits in the near future.

Thank you all once again.

**Sd/-
(S B BHIDE)
Chairman**



DIRECTORS' REPORT

Your Directors are glad to present the 35th Annual Report of the company together with Audited Annual Accounts for the year ended 31st March, 2018.

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

The financial performance of the Company for the year ended 31st March, 2018 is summarized below:
(Rs. in lacs)

Particulars	Ind AS		I-GAAP
	Financial Year 2017-18	Financial Year 2016-17	Financial Year 2016-17
Revenue from operations	4308.31	3806.36	3806.36
Sales Turnover(net)	3685.36	3383.51	3383.51
Gross Profit / (Loss) for the year	(32.55)	(50.78)	90.99
Less: Interest & Financing Charges	296.74	329.05	325.95
Cash Profit / (Loss)	(329.29)	(379.83)	(234.96)
Less: Depreciation	148.16	152.26	152.25
Profit / (Loss) for the year	(477.45)	(532.09)	(387.21)
Add: Prior Period Adjustments	5.20	101.34	101.34
Net Profit (Loss)	(482.65)	(633.43)	(488.55)

RESERVES: [Section 134(3)(j)]:

Company has not transferred any amount to reserves due to the loss.

DIVIDEND: [Section 134(3)(k)]

In view of the accumulated losses at the end of the Financial Year 2017-18 are carried forward, no dividend was declared on equity shares for the year ended 31.03.2018.

OPERATIONS AND OVERALL PERFORMANCE.

Your Company has adopted IND AS accounting for the Financial Year 2017-18 as per the Phase II of MCA guidelines and incurred a net loss of Rs.482.65 lacs from operations as against the net loss of Rs. 633.43 lacs (Rs.488.55 lacs as per IGAAP) of the previous year. During the year, the sales turnover (net) was Rs.3685.36 lacs as against Rs. 3383.51 lacs in the previous year. CFM-22 sale quantity was 1165 MT as against 1111 MT in the previous year and balance quantity was used as feed stock to manufacture of PTFE. Quality of all company's products continued to be well accepted by our customers. Company has achieved 100% capacity utilization as against 95% in the previous financial year.

STATUS OF STRATEGIC DISINVESTMENT:

NITI Aayog had recommended for the Strategic disinvestment of HFL which was communicated to us by our Administrative Ministry.

As part of this process, Inter-Ministerial Group (IMG) was formed for processing of strategic disinvestment of HFL which was communicated to us by our Administrative Ministry.

Subsequently DCPC had appointed M/s. SBI Caps as Transaction Advisor (TA), M/s. Crawford Bayley & Co. as Legal Advisors (LA) and Promoter Company, HOCL has appointed M/s. GA Advisory as an Asset valuer.

The Process of Strategic Disinvestment of HFL is initiated by Parent Company i.e. Hindustan Organic Chemicals Limited under the Instructions, Guidance and Supervision of the Department of Chemicals Petrochemicals.

Accordingly, HFL has placed the Expression Of Interest (EOI) and Preliminary Information Memorandum (PIM) was published in news papers on 19-Apr-2018 and also kept in the website of HFL, SBI Caps and DCPC for Sale of the entire equity share holding of HOCL in HFL without the



vacant land of approx. 66.13 acres. Subsequently, the date of accepting the EOI was initially extended from 14-Jun-2018 to 28-Jun-2018 and later extended up to 12-Jul-2018; The process of disinvestment is under progress.

Company have contacted NBCC and HMDA for taking a best possible action as far as vacant land of 66.13 Acres are concerned in the best interest of HFL.

THE RIGHT TO INFORMATION ACT, 2005.

In consonance with the provisions of the Right to information Act, 2005, Company has appointed Appellate Authorities/ Public Information officers at all the units/ offices of the company to respond effectively to the request of the applicants under the acts in synchronization with the direction of Central Information Commission(CIC), for promotion of Institutional transparency within the public authority through proactive and effective implementation of section 4 of the RTI Acts, 2005, the company has also appointed a transparency officer that company has created necessary mechanism to meet the objective to bring out transparency in the functioning of organization as envisaged by RTI Act.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Though Companies act provisions related to the CSR is not applicable to the Company for the financial year 2017-18, however recognizing the obligation to the society both in the areas of environment protection and social development, company has taken initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the area around the factory. Company is sponsoring two Vidya Volunteers to the surrounding areas.

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL Act, 2013

Company has not received any cases relating to the sexual harassment of women at work place.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

COMPANY'S POLICY RELATING TO APPOINTMENT AND PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES OF KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.

Company has complied all the provisions related to the constitution of Nomination and Remuneration Committee under section 178(1) of the Companies Act 2013 and complied the criteria for determining qualifications positive attributes and independence of appointment and remuneration of a Key Managerial Personnel and other employees as provided under Section 178(3) of the Companies Act, 2013.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had five Board meetings during the financial year under review.

HEALTH AND ENVIRONMENT:

The management has taken the great responsibilities for continuous monitoring and protecting the health and environment as per statutory compliance. Company is following all pollution norms.

The health record of employees working in production Division is maintained in the Health Register in Form 7.

FIRE & SAFETY PERFORMANCE:

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



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

The Company continued to maintain good safety record in the financial year 2017-18.

A Mock drill is a practice which trains an individual about the course of action to be taken in case of real emergency occurs. This is one of the most effective technique to train, aware & alert people in a process plant location.

A surprise Mock drill was conducted at site to analyze the capacities of Plant, Equipment operating & employees skills towards Emergency preparedness & response.

We are conducting Emergency Mock drill oftenly or once in a year in presence of external Authority i.e Director of Factories Telangana & higher management of HFL in compliance with ISO 2000 – 2001.

BOARD OF DIRECTORS

Shri. Dinesh Kumar was appointed as Gol Nominee Director of the company with effect from 24.06.2016 and ceased as a Gol Nominee Director of the Company w.e.f 09.08.2017.

Shri.Dharmendra Kumar Madan was appointed as Gol Nominee Director of the company with effect from 09.08.2017

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY:

During the year under report, your Company continued to Promote Hindi as Official Language in day to day working in line with the Government policies for its intensive and extensive efforts for progressive use of the official language. Official Language Implementation Cell of the Company continued to function effectively.

ISO CERTIFICATION:

Company's quality management system is accredited as an ISO 9001:2008.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 Regarding Conservation of energy, Technology Absorption and Foreign Exchange Earning and outgo are given at Annexure I, Form A to this Report.

RESEARCH & DEVELOPMENT:

- i. Pilot scale trials for manufacture of zero Ozone Depleting Substances (ODS) refrigerant gas HFC32.
- ii. Pilot scales trials for production of Suspension grade PTFE without using emulsifier Perfluorooctanoic acid (PFOA), which is banned internationally.
- iii. Planning for diversification of the HFC32 and related products (HFC32 is one of the alternatives for CFM 22).

INDUSTRIAL RELATIONS

Employee relations continued to be cordial throughout the year. Your Company has been implementing reservation policies of GOI for SCs / STs / OBCs / Persons with disabilities. Representatives of SCs / STs Categories are associated in Recruitment of Departmental Promotion Committees. A statement showing representation of employees belonging to Scheduled Castes/ Scheduled Tribes / Backward classes / Minorities categories is appended as Annexure-II to this report.

PARTICULARS OF EMPLOYEES:

None of the employees of the company is drawing remuneration requiring disclosure pursuant to the provisions of the Companies (Particulars of Employees) Rules, 1975.

**VIGILANCE**

With the approval of the Ministry, an Officer of the company has been nominated as “Vigilance Officer” (Part time) from amongst the Officers of the Company to take care of Vigilance functions. Vigilance activities have mainly been directed to check the lacunae in the existing systems and procedures through periodic checks. The instructions of the Central Vigilance Commission received from time to time have been implemented to strengthen the vigilance machinery in the company.

AUDITORS:

The Statutory Audit of your Company was conducted by K S Ramakrishna & Co, Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2017-18 by Comptroller and Auditor General of India (C &AG) as per Section 139(5) of the Companies Act, 2013, Auditors Report on the Accounts of the Company for the financial year ended 31st March, 2018 is at Annexure- III.

The comments of the Comptroller and Auditor General of India u/s **143(6)(b)** of the Companies Act, 2013 on the Accounts of the company for the year 2017-18 has been annexed to the Annual Report for the period 2017-18 and forms part of the Annual Report.

LEGAL COMPLAINEE

The Company has complied with all the legal provisions effectively. Although it has filed two petition to Company Law Board during the financial year 2011-12 regarding condonation of delay in filing of satisfaction of charge documents of Life Insurance Corporation of India, with the Registrar of Companies.

INSURANCE:

All properties and insurable interest of the company including building, plant and machinery and goods are adequately insured. As required under Public Liability Insurance Act, 1991, the company has taken necessary insurance cover.

TRADING AND DEMAT FACILITIES FOR SHARES:

The shares of the Company are compulsorily traded in Dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed the agreement with both i.e National Securities depositories Limited (NSDL) and Central Depositories Services (India) Ltd., (CDSL) under ISIN No. INE806J01013.

85.26% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31st March, 2018- total accounts Dematerialized is 1991 involving 16710950 shares (which constitutes 85.26% of the share capital).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Management discussion and analysis report is annexed hereto in Annexure – IV and forms part of the Directors’ Report.

RISK MANAGEMENT

Clause 7.3 of the DPE Guidelines on Corporate Governance for CPSEs, The Risk Management process includes Risk Identification, Risk assessment, Risk evaluation, categorization, Risks treatment plan for mitigation of risks and escalation/ reporting of risks to Board, some of the risks and concerns, which we are facing as follows:

- ◆ Energy intensive Technology and uneconomical plant size.
- ◆ Manpower cost is high.
- ◆ Refurbishment of old plant

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

Company has made continues efforts to reduce the energy consumption, old energy intensive reciprocating compressors are being replaced by new efficient screw compressors in refrigeration unit. Continues efforts are being made to implement various energy conservation schemes.



Company focus on development of pigmented PTFE, where in margins are more than virgin PTFE.

CORPORATE GOVERNANCE

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

SECRETARIAL AUDIT:

Board has appointed M/s. Ahalada Rao.V & Associates, Company Secretaries as a Secretarial Auditor of the company for the financial year 2017-18.

The explanations /comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Auditors in their report are furnished Annexure VI is attached to this report. There were no adverse comments, qualifications or reservations or adverse remarks in the Secretarial Audit Report.

ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure VII and is attached to this Report.

COMPLIANCE OF DPE GUIDELINES & POLICIES:

The Guidelines & policies issued by the Department of Public Enterprises from time to time are being complied with and implemented with the approval of the Board of Directors/ Competent Authority.

TRAINING OF BOARD OF DIRECTORS:

The company furnishes set of documents and booklets to the Directors on their joining the Board. This includes important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance guidelines, Delegation of powers, Product line brochures etc. A copy of the monograph on position, duties and liabilities of Directors is also circulated among the Directors.

CODE OF CONDUCT:

In line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the financial year ended 31st March, 2018.

The Company has adopted “Code of Conduct and Ethics” for the Directors and Senior Executives of the Company. The object is to conduct the Company’s business ethically and with responsibility, integrity, fairness, transparency and honesty. The code is available on Company’s website. All directors and senior management personnel have complied compliance with the Code of Conduct and ethics as on 31st March, 2018.

MISSION/ VISION:

Development of pigmented PTFE and diversification of the HFC32 and related products (HFC32 is one of the alternatives for CFM 22).

OBJECTIVES:

To maintain the capacity utilization of 100% during the financial year 2018-19.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

SHARES

The Company has not bought back any of its securities during the year under review.

The Company has not issued any Sweat Equity Shares during the year under review.

No Bonus Shares were issued during the year under review.

The Company has not provided any Stock Option Scheme to the employees.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:-



- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. - Not applicable to Private Limited Company.
Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year to achieve the targeted goals of the Company. In particular I am grateful to various officials of the Govt of India. especially from the Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals the Finance Ministry, Ministry of Environment, Forest and Climate Change, Govt. of India, Govt of Telangana, Promoter Company i.e. HOCL and Board Members. I would like to convey my sincere appreciation to our valued customers, suppliers, Statutory Bodies, Investors, our bankers State Bank of India, Statutory/Govt Auditors etc for the continued support. In conclusion I am fully confident that with the continued support from all of you my urge to place your Company in the pedestal of success will not be unrealistic.

We on our part would continue our efforts to take your Company into the future by meeting the challenges & grabbing the opportunities in our endeavor in the path towards turnaround. We look forward to your continued support in this ongoing process.

In conclusion we are optimistic that the company would attain significant profits in the near future.

For and on behalf of the Board of Directors

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

**Sd/-
(S B BHIDE)
Chairman**

**PLACE : Mumbai
DATE : 10.08.2018**



Annexure-I to Directors' Report

ENERGY CONSERVATION MEASURES TAKEN:

The following Energy conservation measures were taken in the financial year 2017-18:

SI.No.	PARTICULARS	Investment made	Savings Per Annum
1.	Retrofitted 200 numbers of existing 40W, T8 Tube lights with 18/20W LED tube lights	Rs.0.65 Lakh	Rs.1.57Lakh
2.	Replaced 50numbers of 35W S.V Street light fittings with 30W LED street light fittings	Rs.0.45 Lakh	Rs.0.20Lakh

FUTURE PLANS:

Future plans for energy conservation for the financial year 2018-19 is as follows:

SI No	PARTICULARS	Expected Investment	Expected Savings Per Annum
1	Replacement of existing lighting system with LED lighting systems in phased manner.	Rs. 3.0 Lakh	Rs. 1.5 Lakh

**FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	CURRENT YEAR	PREVIOUS YEAR
POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased units	2723610 KWH	2668012 KWH
Total Amount	Rs. 23335881.56	Rs. 23630759.27
Rate/Unit	Rs.8.57	Rs.8.86
b) Own Generation		
i) Through Diesel Generator	36260 KWH	46100 KWH
Units per Liter of Diesel Oil	2.88 KWH	2.81 KWH
Cost per unit	Rs.19.88	Rs.19.09
ii) Through Steam Turbine	-	-
Generator Units	-	-
2. Fuel		
i) Briquette		
Quantity	846.19 MT	717.430 MT
Total Amount	Rs.4444898.55	Rs.3820667.05
Average rate per MT	Rs.5252.84	Rs.5325.149
Technology Absorption	Nil	Nil
Foreign Exchange earnings	Rs.0.00	Rs.0.00
Foreign Exchange outgo	Rs.7.32 lacs	Rs.4.04 lacs



FORM B

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

Company has developed pigmented PTFE and supplied to customers. The customers were satisfied with the material.

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

Company has sold around one Metric Tonne of pigmented PTFE.

3. FUTURE PLAN:

- i. Pilot scale trials for manufacture of zero Ozone Depleting Substances (ODS) refrigerant gas HFC32.
- ii. Pilot scales trials for production of Suspension grade PTFE without using emulsifier Perfluorooctanoic acid (PFOA), which is banned internationally.
- iii. Planning for diversification of the HFC32 and related products (HFC32 is one of the alternatives for CFM 22).

Annexure-II to Directors' Report**Consolidated report as on 31-03-2018 (SC/ST/OBC/WOMEN/MINORITY)**

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	69	06	03	14	01	03
B	00	00	00	00	00	00
C	18	03	02	06	00	00
D	24	06	12	06	00	00
TOTAL	111	15	17	26	01	03

**ANNEXURE III to the Directors' Report
INDEPENDENT AUDITOR'S REPORT**

To
The Members of
HINDUSTAN FLUORO CARBONS LIMITED,
Hyderabad.

Report on the Financial Statements

We have audited the accompanying Ind AS complaint financial statements of **HINDUSTAN FLUORO CARBONS LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as Standalone Ind AS Financial statements).

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the



aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its Loss and its Cash Flow for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, Statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as on March 31, 2018 on its financial position in its financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.
- h. **As required under section 143(5) of the Companies Act, we report that:**
 - i. As per the information, explanations and records produced for our verification, company has 'clear title' for freehold land existing as on balance sheet date. Further the Company has not taken any land on lease.
 - ii. During the period of the audit, there are no cases of waiver/ write off of debt/ loans/ interest etc.
 - iii. As per the information, explanations and records produced for our verification, there are no inventories lying with the third parties at the close of the year. Further no assets have been received as gift from the government and other authorities.

For K.S.Ramakrishna & Co.,
Chartered Accountants
Firm Regn. No: 002888S

Place: Hyderabad
Date: 23rd May, 2018

K.S. Rama Krishna
Partner
M.No:021154

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

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2018

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed. There is regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions regarding the provisions of section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the central government of India, the maintenance of cost Records specified under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the records of the company and information and explanations given to us none of these undisputed taxes are in arrears as at March 31, 2018, for a period exceeding six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues which have not been



- deposited with the appropriate Authorities on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Government of India. Ministry of Chemical & Fertilizers (Department of Chemicals and Petro Chemicals). The Company has not paid Government Plan Loan (three installments) amount of Rs.10.08 Crores and interest payable being Rs.1.82 Crores in the current financial year.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the current year..
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, company has not entered into any transactions with the related parties under section 187 and 188 of Companies Act, 2013. Therefore, the provisions of clause 3(xiii) of the Order are not applicable to the company.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For K.S.Ramakrishna & Co.,
Chartered Accountants
Firm Regn. No: 002888S

Place: Hyderabad
Date: 23rd May, 2018

K.S. Rama Krishna
Partner
M.No:021154



“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of HINDUSTAN FLUORO CARBONS LIMITED

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

We have audited the internal financial controls over financial reporting of **HINDUSTAN FLUORO CARBONS LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

- (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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Opinion

In our opinion, the Company has, in all material respects, an **adequate** internal financial controls system over financial reporting and such internal financial controls over financial reporting were **operating effectively** as at March 31, 2018, based on 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 K.S.Ramakrishna & Co.,
Chartered Accountants
Firm Regn. No: 002888S

Place: Hyderabad
Date: 23rd May, 2018

K.S. Rama Krishna
Partner
M.No:021154



Annexure-IV to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Financial year of the company consists of 12 months ended as on 31st March, 2018.

INDUSTRY STRUCTURE & FUTURE OUTLOOK:

Company is continuously focusing on development of Pigmented PTFE where in margin are more than the existing grades of the PTFE.

KEY OPPORTUNITIES:

Development of Pigmented PTFE.

KEY THREATS INCLUDE:

Raw material cost, especially Chloroform and AHF is in increasing trend.

SEGMENT WISE PERFORMANCE:

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

Production (MT)	Year ended 31/03/2018	Year ended 31/03/2017
PTFE	30	41

OUTLOOK & INITIATIVE FOR CURRENT YEAR

Virgin grades of PTFE are not competitive because of higher input cost and cheap imports. Therefore company is focusing on Development of pigmented PTFE, where in margins are more than virgin PTFE and Pilot scale trials for manufacture of zero ODS refrigerant gas HFC32.

In addition to this, company is taking all efforts to reduce the energy cost of specific consumption of Raw materials.

INTERNAL CONTROL SYSTEM AND ADEQUANCY

Internal controls are supported by Internal Audit and Management reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels.

As part of good Corporate Governance the Audit Committee constituted by the Board periodically reviews the internal controls, Audit programmes, Financial Results, Recommendations of the Auditors and Management replies to the Auditors qualifications, etc

REVIEW OF FINANCIAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 2013 and generally accepted accounting principles.

The financial performance highlights are as follows:

The sales turnover was Rs,3685.36 lacs against Rs.3383.51 lacs for the previous year and operating loss for the year Rs.482.65 lacs as against operating loss Rs.633.43 lacs for the previous year.

CAUTIONARY STATEMENT:

Statement in this Management Discussion Analysis describing the Company's objectives, Projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations.



(Annexure V to Director's report)

CORPORATE GOVERNANCE REPORT AS ON 31.03.2018

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

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's management, its Board, its shareholders and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are also set. The Management believes that strong and sound corporate governance is an important instrument of protection of stake holders, through transparency, professionalism, accountability and adequate disclosures. The company continuously endeavors to improve on these aspects on an ongoing basis.

The key to good Corporate Governance is well functioning Board of Directors. Board is responsible to shareholders for performance of the Company. Company cannot prosper without the trust and support of its shareholders.

Given below is the Report of Directors on Corporate Governance in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

2. BOARD OF DIRECTORS:

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

a) Composition of the Board:

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time) the number of Directors of the Company shall neither be less than three and more than twelve. The Directors shall not require to hold any qualification shares.

As on 31st March, 2018, that Board of Directors must be an optimum combination of executive and non-executive directors representing the different fields. The strength of Board of Directors as on 31.03.2018 is five. The Board comprises of one Executive Director, two Non Executive directors nominated by HOCL of which one Director is Chairman of the Board and other is Independent women Director and Two Director appointed by Gol, One is Gol Nominee and other is Independent Director,



SlNo	Directors/Shri/Ms.	Category of Director (ED,NED, NEID,ID)	Date of appointment	Date of Ceasure	No.of Other Director-ships	Member-Ship in other Board Committees	Chairman Ship in Board and Other Board Committees
1	S B Bhide	Chairman, HOCL Nominee, NED	08.03.2016	-	2	3	5
2	T S Gaikwad	MD,ED	01.01.2008	-	0	1	0
3	Dinesh Kumar	Govt Nominee, NED	24.06.2016	09.08.2017	1	3	0
4	Pushpa Trivedi	HOCL Nominee NEID	28.10.2016	-	1	3	1
5	Rajkishore Das	Independent Director ID	13.02.2017		0	0	2
6	Dhamendra Kumar Madan	Govt. Nominee NED	09.08.2017	-	1	3	0

ED: Executive Director, **NED:** Non-Executive Director,
NEID: Non-Executive Independent Director, **ID:** Independent Director

The non-executive independent Directors are independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with Indian Stock Exchanges' Corporate Governance standards.

CHANGES IN THE BOARD OF DIRECTORS:

Shri. Dinesh Kumar was appointed as Gol Nominee Director of the company with effect from 24.06.2016 and ceased as a Gol Nominee Director of the Company w.e.f 09.08.2017.

Shri.Dharmendra Kumar Madan was appointed as Gol Nominee Director of the company with effect from 09.08.2017

b) PROFILE OF DIRECTOR

1. Shri. Dinesh Kumar (From 24.06.2016 to 09.08.2017)

Qualification: M.A in Public Policy & Management, M. A. (Statistics), B. A. (Statistics), H.S (Science).

Business/Occupation: Director of Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers.

Experience:

- i) Joined the Min. of Statistics & Programme Implementation as a Probationer of Indian Statistical Service (ISS) (from 01.12.1998 to 01.09.2000).



- ii) Worked as Assistant Director in the National Sample Survey Organization, Min. of Statistics & Programme Implementation after successfully completing the Probation (from 01.09.2000 to 29.09.2003).
- iii) Worked as Deputy Director in the Directorate General of Civil Aviation, Min. of Civil Aviation (from 29.09.2003 to 30.06.2008).
- iv) Worked as Joint Director in Central Statistical Organization, Min. of Statistics & Programme Implementation (from 30.06.2008 to 05.01.2010).
- v) Worked as Deputy Secretary in the Union Public Service Commission (from 05.01.2010 to July 2012.)
- vi) Worked as Joint Secretary in the Union Public Service Commission (from July 2012 to February, 2015)

2. Shri.Dharmendra Kumar Madan (From 09.08.2017)

Qualification: B.E. in Electrical, Electronics & Communication & PG Diploma in Finance Management.

Business/Occupation: Director of Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers.

Experience:

- i) More than 22 Years worked for Ordnance Factory Board under Department of Defence Production, Ministry of Defence, Govt. of India, having annual turnover of around 15000 Crs.
- ii) Worked at different capacity at management level in ordnance factories located at Medak (A.P.), Kanpur(U.P.) & Jabalpur (M.P.)
- iii) Worked in the domain of Production Planning & Materials Planning, Investment Planning, Project Management, and Maintenance Management in various Manufacturing Units.

c) RESPONSIBILITIES:

The Board has a formal schedule of matters reserved for its consideration and decision which includes review of corporate performance, financial resources, strategy formulation, policy and control, organizational structure and reporting to shareholders. The combined wisdom and experience of the Board has brought a wide range of skills and professionalism to the functioning of the organization.

d) ROLE OF INDEPENDENT DIRECTORS:

The independent directors including the nominee directors play an important role in the deliberations at the Board Meetings and bring to the Company their wide-ranging experience in the fields of finance, audit, marketing, technical, engineering and public policy. All independent directors were members of the Audit Committee.

e) BOARD MEETINGS:

The meetings of the Board of Directors are generally scheduled well in advance and are generally held either at Hyderabad where Regd. Office of the company is located or at Holding Company, HOCL Registered Office at Raigad Dist or Guest House at Mumbai. The members of the Board have access to all information of the company and are free to recommend inclusion of any matter in the agenda for discussion. Senior management personnel are invited to attend the board meeting for clarifications as and when required.



During the year under review, Board Meetings were held on 15.05.2017, 14.08.2017, 14.09.2017, 12.12.2017, 10.02.2018

The attendance of the Directors at Board Meeting is as follows:

Sl.No.	Directors	Board Meetings Held	Board Meetings Attended	Attendance at the Last AGM
1	Shri. S B Bhide, Chairman	05	05	YES
2	Shri. T S Gaikwad, Managing Director	05	04	NO
3	Shri.Dinesh Kumar, Govt Nominee Director	01	00	NO
4	Ms.Pushpa Trivedi	05	05	NO
5	Shri. Rajkishore Das	05	03	YES
6	Shri. Dhamendra Kumar Madan	04	01	NO

3. COMMITTEES OF THE BOARD

To enable better and more focused attention on the efforts of the company, the Board delegates particular matters to the Committees of the Board set up for the purpose with adequate delegations of powers and to discharge urgent business of the company. These Committees are (a) Audit Committee (b) Share Transfer and Shareholders'/Investors' Grievance Committee (c) CSR & SD Committee (d) Nomination and Remuneration Committee.

The details of the Audit Committee, Share Transfer/Shareholder's/Investor's Grievance Committee, CSR & SD Committee and Nomination & Remuneration Committee.

a. AUDIT COMMITTEE OF THE DIRECTORS:

(i) Terms of Reference:

Apart from all the matters provided in Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177 of the Companies Act, 2013 the Committee reviews reports of the Internal Auditors, meets internal Auditors periodically and discusses their findings, suggestions, internal control systems, compliance with the accounting standard, scope of audit, observations of the Auditors and other related matters. The committee also reviews the major accounting policies followed by the company. The committee invites senior executives as it considers appropriate at its meetings. MD and Chairman of HFL Board and Head of Internal Audit (on invitation) attend the meetings of Audit Committee as special invitees.

The representatives of the Statutory Auditors are also invited to attend the meetings.

(ii) Composition:

The Committee as on 31st March, 2018 comprised of three non Executive Directors. The Committee met four times during the year 2017-18 i.e., 15.05.2017, 14.09.2017, 12.12.2017 and 31.03.2018. The Audit Committee was reconstituted at the Board Meeting held on 14.08.2017 comprising of Shri. Rajkishore Das, Independent Director as a Chairman of the Committee, Ms.Pushpa Trivedi, HOCL Nominee Independent Director as a Member of the Committee and Shri.Dharmendra Kumar Madan, Govt Nominee Director as a Member of the Committee.



(iii) The attendance of the members at the meetings of the financial year 2017-18 was as follows:

	Name of the Member	Status	No. of Meetings held	No. of Meetings attended
1.	Shri.Dinesh Kumar (w.e.f.08.08.2016 up to 09.08.2017)	Member	01	01
2.	Ms.Pushpa Trivedi	Member	04	04
3.	Shri.Rajkishore Das	Chairman	04	04
4.	Shri Dhamendra Kumar Madan (w.e.f.14.08.2017)	Member	03	01

b. SHARE TRANSFER AND SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

As required under the Companies Act, 2013, the company already has a Share Transfer and Share Holders/Investor's Grievance Committee was reconstituted at the Board Meeting held on 08.08.2016 comprising of Shri.S B Bhide, Chairman as Chairman of the Committee and Shri.T S Gaikwad, Managing Director as a Member of the Committee. The quorum of the Committee is two.

SHARE TRANSFER SYSTEM:

The company has a Share Transfer Committee which is authorized to transfer securities as and when they are received both under physical and electronic mode. Further for dematerialisation of shares Company shares can be dematerialized with CDSL and NSDL under ISIN No.INE 806J01013.

The share transfer committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and re-materialization of shares. There were no pending complaints and requests for demat. This committee is vested with requisite powers and authorities to specifically look into the redressal of grievances of shareholders and investors.

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

The Committee met 8 times and the details are as under: 24.04.2017, 06.06.2017, 27.06.2017, 24.07.2017, 10.10.2017, 20.11.2017, 22.12.2017 and 10.02.2018.

Summarized information on complaints received and resolved during 1st April, 2017 to 31st March, 2018:

Sl. No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2018
1.	Non-receipt of Dividend	NIL	NIL	NIL
2.	Non-receipt of shares lodged for transfer	NIL	NIL	NIL
3.	Others (N/R of Annual Report, etc).	NIL	NIL	NIL

Please note that the grievances, if any, have been redressed within 30 days of the receipt thereof.

c. CSR & SD COMMITTEE:**Terms of Reference:**

The terms of reference of the Board Committee on Corporate Social Responsibility and Sustainability Development for recommending the CSR & SD expenditure, CSR &SD Activities and their plans and Monitoring system.

**Composition:**

The Committee was Re-constituted at the Board Meeting held on 14.08.2017 comprising of Ms.Pushpa Trivedi, HOCL Nominee Independent Director of the Company as a Chairman of the Committee and Shri.Dharmendra Kumar Madan, Govt Nominee Director of the Company and Shri.S B Bhide, Chairman of the Company as Members of the Committee.

The Committee met one time on 31.03.2018 during the year 2017-18

d. NOMINATION AND REMUNERATION COMMITTEE:**Terms of Reference:**

1. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
2. Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Composition:

The Committee was constituted at the Board Meeting held on 14.08.2017 comprising of Shri.Rajkishore Das, Independent Director of the Company as a Chairman and Shri. S B Bhide, Chairman of the Company, Shri.Dharmendra Kumar Madan, Govt Nominee Director of the Company, Ms.Pushpa Trivedi, HOCL Nominee Independent Director of the Company as Members of the Committee.

The Committee met one time on 31.03.2018 during the year 2017-18

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2017-2018:

Amount (Rs.lacs)

Name	Salary including perks	Arrears	Retirement benefits	Total
T S Gaikwad	23.08	0	0	23.08

The Executive Directors have been appointed by the President of India for a period of 5 years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period either side on three months notice or on payment of three months salary in lieu thereof.

The company has not given any stock options.

- i. **Non-executive Directors:** The Company does not pay any remuneration to non-executive Directors for attending the meetings of the Board of Directors thereof. The company pays Sitting Fees of Rs.5000/- per meeting per Non Executive Director for attending each meeting of the Board of Directors and also Rs.5000/- for attending each meeting of Committee of the Directors. The details of sitting fees paid during the year 2017-18 are as follows:

SI No.	Name of the Director	Sitting fees Amount (Rs.)
1	Ms. Pushpa Trivedi	Rs.60000.00
2	Shri Rajkishore Das	Rs.45000.00

Non Executive Directors does not hold any shares in the Company.



4. ANNUAL GENERAL MEETINGS

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

Particulars	FY-2014-2015	FY-2015-16	FY-2016-17
Date	25.09.2015	26.09.2016	25.09.2017
Time	3.00 P.M.	3.00 P.M.	3.00 P.M.
Venue	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001	Press Club Deshodharaka Bhavan Basherbagh, Hyderabad-500 001

No special resolutions were passed in 33rd and 34th AGM. Two special resolutions was passed in the 32nd AGM to alter the situation clause of the Memorandum of association from Andhra Pradesh to Telangana and pursuant to section 180(1)(a) of the Companies Act 2013 to use the unused/ vacant land for lease or lending.

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

5. DISCLOSURES:

- i. There was no materially significant related party transaction with its Directors/or the management of Subsidiary or relatives that may have potential conflict with the interests of Company of large.
- ii. There was no case of Non-compliance by the Company of Statutory Provisions of the Companies Act, 2013 or SEBI regulation or any other Statutory Authority. Further, these authorities have never passed any structure of imposed any penalties on the Company on any matter related to capital markets during the last three years.
- iii. **Whistle Blower policy:** Your company has instituted procedures for the receipt, retentions and dealing with complaints. Nonetheless no personnel have been denied access to the Audit Committee.
- iv. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause are provided in this report.

6. MEANS OF COMMUNICATION:

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

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


7. GENERAL SHAREHOLDER INFORMATION:
Compliance Officer:

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

Registered Office	303, Babukhan Estate, Basheerbagh, Hyderabad – 500 001.
Annual General Meeting	Date & Time : 24 th September, 2018 at 3.00 p.m Venue : at Press Club, Deshodharaka Bhavan, Bashirbagh, Hyderabad-500 001.
Tentative Financial Calendar	1 st unaudited Quarter Results on or before 14 th August of the year. 2 nd unaudited Quarter Results on or before 14 th November of the year. 3 rd unaudited Quarter Results on or before 14 th February of the following year. 4 th unaudited Quarter Results on or before 15 th May of the following year / or Annual Audited Results on or before 30 th May of the following year.
Date of book closure	(For the purpose of Annual General Meeting) 18.09.2018 to 24.09.2018 (both days inclusive)
Dividend payment date (tentative)	N.A
Listing on Stock Exchanges	The shares of the Company are listed on- The Stock Exchange, Mumbai Stock Code at BSE: 524013
Registrar & Transfer Agents	M/s. Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, HYDERABAD- 500 032 Tel: +9140-67161541, 67161505, Fax : +9140-23420814 e-mail: damodar.kedlaya@karvy.com


MARKET PRICE DATA

Scrip Code: 524013

Scrip Id: HINFLUR

The high/low prices of Equity shares traded month wise as available at BSE site are stated hereunder.

(All Rupees)

Month	Open Price	High Price	Low Price	Close Price
Apr-17	17.00	20.00	14.10	18.00
May-17	18.90	18.90	10.65	10.65
Jun-17	10.66	12.08	10.12	12.08
Jul-17	12.68	15.39	12.68	15.39
Aug-17	14.65	14.65	13.15	13.15
Sep-17	12.50	12.50	11.35	11.35
Oct-17	10.80	10.80	10.30	10.40
Nov-17	9.90	10.51	8.26	8.26
Dec-17	8.67	11.59	8.67	11.59
Jan-18	12.16	16.40	11.56	14.20
Feb-18	13.50	15.50	12.70	12.70
Mar-18	12.07	12.07	8.72	10.62

DISTRIBUTION OF SHAREHOLDING

 The Distribution of holdings as on 31st March, 2018 was as follows:

Description	Holders(s)		Holdings(s)	
	Folios	%	Shares	%
Less than 500	13808	92.28	2357586	12.03
501-1000	695	4.65	590312	3.01
1001-2000	239	1.60	369366	1.88
2001-3000	71	0.47	182453	0.93
3001-4000	22	0.15	79659	0.41
4001-5000	30	0.20	144349	0.74
5001-10000	46	0.31	329331	1.68
Above 10000	51	0.34	15546044	79.32
Total	14962	100.00	19599100	100



Share Holding Pattern as on 31st March, 2018 was as under:

Category	No. of shares held	Percentage of Shareholding
I. CONTROLLING/STRATEGIC HOLDINGS:		
1. Hindustan Organic Chemicals Limited	11060000	56.43
2. A.P.Industrial Development Corpn.Ltd.	870000	4.44
SUB TOTAL	11930000	60.87
II. FREE FLOAT:		
A. BASED IN INDIA		
1. Indian Individuals/HUFs	6496367	33.15
2. Indian Corp.Bodies/Trustees/Partnership	510593	2.60
3. Independent Directors & Relatives	0.00	0.00
4. Present employees	60600	0.31
5. Banks/Financial Institutions	1200	0.01
6. Insurance companies	278500	1.42
7. Mutual funds	0.00	0.00
SUB-TOTAL	7347260	37.49
B. BASED OVERSEAS:		
1. Non-Resident Indians (Non-Rep)	316850	1.62
2. Non-Resident Indians (Rep)	4890	0.02
SUB-TOTAL	321840	1.64
GRAND TOTAL	19599100	100.00

DEMATERIALISATION OF SHARES & LIQUIDITY:

The shares of the Company are compulsorily traded in Dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed the agreement with both i.e National Securities depositories Limited (NSDL) and Central Depositories Services (India) Ltd., (CDSL) under ISIN No. INE806J01013.

85.26% of the Share Capital of the Company has been Dematerialize the shares, the Company has been Dematerialized as on 31st March, 2018- total accounts Dematerialized is 1991 involving 16710950 shares (which constitutes 85.26% of the share capital).

**CEO AND CFO CERTIFICATION**

To,
The Board of Directors
Hindustan Fluorocarbons Limited
Hyderabad.

- a) We have reviewed financial statements and the cash flow statement of Hindustan fluorocarbons limited for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2017-18 which are fraudulent, illegal or in violation of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design of operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee :
- i) significant changes in internal control over financial reporting during the year 2017-18;
 - ii) significant changes in accounting policies during the year 2017-18 and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

Sd/-
(D N V SRINIVASA RAJU)
CHIEF FINANCIAL OFFICER

Place: Hyderabad
Date: 10.08.2018

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. Rajani K,) confirms as on 31st March, 2018 that the Company has:

- ♦ Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and rules made hereunder.
- ♦ Filed all forms and returns and furnished necessary particulars in time to Registrar of Companies (ROC) and/or Authorities as required under the Act.
- ♦ Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limits prescribed by the law.
- ♦ Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- ♦ Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- ♦ Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the directors.
- ♦ Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.
- ♦ Given loans and made investments in accordance with the requirements of the Act.
- ♦ Not exceeded the borrowing powers of the company.
- ♦ Registered all the particulars relating to the creation, modification and satisfaction of the charges with the ROC.
- ♦ Effected share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made there under.
- ♦ Complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into with the Stock Exchanges.

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

Sd/-

(RAJANI.K)

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

PLACE: HYDERABAD

DATE : 10.08.2018

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To,
The Members
Hindustan Fluorocarbons Limited
303, Babukhan Estate Basheerbagh,
Hyderabad Telangana - 500001.

We have examined the compliance of conditions of Corporate Governance by Hindustan Fluorocarbons Limited, CIN: L25206TG1983PLC004037, 303, Babukhan Estate, Basheerbagh, Hyderabad, Telangana - 500001, for the year ended 31st March, 2018, as stipulated in Regulation 15(2) of the Listing Regulations of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 for the period 1st April, 2017 to 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: Hyderabad
Date: 04.08.2018

Sd/-
RAGHAVENDAR RAO .D
Company Secretary in Practice
CP No. 13407

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN FLUOROCARBONS LIMITED FOR THE YEAR ENDED 31 MARCH, 2018**

The presentation of financial statement of Hindustan Fluorocarbons Limited for the year ended on 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing an opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Auditor Report dated 23 May 2018

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Hindustan Fluorocarbons Limited for the year ended on 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A) Comments on Profitability Statement of Profit & Loss Revenue Rs.37.21 Crore.

The above is understated by Rs.6.23 Core on account of deduction of Excise Duty/Goods and Services Tax (GST) from the revenue from operations instead of exhibiting the same separately under expenses, as required under the provisions of Note 3 of General Instructions for preparation of statement of Profit and Loss of Division-II of Schedule II of the Companies Act, 2013 which are applicable to Ind AS compliant financial statements. This has also resulted in understatement of expenses by Rs.6.23 Crore and non-compliance to the provisions of Companies Act, 2013.

**B. Comments on Financial Position Statement of Assets and Liabilities****Assets****Non-current assets:****(a) Property, Plant and Equipment (Note 3) Rs.49.75 Crore.**

The company has 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 has been considered as deemed cost. As per paragraph D7AA of Ind AS-101 (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. However, the company has selectively applied fair valuation to Freehold Land only. This has resulted in overstatement of Property, Plant and Equipment and Other Comprehensive Income by Rs.29.96 Crore (Fair value of land Rs.30.55 Cr – Value of land before fair valuation Rs.0.59 Crore).

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

Place: Hyderabad

Date: 07th August, 2018

Sd/-

(L. Tochwang)

Director General of Commercial Audit &
Ex-Officio Member, Audit Board Hyderabad.



REPLY TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN FLUOROCARBONS LTD FOR THE YEAR ENDED 31ST MARCH, 2018

Sl. No.	AUDIT OBSERVATION	MANAGEMENT REPLY
A.	<p>Comments on Profitability Statement of Profit & Loss Revenue Rs.37.21 Crore.</p> <p>The above is understated by Rs.6.23 Core on account of deduction of Excise Duty/Goods and Services Tax (GST) from the revenue from operations instead of exhibiting the same separately under expenses, as required under the provisions of Note 3 of General Instructions for preparation of statement of Profit and Loss of Division-II of Schedule II of the Companies Act, 2013 which are applicable to Ind AS compliant financial statements. This has also resulted in understatement of expenses by Rs.6.23 Crore and non-compliance to the provisions of Companies Act, 2013.</p>	<p>It may be kindly observed that the sales are shown by the company including the duties only i.e. the Gross value only is mentioned against the 'Revenue'. However instead of showing the duties included in those sales, in the 'Expenditure side', the company has shown, then and there at with 'Sales', showing the duties component separately as a netting effect. This also provides a clear understanding of the elements of sale revenue and duties i.e.; the actual economic benefit/value received by the company on its own account, and the indirect tax element to be collected and remitted to the treasury, instead of showing/ grouping it in the 'Expenditure' column. Further it may be kindly observed, that the details of expenses as per the Guidance Note Division II of Ind AS, under point No. IV expenses, the spread of items indicate only a broad category of expenses, and do not provide for showing the 'Duties/ Taxes' in an explicit manner, and the duties being an Indirect Tax, are to be clubbed in the company's other expenses.</p> <p><i>However, there is neither any overstatement of Income, nor any understatement of Expense, as there is no revenue impact, it is clearly seen as a netting effect only, by including once, and reducing then and there. Further the company explains/ undertakes to follow the guidelines.</i></p>
B.	<p>Comments on Financial Position Statement of Assets and Liabilities Assets</p> <p>Non-current assets:</p> <p>(a) Property, Plant and Equipment (Note 3) Rs.49.75 Crore.</p> <p>The company has adopted the carrying value of all the assets as</p>	<p>In regard to the land valuation, we submit that, the company has opted the fair value, in place of the historical cost under IND AS i.e.; value of Rs. 30.55crs is adopted in Financial Statements under IND AS, in place of Rs.59 lakhs as per earlier IGAAP. Accordingly, the same is reported in Notes to A/cs No. 36(b) (For the first time Adoption of IND AS), which read as that the carrying value adopted of all</p>



Sl. No.	AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>deemed cost of Property, Plant and Equipment on the date of transition to Ind AS, except for the Freehold land, where fair value has been considered as deemed cost. As per paragraph D7AA of Ind AS-101 (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. However, the company has selectively applied fair valuation to Freehold Land only. This has resulted in overstatement of Property, Plant and Equipment and Other Comprehensive Income by Rs.29.96 Crore (Fair value of land Rs.30.55 Cr – Value of land before fair valuation Rs.0.59 Crore).</p>	<p>assets <u>except for the Free Hold Land, where fair value is considered for deemed cost</u> as per IND AS. <i>We hope to have clarified this, and submit there is no over statement of the value of land/ property.</i></p>



Annexure-VI

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31-03-2018

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

To,
The Members,
Hindustan Fluorocarbons Limited
303, Babukhan Estate Basheerbagh,
Hyderabad, Telangana - 500001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Fluorocarbons Limited (hereinafter called the company or HFL). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Secretarial Auditor's Responsibility

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to Secretarial compliances.

We believe that audit evidence and information obtained from the Company's managements is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Hindustan Fluorocarbons Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that

in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hindustan Fluorocarbons Limited ("the Company") for the financial year ended on 31st March, 2018, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Industry specific Acts, Labour laws and other applicable laws;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable as there was no Acquisition of Shares)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the company did not issue any security during the financial year under review)**



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable as the company has not granted any options to its employees during the financial year under review.)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the company has not issued any debt securities during the financial under review)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable as the company has not delisted its equity shares from any stock exchange during the financial under review)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the company has not bought back any of its securities during the financial under review)**

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

- i) Secretarial Standards issued by Institute of Company Secretaries of India
- ii) The Securities Exchange Board of India (Listing obligations & Disclosure Requirements) Regulations, 2015 for the period 1st April, 2017 to 31st March, 2018.

Based on information received and records maintained we further report that:

1. The Board of Directors of the Company is duly constituted with proper composition of Executive Directors, Non-Executive Directors.
2. The changes in the composition of the Board of Directors that took place during the period

- under review were carried out in compliance with the provisions of the Act.
3. 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.
4. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. The Company has proper Board processes.

Based on the information, documents provided and the representations made by the company, its officers during our audit process and also on review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the company periodically, in our opinion, there are adequate systems and processes exists in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by statutory auditors and other professionals.

We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Closure of the Register of Members.
- c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;



- e) Notice of Board meetings and Committee meetings of Directors;
- f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) The 34th Annual General Meeting of the Company held on 25th September 2017;
- h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) Payment of remuneration to the Managing Director.
- k) Appointment and remuneration of Auditors and Cost Auditors;
- l) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- m) No Transfer was required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs as there was no unclaimed dividend with the company;
- n) Borrowings and registration, modification of charges, and satisfaction of charges wherever applicable; it has been observed as per the Ministry of Corporate Affairs records that there are 5 charges subsisting in the name of company. As per the Register of Charges, there exists only 2 charges pending for satisfaction and other 3 charges have been satisfied by the company. On explanations received from the management of the company, it is noted that the company has made attempts to file the relevant forms with the Registrar of Companies and update with the Ministry's web-portal mca.gov.in regarding the 3 satisfied charges. The same have not been updated till date by the Ministry as there exists an application made by the company with Company Law Tribunal (CLB) pertaining to Sick Industry provisions.
- o) Investment of the Company's funds including investments and loans to others;
- p) Form of Balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
- q) Directors' report;
- r) Contracts, common seal, registered office and publication of name of the Company; and
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act subject to our comments and observations as submitted to company and also attached to this report.

WE FURTHER REPORT THAT:

- 1) Litigation case application was filed on 14th May, 2014 before the BIFR, New Delhi. Matter relating to damages on delayed payments with interest thereon (from 2000 to 2011) to the tune of Rs.94.89 lakhs. Due to pendency of cases matter could not be reached.
- 2) Litigation relating to recovery from Debtors, amount involved Rs.132 Lakhs before the High Court of Andhra Pradesh and Telangana on order passed by single judge, Refrex Refrigerant Ltd stayed the matter and it was finally reserved for judgement.
- 3) It is observed from the records maintained by the company that the company has defaulted in payment of employer's contribution to the Provident Fund as required for the period pertaining to the financial year for which Audit has been carried.

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

**Sd/-
RAGHAVENDAR RAO .D
Partner
M.No.:35788, CP No.13407**

**Place: Hyderabad
Date: 04.08.2018**



**To,
The Members,
Hindustan Fluorocarbons Limited
303, Babukhan Estate Basheerbagh,
Hyderabad, Telangana - 500001.**

Our Secretarial Audit report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the Management of the company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of Companies Act, 2013, applicable Labour Laws and other applicable laws, rules, regulations, secretarial standards issued by Institute of Company Secretaries of India (ICSI) is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
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.
6. We further report that, based on the information provided by the Company, Its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/Managing Director' taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the company to monitor compliance with applicable general laws like labour laws & environment laws and Data protection policy.
7. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

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

**Place: Hyderabad
Date: 04.08.2018**

**Sd/-
RAGHAVENDAR RAO .D
Partner
M.No.:35788, CP No.13407**

**ANNEXURE-VII****FORM NO MGT 9****EXTRACT OF ANNUAL RETURN**As on financial year ended on **31.03.2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

I	CIN	L25206TG1983PLC004037
II	Registration Date	14.07.1983
III	Name of the Company	Hindustan Fluorocarbons Limited
IV	Category/Sub-category of the Company	Company Limited by Shares / Indian Government company
V	Address of the Registered office & contact details	303, Babukhan Estates, Basheerbagh, Hyderabad-500001. Tele: 040-23240047, 23241051, 23237125, 23297160 Fax: 040-23296455 Website: www.hfl.co.in- E-mail: hflshareholder@gmail.com
VI	Whether listed company	Yes
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any	M/s. KARVY COMPUTERSHARE PRIVATE LIMITED Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial Dist., Nanakramguda, HYDERABAD - 500 032. Tel: +9140-67161541, 67161505, Fax: +9140-23420814 e-mail: damodar.kedlaya@karvy.com

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

Sl. No.	Name & Description of Main Products/services	NIC Code of the Product/service	% to total turnover of the company
1	PTFE	20111	6.78 %
2	CFM-22	20111	91.32 %

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

Sl. No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Hindustan Organics Chemicals Limited & Rasayani, Raigad (Dist.), Mumbai Maharashtra.	L99999MH1960GOI011895	Holding Company	56.43	2(46) & 2(87) of Companies Act 2013



IV. SHAREHOLDING PATTERN (Equity/Share capital Break up as % to total Equity):

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	0	0	0	0.00	0	0	0	0.00	0.00
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	11060000	0	11060000	56.43	11060000	0	11060000	56.43	0.00
d) Bank/FI	8700000	0	8700000	4.44	8700000	0	8700000	4.44	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL:(A) (1)	11930000	0	11930000	60.87	11930000	0	11930000	60.87	0.00
(2) Foreign									
a) NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.87	11930000	0	11930000	60.87	0.00
(B) PUBLIC SHARE HOLDING									
(1) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	1200	1200	0.01	0	1200	1200	0.01	0.00
c) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	296417	0	296417	1.51	278500	0	278500	1.42	-0.09
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i) Others((specify)	0	0	0	0.00	100	0	100	0.00	0.00
SUB TOTAL (B)(1):	296417	1200	297617	1.52	278600	1200	279800	1.43	-0.09
(2) Non-Institutions									
a) Bodies corporate	445647	77900	523547	2.67	426467	77700	504167	2.57	-0.10
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.2 lakhs	1194982	2749050	3944032	20.12	1224761	2705150	3929911	20.05	-0.07
ii) Individuals Share holders holding nominal share capital in excess of Rs.2 lakhs	2146050	0	2146050	10.95	2202373	0	2202373	11.24	0.29
c) Others (specify)	433314	0	433314	2.22	430384	225	430609	2.20	-0.02
i) NRI(Rep)	205490	0	205490	1.05	204550	112300	316850	1.62	0.57
ii) NRI(Non-Rep)	3750	114800	118550	0.60	4890	0	4890	0.02	-0.58
iii) Trust	500	0	500	0.0	500	0	500	0.00	0.00
SUB TOTAL (B)(2):	4429733	2941750	7371483	37.61	4493925	2895375	7389300	37.70	0.09
Total Public shareholding (B) = (B) (1) + (B) (2)	4726150	2942950	7669100	39.13	4772750	2896350	7669100	39.13	0.00
(C) Shares held by custodian for GDRs. & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	16656150	2942950	19599100	100	16702750	2896350	19599100	100	0.00


ii. Share Holding of Promoters:

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	No. of Shares	% of total shares of the company	% of shares pledged Encumbered to Total Shares	
1	Hindustan organic Chemicals Limited (HOCL)	11060000	56.43	0.00	11060000	56.43	0.00	0.00
2	Andhra Pradesh Development corporation of India limited (AIPDC)	870000	4.44	0.00	870000	4.44	0.00	0.00
	Total	11930000	60.87	0.00	11930000	60.87	0.00	0.00

iii. Change in Promoters Shareholding (Specify) If there is no change:

Sl. No.		Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	11930000	60.87	11930000	60.87
2	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease(e.g .allotment/transfer/bonus/ sweat equity etc)	0	0.00	0	0.00
3	At the end of the year	11930000	60.87	11930000	60.87

iv. Shareholding pattern of the top ten shareholders (other than directors, promoters & holders of GDRS & ADRS)

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Dilip Kumar Lakhi				
	At the beginning of the year	525991	2.68	525991	2.68
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, ifseparated during the year)	525991	2.68	525991	2.68



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2	Neeta U Kothari				
	At the beginning of the year	325497	1.66	196497	1.66
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	325497	1.66	196497	1.66

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3	Bhubnesh commercial Private Limited				
	At the beginning of the year	285464	1.46	285464	1.46
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	285464	1.46	285464	1.46

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	Udayan Kumar N Kothari				
	At the beginning of the year	258278	1.32	258278	1.32
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	258278	1.32	258278	1.32



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
5	Udayan Kumar N Kothari				
	At the beginning of the year	259504	1.32	259504	1.32
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	1.00
	At the End of the year (or on the date of separation, if separated during the year)	259504	1.32	259504	1.32

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
6	Manish Laxhi				
	At the beginning of the year	220625	1.125	220625	1.125
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	1.00
	At the End of the year (or on the date of separation, if separated during the year)	220625	1.125	220625	1.125

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
7	Amit Kumar Indrakumar Bagri				
	At the beginning of the year	200000	1.02	200000	1.02
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	200000	1.02	200000	1.02



Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8	Life Insurance Corporation of India				
	At the beginning of the year	158500	0.81	158500	0.81
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	158500	0.81	158500	0.81

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9	Bantwal Subraya Baliga				
	At the beginning of the year	133300	0.68	133300	0.68
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	133300	0.68	133300	0.68

Sl. No.	Name of the one of the top ten shareholders	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10	United India Insurance Company				
	At the beginning of the year	120000	0.61	120000	0.61
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc)	0	0.00	0	0.00
	At the End of the year (or on the date of separation, if separated during the year)	120000	0.61	120000	0.61

**v. Shareholding of Directors & KMP**

Sl. No.	For Each of the Directors & KMP	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

V. INDEBTEDNESS**(Rs. In lacs)**

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

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3197.08	1580.00	0.00	4777.08
ii) Interest due but not paid	724.35	350.35	0.00	1074.00
iii) Interest accrued but not due	0.00	73.79	0.00	73.79
Total (i+ii+iii)	3921.43	2004.14	0.00	5925.57
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	0.00	0.00	0.00	120.19
Net Change	0.00	0.00	0.00	120.19
Indebtedness at the end of the financial year				
i) Principal Amount	3197.08	1580.00	0.00	4777.08
ii) Interest due but not paid	781.62	534.92	0.00	1315.54
iii) Interest accrued but not due	0.00	70.92	0.00	70.92
Total (i+ii+iii)	3978.70	2185.84	0.00	6164.54

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time Director and/or Manager: (Rs. In lacs)**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
1	Gross salary	Sri. T S Gaikwad
	(a) Salary as per provision contained in section 17(1) of the Income Tax 1961	18.70
	(b) Value of perquisites a/s 17(2) of the Income tax Act.1961	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	0.00
2	Stock option	0.00
3	Sweat Equity	0.00
4	Commission	0.00
5	As % of profit	0.00
6	Others (specify)	4.38
	Total (A)	23.08
	Ceiling as per the Act	Not applicable

B. Remuneration to other Directors: (Rs. In lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors
1	Independent Director	Shri Rajkishore Das
	(a) Fee for attending Board & Committee meetings	0.45
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (1)	0.45
2	Other Non Executive Directors	Ms. Pushpa Trivedi
	(a) Fee for attending Board & Committee meetings	0.60
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (2)	0.60
	Total (B)=(1+2)	0.105
	Total Managerial Remuneration	0.105
	Overall ceiling as per the Act.	Nil


C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (Rs. In lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per Provision contained in section 17(1) of the Income Tax Act.1961	9.01	11.76	20.77
	(b) Value of perquisites U/s 17(2) of the Income Tax Act.1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act.1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
5	Others (including retirement benefits)	1.09	1.40	2.49
	Total	10.10	13.16	23.26

VII Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0



STATEMENT OF ASSETS & LIABILITIES AS AT 31ST MARCH 2018 (Rs. in lacs)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	4,974.74	5,075.49	5,208.35
(b) Capital work-in-progress		-	2.95	8.99
(c) Other Intangible assets	3.1	194.92	207.65	212.36
(d) Other Non Current assets	4	93.53	81.75	76.84
Total Non - Current Assets		5,263.19	5,367.84	5,506.54
2 Current assets				
(a) Inventories	5	538.98	536.43	741.24
(b) Financial Assets				
(i) Trade receivables	6	370.26	406.52	228.91
(ii) Cash and cash equivalents	7.1	0.52	132.84	239.55
(iii) Bank balances other than (ii) above	7.2	1.62	1.51	1.40
(iv) Others Financial Assets	8	6.63	12.42	16.84
(c) Other current assets	9	60.63	77.84	70.96
Total Current Assets		978.64	1,167.56	1,298.90
TOTAL ASSETS (1+2)		6,241.83	6,535.40	6,805.44
II EQUITY AND LIABILITIES				
EQUITY				
1 Equity				
(a) Equity Share capital	10	1,961.46	1,961.46	1,961.46
(b) Other Equity	11	(5,803.27)	(5,320.62)	(4,687.19)
Total equity		(3,841.81)	(3,359.16)	(2,725.73)
LIABILITIES				
2 Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	12	336.00	672.00	1,028.19
(b) Provisions	13	802.48	611.40	635.43
Total Non - Current Liabilities		1,138.48	1,283.40	1,663.62
3 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	258.59	337.29	446.83
(ii) Trade payables	15	376.20	290.16	435.93
(iii) Other financial liabilities (other than those specified in (b) below, to be specified)	16	5,514.85	4,783.42	4,183.91
(b) Provisions	17	328.28	452.57	546.34
(c) Other current liabilities	18	2,467.24	2,747.72	2,254.54
Total Current Liabilities		8,945.16	8,611.16	7,867.55
TOTAL EQUITY AND LIABILITIES (1+2+3)		6,241.83	6,535.40	6,805.44

General Information and Significant Accounting Policies 1&2

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

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

For **KS Ramakrishna & Co.****Chartered Accountants**

(FRN 002888S)

Sd/-

(K.S. RAMAKRISHNA)**PARTNER**

M No. 021154

Sd/-

(T.S. GAIKWAD)
MANAGING DIRECTOR

DIN No. 02411043

Sd/-

(DNV SRINIVASA RAJU)
CHIEF FINANCIAL OFFICER

Sd/-

RAJ KISHORE DAS
DIRECTOR

DIN No. 07774176

Sd/-

(RAJANI .K)
COMPANY SECRETARY

Place: Mumbai

Date: May 23, 2018


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in lacs)

	Notes	2017-2018	2016-2017
REVENUE			
Revenue from operations	19	4,308.31	3,806.36
Less: Excise Duty:		622.95	422.85
		3,685.36	3,383.51
Other income	20	36.11	47.87
Total Revenue		3,721.47	3,431.38
EXPENSES			
Cost of materials consumed	21	1,369.41	1,279.86
Changes in inventories of work-in-process	22	20.39	134.58
Employee benefits expense	23	1,223.35	1,141.04
Finance costs	24	296.74	329.05
Depreciation and amortisation expense	3 & 3.1	148.16	152.26
Other expenses	25	740.81	779.14
Total Expenses		3,798.86	3,815.93
Profit before tax		(77.39)	(384.55)
Tax expense		-	-
Profit for the year		(77.39)	(384.55)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(249.92)	(103.99)
Financial Instruments through OCI at amortised cost	26	(155.34)	(144.89)
Other comprehensive income / (loss) for the year		(405.26)	(248.88)
Total Comprehensive Income for the Year		(482.65)	(633.43)
Earnings per equity share of face value of Rs. 10 each			
Basic and Diluted		(2.46)	(3.23)
General Information and Significant Accounting Policies	1&2		

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

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

For **KS Ramakrishna & Co.**
Chartered Accountants
 (FRN 002888S)

Sd/-
(K.S. RAMAKRISHNA)
PARTNER
 M No. 021154

Sd/-
(T.S. GAIKWAD)
MANAGING DIRECTOR
 DIN No. 02411043

Sd/-
RAJ KISHORE DAS
DIRECTOR
 DIN No. 07774176

Place: Mumbai
 Date: May 23, 2018

Sd/-
(DNV SRINIVASA RAJU)
CHIEF FINANCIAL OFFICER

Sd/-
(RAJANI .K)
COMPANY SECRETARY



Statement of Changes in Equity

A. Equity share capital		
Particulars	Number of Shares	Amount (INR in Lakhs)
Balance as at April 01, 2016	19,630,000	1,961.46
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2017	19,630,000	1,961.46
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2018	19,630,000	1,961.46

B. Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus	Items of Other Comprehensive Income / Loss		Total
	Surplus in statement of profit and loss	Other Items of other comprehensive Income	Revaluation Surplus	
Balance as at April 01, 2016	(7,682.96)	-	2,995.77	(4,687.19)
Profit/(Loss) for the year	(384.55)	(248.88)	-	(633.43)
Balance as at March 31, 2017	(8,067.51)	(248.88)	2,995.77	(5,320.62)
Profit/(Loss) for the year	(77.39)	(405.26)	-	(482.65)
Balance as at March 31, 2018	(8,144.90)	(654.14)	2,995.77	(5,803.27)

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

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

For **KS Ramakrishna & Co.**
Chartered Accountants
(FRN 002888S)

Sd/-
(K.S. RAMAKRISHNA)
PARTNER
M No. 021154

Sd/-
(T.S. GAIKWAD)
MANAGING DIRECTOR
DIN No. 02411043

Sd/-
RAJ KISHORE DAS
DIRECTOR
DIN No. 07774176

Place: Mumbai
Date: May 23, 2018

Sd/-
(DNV SRINIVASA RAJU)
CHIEF FINANCIAL OFFICER

Sd/-
(RAJANI .K)
COMPANY SECRETARY

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018** (Rs. in lacs)

	2017-18	2016 - 17
CASH FLOW FROM OPERATING ACTIVITIES:		
Total Comprehensive Income	(482.65)	(633.43)
Adjustments for:		
Depreciation & Amortization	148.16	152.26
Interest Income	(5.33)	(13.30)
Interest Expense	296.20	325.95
Effect of measurement of Financial Instruments at amortised cost	155.34	144.89
Operating Cash Flows before Working Capital changes (A)	111.72	(23.63)
Adjustments for:		
(Increase)/Decrease in Inventories	(2.55)	204.81
(Increase)/Decrease in Trade receivables	36.26	(177.61)
(Increase)/Decrease in Other Financial Assets	5.68	4.31
(Increase)/Decrease in Other Current Assets	17.21	(6.88)
(Increase)/Decrease in Other Non Current Assets	(11.78)	(4.91)
Increase/(Decrease) in Trade Payables	86.04	(145.77)
Increase/(Decrease) in Other Financial Liabilities	(4.19)	(4.94)
Increase/(Decrease) in Other Current Liabilities & Provisions	(213.69)	375.38
Cash Generated from Operations (Working Capital Changes) (B)	(87.02)	244.39
Net Cash flow from Operating activities (1) (A+B)	24.70	220.76
CASH FLOW FROM INVESTING ACTIVITIES :		
Changes in Fixed Assets	(31.73)	(8.65)
Interest Income	5.33	13.30
Net Cash flow from / (used in) Investing activities	(26.40)	4.65
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	-	(20.19)
Increase/Decrease in Unsecured Loans (Net of Repayments)	320.92	158.91
Effect of measurement of Financial Instruments at amortised cost	(155.34)	(144.89)
Interest Paid	(296.20)	(325.95)
Net cash used in financing activities	(130.62)	(332.12)
Net Increase Decrease in Cash and Cash Equivalents	(132.32)	(106.71)
Cash & cash equivalents at the beginning of the period	132.84	239.55
Cash & cash equivalents at the end of the period	0.52	132.84

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

In terms of our report attached

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

For **KS Ramakrishna & Co.**

Chartered Accountants

(FRN 002888S)

Sd/-

(K.S. RAMAKRISHNA)

PARTNER

M No. 021154

Sd/-

(T.S. GAIKWAD)

MANAGING DIRECTOR

DIN No. 02411043

Sd/-

RAJ KISHORE DAS

DIRECTOR

DIN No. 07774176

Sd/-

(DNV SRINIVASA RAJU)

CHIEF FINANCIAL OFFICER

Sd/-

(RAJANI .K)

COMPANY SECRETARY

Place: Mumbai

Date: May 23, 2018



**Notes to the Standalone Ind AS financial statements
for the year ended March 31, 2018**

3. Property, Plant & Equipment

a) Carrying Value

Rs. in Lakhs

	As at March 31 2018	As at March 31 2017	As at April 01 2016
Land	3,054.83	3,054.83	3,054.83
Buildings	154.16	160.22	168.53
Plant and Machinery	1,756.48	1,849.06	1,969.88
Furniture & Fixtures	7.73	9.96	12.14
Computers	1.54	1.42	2.97
Total	4,974.74	5,075.49	5,208.35

Land admeasuring 126.13 acres of Land at Rudraram, Sanga Reddy Dist., Telangana State, Free hold land with 45 Acres used for Factory usage for plant and machinery and other buildings. The Lease agreement with AFTPL for 3 acres got terminated during current financial year. The above land is the revalued as per Ind AS and the original land value before Ind AS revaluation is Rs.59 Lakhs. The other assets above are only optional for Ind AS valuation method of adoption and the Company has adopted the cost method.

b) Deemed Cost as Fair Value

Rs. in Lakhs

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 1 April, 2016	3,054.83	306.32	7,358.28	84.80	42.45	10,846.68
Additions	-	-	5.10	0.36	0.24	5.70
Disposals	-	-	-	-	-	-
Others - Sale & lease back	-	-	-	-	-	-
Balance as at 31 March, 2017	3,054.83	306.32	7,363.38	85.16	42.69	10,852.38
Additions	-	-	34.04	0.38	0.26	34.68
Disposals	-	-	-	-	-	-
Balance as at 31 March, 2018 (b)	3,054.83	306.32	7,397.42	85.54	42.95	10,887.06

c) Accumulated depreciation

Rs. in Lakhs

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 1 April, 2016	-	137.79	5,388.40	72.66	39.48	5,638.33
Depreciation / amortisation expense for the year	-	8.31	125.92	2.54	1.79	138.56
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at 31 March, 2017	-	146.10	5,514.32	75.20	41.27	5,776.89
Depreciation / amortisation expense for the year	-	6.06	126.62	2.61	0.14	135.43
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at 31 March, 2018 (c)	-	152.16	5,640.94	77.81	41.41	5,912.32
Net Block (b - c)	3,054.83	154.16	1,756.48	7.73	1.54	4,974.74


3.1 - Intangible Assets

Rs. in Lakhs

Carrying Value Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
Software and Technical know-how	194.92	207.65	212.36
Particulars	Software	M-PTFE	Total
I. Deemed Cost as Fair Value			
Balance as at April 01, 2016	5.61	219.25	224.86
Additions	8.99	-	8.99
Disposals	-	-	-
Balance as at 31 March, 2017	14.60	219.25	233.85
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March, 2018	14.60	219.25	233.85
II. Accumulated depreciation and impairment			
Balance as at April 01, 2016	3.85	8.65	12.50
Depreciation / amortisation expense for the year	2.77	10.93	13.70
Eliminated on disposal of assets	-	-	-
Balance as at 31 March, 2017	6.62	19.58	26.20
Depreciation / amortisation expense for the year	0.79	11.94	12.73
Eliminated on disposal of assets	-	-	-
Balance as at 31 March, 2018	7.41	31.52	38.93
Net Block / Carrying Value	7.19	187.73	194.92

Rs. in Lakhs

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
4. OTHER NON CURRENT ASSETS			
(a) Long Term Trade Receivable			
- Unsecured, considered Doubtful			
Long-Term Trade Receivables	329.59	329.59	329.59
Less : Provision for Expected Credit Loss	(329.59)	(329.59)	(329.59)
Total Long Term Trade Receivables	-	-	-
Note: Debts over due for a period exceeding six months includes towards case filed in High Court of Andhra Pradesh, which is pending amounting to Rs.129.16 Lacs (2017: 129.16 lacs and 2016: Rs.129.16 Lacs)			
(b) Other Non Current Assets			
- Unsecured, considered good			
Sundry Deposits	93.53	81.75	76.84
Total Other Financial Assets	93.53	81.75	76.84


Rs. in Lakhs

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
5. Inventories			
a) Raw materials @	94.44	78.62	118.01
b) Work-in-progress	113.98	113.19	101.50
c) Finished Goods	53.38	74.72	239.27
d) Stores and spares	277.18	269.90	282.46
Total	538.98	536.43	741.24
@ Included above, goods-in-transit of Raw Materials	-	6.34	44.72
6. Trade Receivable			
Unsecured, considered good	370.26	406.52	228.91
Total	370.26	406.52	228.91
(A). Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.			
7. Cash and Bank Balances			
7.1) Cash and Cash Equivalents			
Cash on hand	0.19	0.31	0.29
Balances with banks:			
in current accounts	0.33	36.83	0.20
in liquid deposits	-	95.70	239.06
	0.52	132.84	239.55
7.2) Other Bank Balances			
in earmarked accounts			
Deposits accounts (Margin Money Deposits on BG (Refer note (i) below)	1.62	1.51	1.40
	1.62	1.51	1.40
Total	2.14	134.35	240.95
Notes: (i) Margin money deposits are subject to first charge/ lien to secure the company's cash credit loan and term loan with a maturity period of upto 12 months.			
8. Other Financial Assets			
Interest Receivable	4.18	11.07	6.45
Advance to Employees	2.45	1.35	10.39
Total	6.63	12.42	16.84
9. Other Current Assets			
Prepaid expenses	34.57	45.30	33.08
Amounts withheld with Govt and other Departments	15.09	16.68	25.35
Advances to Suppliers			
-Considered Good	10.97	15.86	12.53
-Considered doubtful	0.91	0.91	0.91
-Provision for expected credit loss	(0.91)	(0.91)	(0.91)
Total	60.63	77.84	70.96



10. Share capital							Rs. in Lakhs
	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016		
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	
10.1 Authorised:							
Equity shares of Rs. 10 each	21,000,000	2,100.00	21,000,000	2,100.00	21,000,000	2,100.00	
	21,000,000	2,100.00	21,000,000	2,100.00	21,000,000	2,100.00	
10.2 Issued:							Rs. in Lakhs
Equity shares of Rs. 10 each	19,630,000	1,963.00	19,630,000	1,963.00	19,630,000	1,963.00	
	19,630,000	1,963.00	19,630,000	1,963.00	19,630,000	1,963.00	
10.3 Subscribed and fully paid:							Rs. in Lakhs
Equity Share Capital							
Equity shares of Rs. 10 each	19,599,100	1,959.91	19,599,100	1,959.91	19,599,100	1,959.91	
Forfeited Equity Shares of Rs.10 each partly paid at Rs. 5	30,900	1.55	30,900	1.55	30,900	1.55	
Total Equity	19,630,000	1,961.46	19,630,000	1,961.46	19,630,000	1,961.46	
10.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:							Rs. in Lakhs
(a) Equity shares							
Opening balance	19,599,100	1,960	19,599,100	1,960	19,599,100	1,960	
Add: Changes during the year	-	-	-	-	-	-	
Closing balance	19,599,100	1,959.91	19,599,100	1,959.91	19,599,100	1,959.91	
10.5 Details of equity shares held by each shareholder, holding more than 5% of shares:							Rs. in Lakhs
Name of equity shareholder							
	No. of shares	% of holding of that class	No. of shares	% of holding of that class	No. of shares	% of holding of that class	
Equity shares							
M/s Hindustan Organics Chemicals Ltd	11,060,000	56.43%	11,060,000	56.43%	11,060,000	56.43%	
10.6 Rights, preferences and restrictions attached to equity shares:							
<p>The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. No dividend is proposed by the Board of Directors due to accumulated losses. The equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings. There are no restrictions attached to equity shares except as contained in the Articles of Association of the Company.</p>							



Rs. in Lakhs

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
11. Other Equity			
A Revaluation Surplus			
Revaluation of Property, Plant and Equipment	2,995.77	2,995.77	2,995.77
B Surplus in statement of profit and loss			
Opening balance	(8,067.51)	(7,682.96)	(6,571.57)
Add: Profit for the year	(77.39)	(384.55)	(1,111.39)
Closing balance	(8,144.90)	(8,067.51)	(7,682.96)
C Other Comprehensive Income			
Opening Balance of Other Comprehensive Income	(248.88)	-	-
Remeasurements of the defined benefit liabilities / (asset)	(249.92)	(103.99)	-
Financial Instruments through OCI at amortised cost	(155.34)	(144.89)	-
Income tax relating to items that will not be reclassified to profit or loss	(654.14)	(248.88)	-
Total	(5,803.27)	(5,320.62)	(4,687.19)

NON CURRENT LIABILITIES

Rs. in Lakhs

12. Long-Term Borrowings			
Secured			
Term loans - State Bank of India	-	-	20.19
Unsecured			
Government Plan Loan	336.00	672.00	1,008.00
Total	336.00	672.00	1,028.19

* Current maturities of long term debt are included in Note 16- Other financial liabilities

- (A). The Term loan from HOCL is secured by part of the land to the extent of 84.31 acres of the Factory & Plant and Buildings at Rudraram Village.
- (B). The Term loan from HOCL of Rs. 2744.06 lakhs is Zero coupon loan as per terms of the BIFR agreement and is repayable in seven equal annual instalments as per the loan agreement commencing from F Y 2010-11. The instalment due for F Y 2010-11 , 2011-12 , 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17 amounting to Rs.2744.06 lacs is not paid by the company and shown in Note -16 of the Other financial statements under the head 'Other Financial liabilities' being current maturities of long term debt amounting to Rs.3197.08 lacs.



- (C) The Term loan from HOCL of Rs.756.42 lakhs is Interest bearing @ 10.25% to 14.50% repayable in 5 annual instalments commencing from F Y 2010-11 as per the loan agreement. The company is continuing in default in payment of all the instalments due and interest during the F Y 2010-11 to 2015-16 amounting to Rs.453.01 lacs is not paid by the company & shown in Note -16 of the financial statements under the head 'Other Financial liabilities' being current maturities of long term debt and interest due amounting to Rs.781.62 lakhs under Interest accrued and due.
- (D) The 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 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 and 2018-19 amounting to Rs. 1,244.00 lacs shown in Note-16 under the head 'Other Financial liabilities being Govt. Plan Loan current maturities of long term debt'.

Rs. in Lakhs

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
13. Provisions			
Provision for employee benefits- (Refer Notes below)			
Provision for gratuity	518.28	513.29	535.05
Provision for compensated absences	284.20	98.11	100.38
Total	802.48	611.40	635.43

CURRENT LIABILITIES
Rs. in Lakhs

14. Short-term borrowings			
Cash credit facilities from Banks - Secured	258.59	337.29	446.83
	258.59	337.29	446.83

- A) Secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 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 @ 12.85% p.a.

Rs. in Lakhs

15. Trade Payable			
Dues to Micro and SSI units	8.20	8.74	22.01
Others	368.00	281.42	413.92
Total Trade Receivables	376.20	290.16	435.93



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

Rs. in Lakhs

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
Principal amount remaining unpaid and interest due thereon	8.20	8.74	22.01
Interest paid in term of Section 16	Nil	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil	Nil

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

(Rs. in Lakhs)

Particulars	As at March 31 2018	As at March 31 2017	As at April 01 2016
16. Other Financial Liabilities			
Current Maturities of Long Term Debt	4,084.14	3,587.48	3,201.63
Interest accrued and due - on borrowings	1,387.46	1,148.50	929.90
Other Payables	43.25	47.44	52.38
Total	5,514.85	4,783.42	4,183.91
17. Provisions			
Provision for employee benefits - (Refer Notes below)			
Provision for gratuity	162.51	54.61	59.81
Provision for compensated absences	145.27	208.34	345.50
P F company contribution	5.92	177.60	128.07
LTA and Other Provisions	14.58	12.02	12.96
Total	328.28	452.57	546.34
18. Other Current Liabilities			
Creditors for Capital Goods	-	13.28	16.08
Employee Salaries and Arrears Payables	2,158.64	2,252.44	1,762.79
Customer Advances	8.09	3.76	2.49
Statutory Liabilities - GST and Other Taxes	85.32	236.10	249.37
Others	215.19	242.14	223.81
Total	2,467.24	2,747.72	2,254.54


Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
19. Revenue from operations		
(i) Sale of products		
Polytetrafluoroethylene	291.90	311.29
Application Development Customer Support	59.95	10.85
CFM - 22	3,933.27	3,391.84
Tetrafluoroethylene	7.06	53.74
Hydrogenchloride	15.11	32.99
	4,307.29	3,800.71
(ii) Other operating revenues:		
Job work and handling charges	1.02	5.65
	1.02	5.65
Total	4,308.31	3,806.36
20. Other income		
Interest income from Banks	5.33	13.30
Miscellaneous income	30.78	34.57
Total	36.11	47.87
21. Cost of Raw Material and Packing Material consumed:		
Opening balance	72.27	58.15
Add: Purchases during the year	1,391.58	1,293.98
Less: Closing balance	94.44	72.27
Total	1,369.41	1,279.86
(A) Details of raw material and packing material consumed : (100% Indigenious)		
AHF	831.64	749.15
CHLOROFORM	483.11	488.29
FC-26	19.45	-
OTHERS	34.11	37.96
PACKING MATERIAL	1.10	4.46
	1,369.41	1,279.86
(B) Details of closing Inventory :		
AHF	22.94	19.21
CHLOROFORM	12.65	12.21
FC-26	7.78	-
OTHERS	47.76	39.54
PACKING MATERIAL	3.31	1.31
	94.44	72.27



Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
22. Changes in inventories of work-in-process		
Opening balance:		
Stock-in-process	113.19	101.50
Finished products	74.72	239.27
	187.91	340.77
Closing balance:		
Stock-in-process	113.98	113.19
Finished products	53.38	74.72
	167.36	187.91
Add: Increase/(Decrease) in Excise duty/ GST on Finished products	(0.16)	(18.28)
Total	20.39	134.58
23. Employee benefits expense		
Salaries, wages and Bonus	1,079.54	1,006.87
Contribution to Provident and other fund	110.30	98.61
Staff welfare expenses	33.51	35.56
Total	1,223.35	1,141.04

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

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

Details of Actuarial Valuation of Gratuity Details

Rs. in Lakhs

Particulars	2017-18	2016-17
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	570.32	598.64
Current service cost	32.48	27.06
Interest cost	41.13	53.88
Actuarial (gain)/loss	249.92	103.99
Benefits paid	(19.92)	(5.28)
Defined Benefit obligation at the year end	684.38	570.32



Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	2.41	4.07
Expected return on plan assets	(0.20)	0.30
Actuarial gain/(loss)	-	-
Employer contribution	(206.72)	-
Benefits paid	(19.92)	(5.28)
Fair value of plan asset at the year end	3.60	2.41
Actual return on plan assets	-	-
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	(3.60)	(2.41)
Present value of obligation	684.38	570.32
Amount recognised in Balance Sheet	680.79	567.91
IV. Expenses recognised during the year		
Current service cost	32.48	27.06
Interest cost	41.13	53.88
Expected return on plan assets	0.20	(0.30)
Actuarial gain/(loss)	249.92	103.99
Net Cost	323.73	184.63
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 1994-96	(ultimate) 1994-96
Discount Rate (per annum)	8.00	9.00
Expected Rate of Return on Plan Assets	9.00	9.00
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00

Details of Actuarial Valuation of Gratuity Details

Rs. in Lakhs

Particulars	2017-18	2016-17
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	306.45	445.88
Current service cost	58.17	41.55
Interest cost	27.58	40.13
Actuarial(gain)/loss	29.55	(221.11)
Benefits paid	-	-
Defined Benefit obligation at the year end	429.47	306.45


Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	NA	NA
Expected return on plan assets		
Actuarial gain/(loss)		
Employer contribution		
Benefits paid		
Fair value of plan asset at the year end		
Actual return on plan assets		
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	(2.41)	-
Present value of obligation	570.32	445.88
Amount recognised in Balance Sheet	567.91	306.45
	1,135.82	752.33
IV. Expenses recognised during the year		
Current service cost	58.17	41.55
Interest cost	27.58	40.13
Expected return on plan assets	-	-
Actuarial gain/(loss)	(29.55)	221.11
Net Cost	115.30	(139.43)
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 1994-96	(ultimate) 1994-96
Discount Rate (per annum)	8.00	9.00
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00
24. Finance costs		
Interest on:		
- Borrowings	289.06	318.49
- Others	7.14	7.46
- Bank Charges	0.54	3.10
Total	296.74	329.05


Rs. Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
25. Other expenses		
Consumption of stores and Spares	44.18	63.90
Power & Fuel	288.68	271.08
Water Charges	142.26	122.09
Rent	8.50	8.53
Rates & Taxes	20.87	4.48
Travelling and Transport charges	51.67	72.62
Insurance	43.19	39.28
Printing and Stationery	4.88	5.44
Communication Expenses	7.52	7.41
Repairs and Maintenance	-	-
To Building	22.74	-
To Machinery	19.81	22.18
To Other Assets	5.15	4.16
Office Maintenance	12.54	7.25
Payments to auditors :		
Statutory audit and Limited review fee	1.56	1.70
Professional charges	28.14	24.46
Security and Job Work	20.74	15.65
Frieght	2.86	1.37
Corporate Social Responsibility	5.95	2.68
Miscellaneous Expenditure	4.37	3.53
Prior Period Items	5.20	101.33
Total	740.81	779.14

26. Financial Instruments through OCI at amortised cost
Discounting for Future receivable i.e., Financial Assets of Rs. 90.91 Lakhs in sundry deposits of Rs. 98.91 Lakhs receivable as on 31.03.2020
(Rs. in Lakhs)

	Ind AS bal./ Op Bal	7% Discount factor/expense	CL. BAL (IGAAP)
31.3.2017	68.79	4.96	73.75
31.3.2018	73.75	5.32	79.07
31.3.2019	79.07	5.71	84.78
31.3.2020	84.78	6.13	90.91
		22.12	

Aggregate discount for 4 years accounted retrospectively on 1.4.2016


Present value of future payable (zero int. loan from HOCL) and the premium accounted thereon for Ind AS (Rs. in Lakhs)

	Opening	Int. Inc	Closing
31.3.2017	2,076.61	149.85	2,226.46
31.3.2018	2,226.46	160.66	2,387.12
31.3.2019	2,387.12	172.25	2,559.37
31.3.2020	2,559.37	184.69	2,744.06

Total premium accounted as income retrospectively i.e., liability reduced on 01.04.2016 and reversed/debited to P&L A/c under Other Comprehensive Income each year proportionately as below

667.45

Net Affect of expenses / income

645.33 cumulative

IMPACT ON B/S

(Rs. in Lakhs)

P&L	2016-17	2017-18	2018-19	2019-20	
Dis.exp.reversed as income in each year the loan liability retrospectively on 1.4.2016	4.96	5.32	5.71	6.13	
Net P&L Impact	(149.85)	(160.66)	(172.25)	(184.69)	
	(144.89)	(155.34)	(166.54)	(178.56)	
BS Impact	1.4.2016	2016-17	2017-18	2018-19	2019-20
	645.33	500.44	345.10	178.56	-
Loan liability adjusted for Ind As	(667.45)	(517.60)	(356.94)	(184.69)	-
	(22.12)	(17.16)	(11.84)	(6.13)	-
Deposits	(22.12)	(17.16)	(11.84)	(6.13)	-
	(22.12)	(17.16)	(11.84)	(6.13)	-

27. Contingencies and Commitments

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Contingent Liabilities			
a) Bank Guarantee given to Pollution control board with SBI	10.00	10.00	10.00
ESI 13.46	13.46	13.46	
b) Damages on Delayed Payment of Provident Fund with Interest	94.89	94.89	94.89
	118.35	118.35	118.35
ii) Commitments			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-
	-	-	-
	118.35	118.35	118.35

The differential interest @ 2.75% (14.25%-11.50%) on Govt. Plan loan is not provided in the books due to heavy losses and also moratorium request from the Company is pending with respective department with Gol.


Litigations at Various Authorities for 2017-18, 2016-17 and 2015-16
(Rs. In Lac)

Authority	Nature of Litigations	Quantum	Remarks
Hon'ble High Court, judicature for the state of Telangana and for A.P, Hyd.	Recovery from Debtors	132.00	On the order passed by the single judge M/s. Refex refrigerant Ltd got stayed the matter and petitioner co. vacated the stay, finally the matter was reserved for judgement. Due to the pendency of cases, the matter was adjourned and our legal counsel is confident in getting the final order very shortly and approximate amount to be received by the Company being Rs.1.32 Cr and interest at the rate of 12% from 2009 onwards.
Before Board for Industrial and Financial reconstruction (BIFR) Bench-II New Delhi (BIFR Bench was dissolved on 01-12-2016)	Damages on delayed payments of Provident Fund with interest thereon from 2000 to 2011	94.89	Application filed on 14.05.2014, due to pendency of cases, matter could not reached. Due to Statutory provisions under the Act, the Government of India has not constituted to heard the pending cases with BIFR. <i>It is pertinent to note here that the Company had cleared the pending PF dues to the tune of Rs.2.50 Crore during current Financial year.</i>
Hon'ble Consumer Forum, Hyderabad	CT/PT Energy charges of Electricity Charged twice to the company	33.03	Consumer forum has given a favourable direction on the pending sum of Rs.27.84 Lac from APSEB/ TSSPDCL vide their letter no. Chair Person/CGRF-I/TSSPDCL/F.ADM/ D No.10/2018 dated 06-Apr-2018. The electricity department has charged twice the CT/PT charges of Rs.5.19 lakhs.
Hon'ble civil court, Sec-bad	M/s. Shanthy boiler & Pressure vessels Pvt Ltd, Sec-bad is the manufacturer of various types of pressure boilers had delivered the boiler and failed to comply the contractual terms as agreed aggrieved on the supply of items a case was filed and counter was filed by the respondent company	6.00	The Company is pleading the case in the Court of Law and is of the view that the case will be in our favour as understood from the Legal advisors and the approximate legal implication in this matter is Rs. 6 Lac, in case HFL losses the case

**28. Taxes on Income**

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

29. CIF Value of Imports**(Rs. in Lakhs)**

Particulars	2017-18	2016-17	2015-16
Import of Capital Goods	-	4.04	74.20
Import of Materials/Spares	7.32	-	-

30. Balances in respect of Trade payables, Other Liabilities, Trade Receivables and Other Loans and Advances are subject to Confirmation.**31. Earnings in Foreign Currency****(Rs. in Lakhs)**

Particulars	2017-18	2016-17	2015-16
Sales of goods	-	-	33.03

32. Related Party Disclosures

a) List of Related Parties

Name of the Party	Nature of Relationship
Hindustan Organic Chemicals Limited (HOCL)	Holding Company
T S Gaikwad, Managing Director	Key Management Personnel
D N V Srinivasa Raju, Chief Financial Officer	Key Management Personnel
Rajani K, Company Secretary	Key Management Personnel

b) List of Related Parties

(Rs. in Lakhs)

S.No.	Particulars	Holding Company		KMP	
		2017-18	2016-17	2017-18	2016-17
1	Interest Expense	63.62	63.62		
2	Remuneration Paid to T S Gaikwad			23.08	13.98
	D N V Srinivasa Raju			13.16	12.09
	Rajani K			10.10	8.86

c) Balances with Related Parties

(Rs. in Lakhs)

S.No.	Particulars	2017-18	2016-17	2015-16
1	Loan Payable to HOCL (Principal + Interest)	3978.70	3,921.44	3,813.28
2	Interest Payable to HOCL	781.62	724.36	673.47
3	Remuneration Payables			
	T S Gaikwad	1.32	6.25	3.60
	D N V Srinivasa Raju	0.63	-	-
	Rajani K	0.44	2.89	1.67
	Arrears Payable			
	T S Gaikwad	5.79	5.79	5.79
	D N V Srinivasa Raju	-	-	-
	Rajani K	0.49	0.49	0.49



33. Segment Reporting

The Company's operations consist only of manufacturing and sales of fluouo-carbons, and incidental/ ancillary activities. Hence, there are no other reportable segments under Ind AS - 108 "Operating Segment". During the year, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. The Company does not have operations outside India and there is no other reportable segment on that account. There are no other reportable segments.

34. Earnings Per Shares

	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
Net profit after tax available to equity shareholders (Rs. lakhs)	(482.65)	(633.43)
Weighted Average number of equity shares for Basic & Diluted EPS (No's)	196.30	196.30
Face value per share (Rs.)	10/-	10/-
Basic & Diluted earnings per share (Rs.)	(2.46)	(3.23)

During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has reassessed the estimated useful life of its assets to align the useful life with those specified in Schedule II and there have been no change in the useful life of the asset. The useful lives, for the computation of depreciation rates are as follows:

Asset	Depreciation method	Useful life based on SLM
Building	SLM	30 years
Plant and equipment	SLM	20 years
Furniture and fixtures	SLM	10 years
Computers	SLM	3-5 years
Intangible Assets - Software	SLM	5 Years for Software and 20 years for MPTFE

35. Financial Instruments

a) Capital Management

The Company's capital management objective is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other revenue reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.



The following table summarizes the total capital of the Company:

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity	1,961.46	1,961.46	1,961.46
Short Term Borrowings & Current Portion of Long Term Debt	4,342.74	3,924.78	3,648.47
Long Term Debt	336.00	672.00	1,028.19
Cash and Cash Equivalents	(2.14)	(134.35)	(240.95)
Net Debt	4,676.60	4,462.43	4,435.71
Total Capital/funds deployed (Equity + Net .Debt)	6,638.06	6,423.89	6,397.17

b) Categories of financial instruments

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial Assets			
Measured at Fair Value through Profit or Loss (FVTPL)	-	-	-
Measured at amortized cost			
Cash and Bank Balances	2.14	134.35	240.95
Other financial assets at amortized cost	376.89	418.94	245.75
Measured at Cost	-	-	-
Financial Liabilities			
Measured at amortized cost	6,485.65	6,082.88	6,094.87

c) Financial Risk Management Objectives

The company's business activities exposed to a variety of financial risk viz., market risk, credit risk and liquidity risk. The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

d) 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.

i) Interest rate risk

Out of total borrowings, large portion represents short term borrowings and the interest rate primarily basing on the company's credit rating and also the changes in the financial market. Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.



ii) Foreign currency risk

The company has no balances in foreign currency and consequently the company is not exposed to foreign exchange risk.

Equity Risks

The company does not have any financial instruments which are exposed to listed and non listed equity investments.

e) Credit risk management

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the company. The maximum exposure of the financial assets represents trade receivables, work in progress and receivables from group companies. Credit risk on trade receivables, work in progress is limited as the customers of the company mainly consists of the Government promoted entities having a strong credit worthiness. For doubtful receivables the company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers. The company has not made any provision towards amounts doubtful to receive during the year ended March 31, 2017 and March 31, 2016 respectively.

f) Liquidity risk management

The Company has access to financing facilities of which INR 256.41 Lakhs (31.03.2017: Rs.177.71 lakhs and 01.04.2016: Rs. 68.17 lakhs) were unused at the end of the reporting period. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note on borrowing assets out details of additional undrawn facilities that the Company has at its disposal to reduce liquidity risk.

- i) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2018: **(Rs. in Lakhs)**

	Carrying Amount	Upto 1 Year	1-3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	376.20	376.20	-	-	-
Borrowings and interest thereon*	6,066.20	6,066.20	-	-	-
Other financial liabilities	376.20	376.20	-	-	-
Total	6,818.60	6,818.60	-	-	-

The table below provides details of financial assets as at March 31, 2018:

(Rs. in Lakhs)

	Carrying Amount
Trade Receivable	370.26
Other financial assets	6.63
Total	376.89



- ii) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2017: **(Rs. in Lakhs)**

	Carrying Amount	Upto 1 Year	1-3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	290.16	290.16	-	-	-
Borrowings and interest thereon*	5,745.28	5,745.28	-	-	-
Other financial liabilities	290.16	290.16	-	-	-
Total	6,325.60	6,325.60	-	-	-

The table below provides details of financial assets as at March 31, 2017: **(Rs. in Lakhs)**

	Carrying Amount
Trade Receivable	406.52
Other financial assets	12.42
Total	418.94

- iii) The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at April 01, 2016: **(Rs. in Lakhs)**

	Carrying Amount	Upto 1 Year	1-3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	435.93	435.93	-	-	-
Borrowings and interest thereon*	4,131.54	4,131.54	-	-	-
Other financial liabilities	435.93	435.93	-	-	-
Total	5,003.40	5,003.40	-	-	-

The table below provides details of financial assets as at April 01, 2016: **(Rs. in Lakhs)**

	Carrying Amount
Trade Receivable	228.91
Other financial assets	16.84
Total	245.75


g) Fair value measurements

Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

(Rs. in Lakhs)

	Fair Value as at*			Fair Value Hierarchy	Valuation techniques & key inputs used
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016		
Borrowings	2,387.12	2,226.46	2,076.61	Level 2	Refer Note Below
Deposits	79.07	73.35	68.79	Level 2	Refer Note Below
Total					

*Positive value denotes financial asset (net) and negative value denotes financial liability (net)

Notes:

- (1) There were no transfers between Level 1 and 2 in the period.
- (2) The Level 1 financial instruments are measured using quotes in active market
- (3) The following table shows the valuation technique and key input used for Level 2:

Financial Instruments	Valuation Technique	Key Inputs Used
Borrowings	Level 2	Fair Value as per discounted cash flows and present value computation based on the effective cost of capital

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Financial Assets

(Rs. in Lakhs)

	Fair Value Hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized cost							
· Trade Receivables	Level 2	370.26	370.26	406.52	406.52	228.91	228.91
· Other Financial Assets	Level 2	6.63	6.63	12.42	12.42	16.84	16.84
· Cash and cash equivalents	Level 2	0.52	0.52	132.84	132.84	239.55	239.55
· Bank balances other than above	Level 2	1.62	1.62	1.51	1.51	1.40	1.40
Total		379.03	379.03	553.29	553.29	486.70	486.70



	Fair Value Hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities at Amortized cost							
· Borrowings	Level 2	594.59	594.59	1,009.29	1,009.29	1,475.02	1,475.02
· Other financial liabilities	Level 2	5,514.86	5,514.86	4,783.43	4,783.43	4,183.92	4,183.92
· Trade Payables	Level 2	376.20	376.20	290.16	290.16	435.93	435.93
Total		6,485.65	6,485.65	6,082.88	6,082.88	6,094.87	6,094.87

36. First-time adoption of Ind-AS

- a) These financial statements, for the year ended March 31, 2018 have been prepared in accordance with the Ind AS. For the purpose of transition to Ind AS, the Company has complied with Ind AS 101 – “First time adoption of Indian Accounting Standard” for exemptions and exceptions, on transition date (i.e. April 1, 2016) and Indian GAAP is the previous GAAP followed by the company.

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the separate financial statements for the year ended March 31, 2018 and the comparative information.

- b) **Deemed cost for Property, Plant and Equipment and Intangible Assets:**

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.

- A) The effect of the Company’s transition to Ind AS is summarized as reconciliations of Equity, Profit and Total comprehensive income with Indian GAAP as explained below:**

- 1) Reconciliation of equity as previously reported under Indian GAAP to Ind AS.
- 2) Reconciliation of profit or loss and Total Comprehensive income as previously reported under Indian GAAP to Ind AS.
- 3) Adjustments to the statement of cash flows.

I. Reconciliation of total equity as at March 31, 2017 and April 1, 2016 (Rs. in Lakhs)

	Notes	As at March 31, 2017	As at April 01, 2016
Equity as per IGAAP		(6,855.37)	(6,366.83)
Effect of measuring Freehold land at fair value	a)	2,994.73	2,994.73
Loss allowance on Financial Instruments			
Others (Financial Instruments)	b)	500.43	645.32
Deferred tax Adjustments	c)	-	-
Equity reportable under Ind AS		(3,360.21)	(2,726.78)


II. Reconciliation of Statement of Profit and Loss and Other Comprehensive Income (Rs. in Lakhs)

	Notes	As at March 31, 2017
Net profit under previous IGAAP		(488.54)
Loss Allowance on Financial Instruments		-
Effect of measuring financial instruments at amortized cost		
Effect of gain /(losses) on measurement of employee benefits	e)	103.99
Deferred tax Adjustments	c)	-
Net profit under Ind AS		(384.55)
Other Comprehensive Income (Net of Tax)	d)	(248.88)
Total Comprehensive Income as per Ind AS		(633.43)

III. Effect of adoption of Ind AS on the Statement of cash flows for the year ended March 31, 2017: (Rs. in Lakhs)

	Indian GAAP*	Effect of Transition to Ind AS	Ind AS
Net cash flows from operating activities	75.87	144.89	220.76
Net cash flows from investing activities	4.65	-	4.65
Net cash flows from financing activities	(380.17)	48.05	(332.12)
Net increase / (decrease) in cash and cash equivalents	(299.65)	192.94	(106.71)
Cash and cash equivalents at the beginning of the year	239.55	-	239.55
Cash and cash equivalents at the end of the period	132.84	-	132.84

*IGAAP cash flow represents the regrouped version of the cash flow and other adjustments as required.

- 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 financial 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 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.
37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



Notes to financial statements as at and for the year ended 31st March 2018

1. General Information

Hindustan Fluorocarbons Limited (HFL) was incorporated in 1983 as a subsidiary of Hindustan Organic Chemicals Limited (HOCL), A Government of India Enterprise under the Ministry of Chemicals & Fertilizers with a shareholding of 56.43%. HFL is engaged in manufacture of Polytetrafluoroethylene (PTFE) with annual capacity of 500 MT and intermediate product of Chlorodifluoromethane (CFM-22) with annual capacity of 1265 MT. The company also manufactures Modified Polytetrafluoroethylene (MPTFE). Shares of the company are listed in Bombay Stock Exchange.

2. Significant Accounting Policies

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the first Ind AS financial statements and the date of transition to Ind AS is April 1, 2016. Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 36.

b) Basis of Accounting and Preparation

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as a net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- ◆ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ◆ Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and



- ◆ Level 3 inputs are unobservable inputs for the asset or liability.

c) Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes 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.

Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and

its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably. Revenue is net of returns and is reduced for rebates, trade discounts, refunds and other similar allowances. Revenue includes excise duty but is net of service tax, sales tax, value added tax and other similar taxes and GST from July 01, 2017.

i) Sale of goods

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is recognised, when the significant risks and rewards of the ownership have been transferred to the buyers and there is no continuing effective control over the goods or managerial involvement with the goods. Revenue from sale of chemical products is generally recognised at the time of dispatch.

ii) Other Income

Dividend income from investments is recognized when the right to receive payment is established. Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Insurance claims are recognised to the extent there is a reasonable certainty of the realizability of the claim amount.



e) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises of purchase price, applicable duties and taxes, any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets, upto the date the asset is ready for its intended use. "The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is required to be included in the cost of the respective item of property plant and equipment" and "Cost of major inspections is recognized in the carrying amount of property, plant and equipment as a replacement, if recognition criteria are satisfied and any remaining carrying amount of the cost of previous inspection is derecognized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

f) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from

disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

g) Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

h) Depreciation and Amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on Property, Plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance, etc.

Intangible Assets are amortised, on straight line method based on the useful life as assessed by the Management. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year end.

i) Impairment of Assets

Intangible assets and property, plant and equipment: Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying



amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

j) 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.

A. Financial Assets

1) Initial Recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

b) Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.



Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL. On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its investments in subsidiaries, associates and joint ventures and used that carrying value as the deemed cost of these investments on the date of transition i.e. 1 April 2016.

c) **Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies the expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL 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.

ECL is the difference between all contractual cash flows that are due to the group 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. 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 impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

d) **De-recognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

B. Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.



Financial Liabilities

1) Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and 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.

2) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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 the terms 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 amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

b) Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

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.

Where the terms of a financial liability is renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

3) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. 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 de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

4) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

k) Employee Benefits

The estimated liability for employee benefits for present and past services which are due as per terms of employment are determined



in accordance with the requirements of Ind AS 19 "Employee Benefits". A brief description of the employee benefits are as follows:

Gratuity:

The Company has an obligation towards gratuity, a defined benefit plan covering all eligible employees. The plan provides for lump sum payment in accordance with the Payment of Gratuity Act, 1972 to vested employees on retirement, death while in employment or on separation. Vesting occurs on completion of five years of service. The liability, which is determined by means of an independent actuarial valuation, is partly funded under Group Gratuity Plan Scheme managed by the Life Insurance Corporation of India.

Provident Fund:

Provident Fund is a defined contribution plan of the Government of India under which both the employer and employee contribute on a monthly basis at a pre-determined rate (currently upto 10% of employee salary) and the Company has no further obligation.

Compensated Absences

- a. In respect of the employees at Head Office, the Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.
- b. In respect of the employees at the locations, the undiscounted amount of short term employee benefits which include the compensated absences such as paid leave expected to be paid in exchange for the services rendered by employees is recognised during the year when the employee renders the service and is calculated on an actual basis.

l) Inventories

- i) The closing stock of raw materials, packing material, stores and spares are valued at cost by adopting weighted average method or net realisable value whichever is less. Stock in process (intermediate products) and finished

goods are valued at cost or net realisable value whichever is lower.

Cost of stock-in-process includes costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- ii) Excise duty payable on finished goods manufactured but not removed is included in the valuation of such stocks.
- iii) By-products are valued at NIL value.

m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Manufacturing of PTFE". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

n) Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

o) Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

The functional currency of the Company is the Indian rupee.

Foreign currency transactions are accounted at the exchange rates prevailing on the date



of transactions. Gains and losses resulting from settlement of such transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

The exchange difference on restatement of long term receivables / payables from / to foreign operations that are considered as net investments in such operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate.

Foreign branches functional currency is other than reporting currency of its parent and foreign branch financial statements are translated into reporting currency of its parent using the following procedures.

Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are recognised in other comprehensive income till the disposal of the net investment.

p) Income Tax

1) Current Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

2) Deferred Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3) MAT

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

q) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at



fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

r) Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

s) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is

material, provisions are discounted using a current pre-tax rate that reflects 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

u) Operational Cycle

The Company adopts operating cycle based on the project period and accordingly all project related assets and liabilities are classified into current and noncurrent. Other than project related assets and liabilities, 12 months period is considered as normal operating cycle.

v) Cash Flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

w) Recent Accounting Pronouncement

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian



Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net

settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

x) Disclosures as required by Indian Accounting Standard (Ind AS) 101 First time adoption of Indian Accounting Standard

The Company has adopted Ind AS with effect from 1 April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1 April 2016 and all the periods presented have been restated accordingly.

1) Exemptions availed on first time adoption of Ind AS 101:

On first time adoption of Ind AS, Ind AS 101 allows certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

- a) Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

- b) Since, there is no change in the functional currency of the Company, it has opted to continue with the carrying values measured



- under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.
- c) The Company has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in subsidiaries, associates and joint ventures on the date of transition to Ind AS.
- d) The Company has opted to continue with the accounting for exchange differences arising on long-term foreign currency monetary items, outstanding as on the transition date, as per previous GAAP. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign currency monetary translation account" and amortised over the remaining life of the concerned monetary item.
- e) Share-based payment transactions: Ind AS 101 encourages, but does not require, first time adopters to apply Ind AS 102 Share based payment to equity instruments that were granted on or before the date of transition to Ind AS. The Company has elected not to apply Ind AS 102 to awards that vested prior to 1 April 2016.
- f) Fair value measurement of financial assets or liabilities at initial recognition: The Company has not applied the provision of Ind AS 109, Financial Instruments, upon the initial recognition of the financial instruments where there is no active market.
- g) Designation of previously recognised financial instruments: The Company does not have any financial assets or liabilities as of the transition dates which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at FVTPL.
- 2) Exceptions:**
The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements:
- a) **Estimates:**
The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect and differences if any, in accounting policies) apart from the following items where the application of previous GAAP did not require estimation:
- i. Impairment of financial assets based on the expected credit loss model; and
 - ii. Investments in equity instruments carried as FVTPL or FVTOCI.
- The estimates used by the Company to present the amounts in accordance with the Ind AS reflect conditions that existed at the date on transition to Ind AS.
- b) **De-recognition of financial assets:**
The Company has elected to apply the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.
- c) **Classification and movement of financial assets and liabilities**
The Company has classified the financial assets and liabilities in accordance with Ind AS 109 on the basis of facts and circumstances that existed at the date on transition to Ind AS.

**Form No. MGT-12
Polling Paper**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014] CIN:L25206TG1983PLC004037

Name of the Company	Hindustan Fluorocarbons Limited
Registered office & contact details	303, Babukhan Estates, Basheerbagh, Hyderabad-500001. Tele: 040-23240047, 23241051, 23237125, 23297160 Fax: 040-23296455 Website: www.hfl.co.in E-mail: hflshareholder@gmail.com
Date of AGM	September 24, 2018
Venue	Press Club, Deshodharaka Bhavan, Time:3.00 PM Bashirbagh, Hyderabad - 500 001

BALLOT PAPER

S.No.	Particulars	Details
1	Name of the first Named Shareholder (in block letters)	
2	Postal address	
3	Registered Folio No./* Client ID No. (*Applicable to investors in dematerialized form)	
4	Class of share	Equity

I hereby exercise my vote in respect of ordinary resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Sl. No.	Item No	No of shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 st March, 2018 and Balance Sheet as on that date together with reports of the Directors' and the Auditors' thereon.			
2	To approve the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India.			

**Place: Hyderabad
Date: 24.09.2018**

(Signature of the shareholder)

