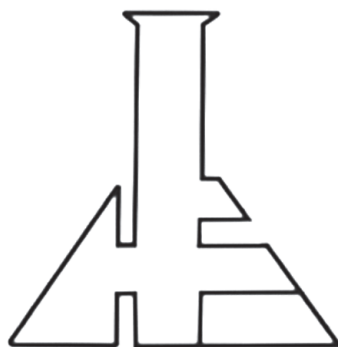


36th
ANNUAL REPORT
2018 - 2019



HINDUSTAN FLUOROCARBONS LIMITED

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BOARD OF DIRECTORS

Shri S B Bhide Chairman	HOCL Nominee (w.e.f 08.03.2016)
Shri T S Gaikwad Managing Director	From 01.01.2008
Shri. Dharmendra Kumar Madan Director	Govt. of India Nominee (w.e.f. 09.08.2017)
Shri Mukesh Pareek Independent Director	HOCL Independent Nominee (w.e.f. 13.02.2019)
Shri Lata Alker Independent Director	HOCL Independent Nominee (w.e.f. 09.08.2019)
Shri Chander Prakash Bhatia Director	HOCL Nominee (w.e.f. 09.08.2019)
Ms.Pushpa Trivedi Independent Director	HOCL Independent Nominee Director (w.e.f. 28.10.2016 upto 14.06.2019)
Shri.Rajkishore Das Independent Director	HOCL Independent Nominee Director (w.e.f. 13.02.2017 upto 01.04.2019)
Ms S Krithika Company Secretary	(w.e.f 12.08.2019)
Mrs. Rajani. K Company Secretary	(From 19.05.2011 upto 26.06.2019)

AUDITORS

SARATH & ASSOCIATES

Chartered Accountants (FRN: 005120S)
4th Floor, Maas Heights, 8-2-577/B,
Rd No.8, Banjara Hills, Hyderabad - 500 034.

BANKERS

State Bank of India
Gunfoundry, Hyderabad.

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Karvy Fintech 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
Reconstituted w.e.f. 11.03.2019

SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Ms. PUSHPA TRIVEDI	Director, Member (From 11.11.2016 upto 14.06.2019)
SHRI.RAJKISHORE DAS	Director, Chairman (From 27.02.2017 upto 01.04.2019)
SHRI MUKESH PAREEK	Director, Member (From 13.02.2019)
Ms. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)
Ms. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011 upto 26.06.2019)

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

SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Ms. PUSHPA TRIVEDI	Director, Chairman (From 10.02.2017 upto 14.06.2019)
SHRI. S B BHIDE	Chairman, Member (From 10.02.2017)
Ms. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)
Ms. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011 upto 26.06.2019)

SHARE TRANSFER COMMITTEE

SHRI S B BHIDE	Chairman, Chairman (From 08.03.2016)
SHRI. T S GAIKWAD	MD, Member (From 12.08.2011)
Ms. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011 upto 26.06.2019)

NOMINATION AND REMUNERATION COMMITTEE:

SHRI S B BHIDE	Director Member (From 08.03.2016)
SHRI.DHARMENDRA KUMAR MADAN	Director, Member (From 14.08.2017)
Ms. PUSHPA TRIVEDI	Director, Member (From 10.02.2017 upto 14.06.2019)
SHRI. RAJKISHORE DAS	Director, Chairman (From 27.02.2017 upto 01.04.2019)
Ms. S. KRITHIKA	Secretary to the Committee (From 12.08.2019)
MRS. RAJANI. K, CS	Secretary to the Committee (From 20.06.2011 upto 26.06.2019)



Notice of the 36th Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of the Members of Hindustan Fluorocarbons Limited will be held on Tuesday the 24th September, 2019 at 3.00 P.M. at Press Club, Deshodharaka Bhavan, Basheerbagh, Hyderabad - 500 001 to transact the following business:

Ordinary Business:

Item No. 1 – To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2019 and the reports of the Directors' and the Auditors' thereon.

Item No. 2 – To re-appoint Shri. Dharmendra Kumar Madan (Din: 07924171) as per GOI orders, who retires at this AGM and being eligible offers himself for re-appointment

Item No. 3 – To approve the remuneration of Rs.1,15,000/- to be paid as statutory audit fees to M/s. Sarath & Associates, Chartered Accountants, Hyderabad (Firm Registration Number [0051205]) appointed as Statutory Auditor by C&AG for the Financial Year 2019-20 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors of the Company, for the Financial Year 2019-20

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

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

PLACE : HYDERABAD

DATE : 30.07.2019

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

**NOTES:**

1. A MEMBER/SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting Rights may appoint a single person as proxy, who shall not act as proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable

2. Shareholders may contact the Company's Registrar & Transfer Agent at the following address :

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

Ph: Tel: +9140-67162222, 67161511, Fax: +9140-23420814. Members can also correspond with the RTA at their email id: damodar.kedlaya@karvy.com

Company [through RTA] will be sending communications with respect to below mentioned important points along with this 36th AGM Notice

Important information:

- i) Pursuant to SEBI circular SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to

PAN and bank particulars are mandatorily required to furnish the PAN and bank details to the Company / Registrar & Transfer Agent (RTA)

- ii) SEBI Gazette Notification dated June 08, 2018, shares in physical form will not be transferred after December 05, 2018. Hence, in your interest, it is advised to get your shares dematerialised at the earliest
3. The Register of Members and Shares Transfer Books of the company will remain closed from Wednesday the 18th September, 2019 to Tuesday the 24th September, 2019 (both days inclusive).
4. Shareholders/Proxies should bring their attendance slip, duly filled in, at the meeting.
5. Shareholders are requested to intimate immediately any change in their addresses registered with the Company, their PAN, KYC details immediately to the RTAs [as above in note no.3] as per RTA's letter attached to this 36th AGM Notice.
6. Shareholders, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
7. As per Section 101 and 136 of the Companies Act, 2013 read together with the Rules made there under, electronic copies of the Annual Report 2018-2019 and the Notice of the 36th AGM are sent to all members whose email addresses are registered with the Company/ Depository Participants(s). For members who have not registered their email addresses, physical copies of the Annual Report 2018-2019 and the Notice of the 36th AGM are sent in physical mode.
8. All documents referred to in the accompanying Notice and Explanatory statement shall be open for inspection at the Registered Office of the Company during the office hours on all working days up to the date of the Annual General Meeting of the Company.
9. Voting through electronic means
- I. 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 Fintech Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting) and Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, Practicing Company Secretary to act as a Scrutinizer for e-voting process to ensure it is conducted in a fair and transparent manner.

- A. In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(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.Prem Kumar Nair, (Unit: Hindustan Fluorocarbons Limited) of Karvy Fintech 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 – 040-67162222 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, 2019 (9.00 A.M. IST) and ends on 23rd September, 2019 (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, 2019, 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, 2019.
 - e. In case a person has become a Member of the Company after 17th August, 2019 i.e the date considered for dispatch of AGM Notice but on or before the cut-off date i.e., 17th September, 2019, 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.
- C. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The Facility for Voting at meeting venue shall be decided by the company through “Ballot Paper”
- D. The shareholders/members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- E. The “ remote e- voting “ end time shall be 5:00 p.m. on the date preceding the date of Annual General Meeting.
- F. M/s. Ahalada Rao & Associates Company Secretaries have been appointed as the Scrutinizer for providing facility to the members/ shareholders of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

“Declaration of Results”

- a) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer’s report of the total votes cast in favour or

against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- b) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.hoclindia.com and on the website of CDSL e-Voting immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchanges where the shares of the Company are listed, details of the voting results as required under Regulation 44(3) of the Listing Regulations.
- c) The map for location of venue of AGM is given below.:



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

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

**PLACE : HYDERABAD
DATE : 30.05.2019**

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



CHAIRMAN'S SPEECH



Dear Shareholders,

I extend my hearty welcome to you to this 36th 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, 2019 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 incurred a net loss of ₹ 478.07 lakhs as against the net loss of ₹ 482.65 lakhs of the previous year. During the year, the sales turnover (net) was ₹ 3886.03 lakhs as against ₹ 3685.36 lakhs in the previous year. CFM-22 sale quantity was 1056 MT as against 1165 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 94% capacity utilization as against 100% in the previous financial year.

2. FUTURE OUTLOOK DIVERSIFICATION:

In consistence with vision company is making continues efforts to develop Glass filled and Glass+MoS₂ filled with Modified PTFE; development of micro fine PTFE powder for lubrication application with suspension grade PTFE and development of blends of non- ODS gases by importing.

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 9001:2015

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 Board of Directors takes pleasure in presenting their 36th Annual Report on the performance of the Company, together with the Audited Annual Accounts for the year ended 31st March, 2019 and reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

1. FINANCIAL RESULTS :

The financial performance of the Company for the year ended 31st March, 2019 is summarized below:

(Rs. in lacs)

Particulars	Ind AS	Ind AS
	Financial Year 2018-19	Financial Year 2017-18
Revenue from operations	4585.51	4308.31
Other Income	240.79	36.11
Total Revenue	4826.30	4344.42
Total Expenditure	4656.10	4421.81
Profit/ (Loss) Before Tax	170.20	(77.39)
Other comprehensive income/(Loss)	(648.27)	(405.26)
Total comprehensive income/(Loss)	(478.07)	(482.65)

2. RESERVES

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

3. DIVIDEND

In view of the losses at the end of the Financial Year 2018-19, the Board of Directors did not recommend any dividend on the equity shares for the year ended 31st March, 2019.

4. OPERATIONS AND OVERALL PERFORMANCE.

During the year under review, your company has incurred a net loss of ₹ 478.07 lakhs as against ₹ 482.65 lakhs of the previous year. During the year, the sales turnover (net) was ₹ 3886.03 lakhs as against ₹ 3685.36 lakhs in the previous year.

CFM-22 sale quantity was 1056MT as against 1165 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 94% capacity utilization as against 100% in the previous financial year.

5. STATUS OF STRATEGIC DISINVESTMENT:

Govt. of India on 27.10.2016 has given 'in principle' approval for strategic disinvestment of HFL with the parent Company (HOCL) to

exit the Company completely. Disinvestment process was initiated by Administrative Ministry as per the Department of Investment, Public Asset Management (DIPAM) guidelines by appointing Inter-Ministerial Group (IMG). IMG had recommended for cancellation of disinvestment process in the meeting held on 17-Jul-2018 as the company received single bid.

Subsequently various road map options were studied to ensure sustainable operations were considered and concluded that viable options are not available in consultations with Administrative Ministry.

Company is depending on CFM-22 since PTFE is not viable. However there is a restriction under the Montreal Protocol (1992), CFM-22 falls under Ozone Depleting Substances (ODS) category.

In view of this our Administrative Ministry directed to organize sale of the 66 acres 13 Gunthas vacant surplus land through MSTC E-Auction and utilize the sale proceeds for giving VRS/VSS to employees of the HFL as per law and laid down rules/procedures.

6. SALE OF IMMOVABLE PROPERTY:

With reference to the approvals received from the Government, HOCL, TSIC, The Board of



Directors of the company have initiated the process for the sale of 66 Acres 13 Gunthas of land to clear the employee dues and for providing VRS/VSS to the employees.

As part of this process Board requires the approval of the Shareholders for the sale of 66 Acres 13 Gunthas of land of the Company as per Section 180(1)(a) of the companies act, 2013 by way of passing a Special Resolution.

Pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014, Hindustan Fluorocarbons Limited (The Company) had sought the approval of the members through postal ballot (which included electronic voting) for the Special Resolution under Section 180(1)(a) of the Companies Act 2013 to consider and to approve the proposal for sale of 66 acres 13 Gunthas of land of the company contained in the postal ballot notice dated March 11, 2019.

Based on the scrutinizer Report dated 23rd May, 2019 submitted by Mr. Raghavendar Rao Depuru, M/s. Ahalada Rao.V & Associates, The Special Resolution in relation to the aforesaid matter has, therefore, been approved by the Shareholders with the requisite majority.

The results of the postal ballot and scrutinizer report are available at the website of the Company i.e www.hfl.co.in.

Currently the Company is in process of selling the surplus land through MSTC E-Bidding process.

7. SHARES

The Authorized Share Capital of the company is ₹ 21,00,00,000 and the paid up capital of the company is ₹19,59,91,000. The company's shares are listed in BSE (Scrip id: HINFLUR). During the period under review, the company has not: (i) bought back any of its securities (ii) issued any sweat equity shares (iii) issued any Bonus shares (iv) provided any stock option scheme to employees.

8. CREDIT RATING

The company was issued credit rating of ACUITE C for long term instruments and ACUITE A4 for short term instruments by ACUITE Ratings and Research.

9. 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.

10. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The company was not required to transfer any amount towards IEPF

11. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Board of Directors met Seven times during the financial year on: 18th April, 2018, 15th May, 2018, 23rd May, 2018, 10th August, 2018, 12th November, 2018, 08th February, 2019, 11th March, 2019.

For details of meetings of the Board, refer to Corporate Governance Report, which is a part of this report.

12. BOARD OF DIRECTORS

Board of Directors of the company was duly constituted. During the year,

1. Shri. Mukesh Pareek was appointed as HOCL Nominee Independent Director of the Company w.e.f.13.2.2019;
2. Ms. Lata Alker was appointed as HOCL Nominee Independent Women Director of the company w.e.f 09.08.2019
3. Shri. Chander Prakash Bhatia was appointed HOCL Nominee Director of the Company w.e.f 09.08.2019



Pursuant to the provisions of Section 149 of the Companies Act, 2013 the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed there under and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company as on March 31, 2019 are: Shri.Srinivas Raju Dalapathirao, Chief Financial Officer and Ms. K Rajini, Company Secretary (from 19.05.2011 up to 26.06.2019). During the year, Ms. S Krithika, was appointed as Company Secretary w.e.f 12.08.2019.

13. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company being a CPSE, appointment of all the Directors on the Board of the Company are made by the Govt. of India/President of India and under the supervision, control and directors of the DC&PC; the prescribed DPE Guidelines are being followed.

14. 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 with 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.

15. FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS :

The Company being a CPSU, is governed by the DPE Guidelines and the Annual Evaluation of Performance of Board, its committees and of individual Directors are carried out by the Administrative Ministry.

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

The Company being a CPSE which is under the supervision, control and direction of the Administrative Ministry the prescribed DPE Guidelines are being followed in respect of employee's remunerations and DPE Guidelines are being followed, as regards other prescribed Perquisites

17. 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.

18. COMMITTEES OF THE BOARD

The Committees of the Board includes, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Sustainability Development Committee (CSR & SD) Share Transfer Committee. For details of Composition and meeting of Committee, refer to Corporate Governance Report, which is a part of this report.

19. 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 have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors have 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 have prepared the annual accounts on a going concern basis; and
- e) The directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

20. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

21. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review and the company has not accepted any deposits during the previous years

22. 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.

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

24. CORPORATE SOCIAL RESPONSIBILITY:

As the Company is making Continuous losses, the provision of Section 135 of the Companies act related to the CSR is not applicable to the Company for the financial year 2018-19, 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 teachers in the neighboring area and has constructed two public toilets in the surrounding areas.

25. 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.

**26. RESEARCH & DEVELOPMENT:**

The company is continuously conducting the research & development to deliver goods through innovative development

- a. Development of Glass filled and Glass+MoS₂ filled with Modified PTFE.
- b. Development of micro fine PTFE powder for lubrication application with suspension grade PTFE.
- c. Development of blends of non- ODS gases by importing.

27. 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.

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

Company has made continues efforts to reduce the energy consumption, the company is also planning for VRS Scheme to the employees to mitigate manpower cost.

28. 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.

29. MATERIAL ORDERS OF JUDICIAL BODIES /REGULATORS

The company has not received any material order from the Judicial Bodies or regulators.

30. AUDITORS:

The Statutory Audit of your Company was conducted by Sarath & Associates, Chartered Accountants, who were appointed as Statutory Auditors for the Financial year 2018-19 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, 2019 is at Annexure- III.

31. EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

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 2018-19 has been annexed to the Annual Report for the period 2018-19 and forms part of the Annual Report

32. SECRETARIAL AUDIT:

Board has appointed M/s. Ahalada Rao.V & Associates, Company Secretaries as a Secretarial Auditor of the company for the financial year 2018-19.

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

33. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has generally complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

34. 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.

35. THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL ACT, 2013

The company has complied with the provisions relating to the constitution of Internal



Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Company has not received any cases relating to the sexual harassment of women at work place.

36. 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.

37. CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance Code. Report on the Compliance with Corporate Governance Code is attached as Annexure-V

The certificate obtained from Practicing Company Secretary regarding compliance of the conditions of corporate governance is attached in Annexure – V.

38. 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.

39. 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 was very good.

The Company continued to maintain good safety record in the financial year 2018-19.

A Mock drill is a practice which trains an individual about the course of action to be taken in case if real emergency occurs. This is one of the most effective techniques 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 often 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.

40. 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.

41. ISO CERTIFICATION:

Company's quality management system is accredited as an ISO 9001:2015.

42. 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.

43. 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.

**44. LEGAL COMPLAINE**

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.

45. 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.

46. 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.

86.26% of the Share Capital of the Company has been dematerialized as on 31st March, 2019 the company has Dematerialized total accounts of 2698 involving 16906175 shares (which constitutes 86.26% of the share capital).

47. 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.

48. 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, 2019.

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, 2019.

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 bakers 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: Hyderabad
Date: 30.07.2019**



Annexure-I to Directors' Report

ENERGY CONSERVATION MEASURES TAKEN:

The following Energy conservation measures were taken in the financial year 2018-19:

SI.No.	PARTICULARS	Investment made	Savings Per Annum
1.	Retrofitted 125 numbers of existing 40W, T8 Tube lights with 18/20W LED tube lights	Rs.0.36 Lakh	Rs.0.75 Lakh
2.	Replaced 50numbers of 35W S.V Street light fittings with 30W LED street light fittings	Rs.0.50 Lakh	Rs.0.20 Lakh

FUTURE PLANS:

Future plans for energy conservation for the financial year 2019-20 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. 1.5 Lakh	Rs. 0.8 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	2871400 KWH	2723610 KWH
Total Amount	Rs. 24273819.25	Rs. 23335881.56
Rate/Unit	Rs.8.45	Rs.8.57
b) Own Generation		
i) Through Diesel Generator	33390 KWH	36260 KWH
Units per Liter of Diesel Oil	2.86 KWH	2.88 KWH
Cost per unit	Rs.20.03	Rs.19.88
ii) Through Steam Turbine	-	-
Generator Units	-	-
2. Fuel		
i) Briquette		
Quantity	883 MT	846.19 MT
Total Amount	Rs. 4632212.47	Rs.4444898.55
Average rate per MT	Rs.5245.99	Rs.5252.84
Technology Absorption	Nil	Nil
Foreign Exchange earnings	Rs.0.00	Rs.0.00
Foreign Exchange outgo	Rs.6.08 lakhs	Rs.7.32 lakhs



FORM B

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

Pilot scales trials for production of Suspension grade PTFE without using emulsifier Perfluoro octanic acid (PFOA):

Literature server and process details are evaluated. Once TFE is available trails will be conducted.

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

After completion of the above, company will generate additional income.

3. FUTURE PLAN:

- a. Development of Glass filled and Glass+MoS₂ filled with Modified PTFE
- b. Development of micro fine PTFE powder for lubrication application with suspension grade PTFE
- c. Development of blends of non- ODS gases by importing.

Annexure-II to Directors' Report

Consolidated report as on 31-03-2019 (SC/ST/OBC/WOMEN/MINORITY)

Group	Total Strength	SC	ST	OBC	MINORITIES	WOMEN
A	60	05	03	12	01	03
B	00	00	00	00	00	00
C	16	03	02	06	00	00
D	24	06	12	06	00	00
TOTAL	100	14	17	24	01	03

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

To

The Members of

M/s Hindustan Fluorocarbons Limited

Hyderabad

**Report on the Audit of Ind AS Financial
Statements:**

Opinion:

1. We have audited the accompanying financial statements of **M/s Hindustan Fluorocarbons Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash Flow Statement and Statement of changes in Equity for the year ended on that date and notes to financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the said Company as at 31st March, 2019, the Loss for the year ended on that date and total Comprehensive Income and the Cash Flow Statement for the year ended on that date.

Basis of Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are

further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Matter paragraph

4. The Comparative financial information of the Company for the earlier year ended 31st March, 2018 prepared in accordance with the Ind AS included in these Ind AS Financial Statements have been audited by the predecessor auditor. The report of the previous auditor on the comparative financial information dated 23.5.2018 expressed an unmodified opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.
 - a) During the year under review, Company had revisited its status on reporting of Financial Instruments through OCI at amortized cost based on updated developments when compared to immediate previous year. Accordingly, based on realistic assessment of the underlying transactions, Company is



of view that there are no Financial Instruments which are receivable/payable in future at discounted values and accordingly these are shown at actual values. Accordingly, the corresponding effect between the previous year and current year, amounting to Rs.350.81 Lakhs is passed through OCI during the current year.

- b) During the year under review, the Company had carried out a detailed review of certain reported errors/anomalies in pay fixation pertaining to employees and this exercise resulted in identifying excess payment to certain employees due to this error, amounting to Rs.268.00 Lakhs since 1997 onwards. Accordingly, the Company initiated recovery process from those employees and had already recovered/adjusted Rs.95.73 Lakhs up to 31.3.2019. Recovery proceeds of balance amount is under way.
- c) Other Income includes an amount of Rs.226.75 Lakhs of 'prior period income' relating to excess payments to certain employees, as indicated in above paragraph.

Management Responsibilities for the Ind AS Financial Statements

- 6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, including other comprehensive income, cash flows and Statement of changes in Equity of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- 7. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 8. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

- 9. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.
- 10. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - ♦ Identify and assess the risks of material misstatement of the Ind AS financial



statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◆ Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - ◆ Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
 12. We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. 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 purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company had disclosed the impact of pending litigations as on 31st March, 2019 on its financial position in its Ind AS financial statements;
 - The Company had made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contract. The Company neither entered into any derivative contracts during the year nor have any outstanding derivative contract at the end of the year;
 - 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:
- As per the information, explanations and records produced for our verification, the Company has a system in place to process all the accounting transactions through IT system and there are no instances of processing of accounting transactions outside the IT system;
 - There are no instances of any restructuring of existing loan availed by the Company or cases of waiver/write off of debts/loans/interest made by a Lender to the Company on account of company’s inability to repay the loan;
 - As per the information, explanations and records produced for our verification, during the year under review, no funds were received/receivable for any specific scheme from central/state agencies.
16. As required by the Companies (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “**Annexure B**” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Sarath & Associates
Chartered Accountants
Firm Regn. No: 005120S

Place : Hyderabad
Date : 24.05.2019

CA P Gopi Krishna
Partner
Membership No. 225868



“Annexure – A” to the Independent Auditor’s Report of even date on the Ind AS Financial Statements of M/s Hindustan Fluorocarbons Limited

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

1. We have audited the internal financial controls over financial reporting of **M/s Hindustan Fluorocarbons Limited** (“the Company”) as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) 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.
3. The Company’s Management has in present financial year amongst other areas has specifically identified the following areas (i) Property Plant & Equipment (ii) Loans (iii) Trade Receivables (iv) Other Financial Liabilities (v) Trade Payables; and (vi) Provisions, as a benchmark criteria for

establishing Internal Financial Controls over financial reporting.

Auditors’ Responsibility

4. 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 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.
5. 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.
6. 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 judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
7. 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**

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

9. 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

10. In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For Sarath & Associates
Chartered Accountants
Firm Regn. No: 005120S

Place : Hyderabad
Date : 24.05.2019

CA P Gopi Krishna
Partner
Membership No. 225868



“Annexure B” to the Independent Auditors Report

(Referred to in paragraph 16 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the financial statements of the M/s Hindustan Fluorocarbons Limited for the year ended 31st March, 2019)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (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 at reasonable intervals in accordance with its phased programme designed to cover all the assets by physical verification over a period of one to five years, which in our opinion, is reasonable having regard to the size of the Company and nature of assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company
- (ii) (a) The management has conducted the physical verification of inventories at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to book records, which has been properly dealt in the books of account were not material.
- (iii) 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 Companies Act, 2013 during

the period under review. Accordingly, the provisions of Clause 3(iii)(a) to Clause 3 (iii)(c) of the said Order are not applicable for the Company during the year under review.

- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) According to information and explanation given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of Paragraph 3 of the Order are not applicable to the Company
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. of India relating to maintenance of Cost Records specified under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, GST , income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019
- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added



- tax or GST have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Govt. of India, Ministry of Chemicals & Fertilizers (Dept. of Chemicals and Petrochemicals). The Company has not paid Govt. plan Loan of Rs.12.44 Crores (5 instalments) and interest payable being Rs.1.82 Crores in the current Financial Year.
- (ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company for the Current Year
- (x) 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.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, there is no managerial remuneration which has been paid or provided during the current year.
- (xii) As the Company is neither carrying on business of Nidhi nor reported as a Nidhi company, paragraph 3(Xii) of the order is not applicable.
- (xiii) The transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the paragraph 3(XV) of the order is not applicable.
- (xvi) The Company is not carrying on the business of Non- Banking Finance, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sarath & Associates
Chartered Accountants
Firm Regn. No: 005120S

Place : Hyderabad
Date : 24.05.2019

CA P Gopi Krishna
Partner
Membership No. 225868



Annexure-IV to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

The Financial year of the company consists of 12 months ended as on 31st March, 2019.

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 31/03/2019	Year ended 31/03/2018
PTFE	36	30

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.

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 ₹ 3886.03 lakhs against ₹ 3685.36 lakhs for the previous year and operating loss for the year ₹ 478.07 lakhs as against ₹ 482.65 lakhs as against operating loss 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 31.03.2019

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

As on 31-03-2019, the Board of HFL consisted of 6 members with 1 Executive Director

1 Non Executive HOCL Nominee who acts as Chairman of the Board, 1 Non Executive Government of India Nominee Director and 3 Non Official Independent Directors including 1 women director and all are acknowledged as leading professionals in their respective fields.



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	4	2
2	T S Gaikwad	MD,ED	01.01.2008	-	0	1	0
4	Pushpa Trivedi	HOCL Nominee NEID	28.10.2016	-	2	3	2
5	Rajkishore Das	Independent Director ID	13.02.2017		0	1	2
6	Dhamendra Kumar Madan	Govt. Nominee NED	09.08.2017	-	1	3	0
3	Mukesh Pareek	HOCL Nominee, NEID	13.02.2019	-	2	2	1

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:

1. Shri. Mukesh Pareek was appointed as HOCL Nominee Independent Director of the Company w.e.f. 13.2.2019
2. Ms. Lata Alker was appointed as HOCL Nominee Independent Director of the Company w.e.f. 09.08.2019
3. Shri. Chander Prakash Bhatia was appointed as HOCL Nominee Director of the Company w.e.f. 09.08.2019

b) PROFILE OF DIRECTOR

1. Shri. Mukesh Pareek (From 13.02.2019 to 20.02.2020)

Qualification: B.Com, Diploma in Management

Business/Occupation: Business M/s Mukesh Agency, Proprietor

Experience: National Vice President, Bharatiya Udyog Vyapar Mandal

2. Ms. Lata Alker (From 09.08.2019 to 20.02.2020)

Qualification: M.SC (Botany) / M.A (Economics)

Business/Occupation: Running Educational Institutions

Experience: Experience in education field for the last 35 years



3. Shri. Chander Prakash Bhatia (From 09.08.2019 to 20.02.2020)

Qualification: Chartered Accountant

Business/Occupation: Ex General Manager, REC

Experience: Ex General Manager, REC

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 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 18.04.2018, 15.05.2018, 23.05.2018, 10.08.2018, 12.11.2018, 08.02.2019, 11.03.2019

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	07	06	YES
2	Shri. T S Gaikwad, Managing Director	07	04	YES
3	Shri. Dhamendra Kumar Madan	07	04	NO
4	Ms. Pushpa Trivedi	07	07	NO
5	Shri. Rajkishore Das	07	06	NO
6	Shri. Mukesh Pareek	07	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 are as follows:



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 shall act as invitees as required by the committee. The representatives of the Statutory Auditors are also invited to attend the meetings.

(ii) Composition:

The Committee as on 31st March, 2019 comprised of Four Non-Executive Directors including Three Nominee Independent women Director. The Committee met six times during the year 2018-19 i.e., 15.05.2018, 23.05.2018, 10.08.2018, 12.11.2018, 08.02.2019, 11.03.2019

The Audit Committee was reconstituted at the Board Meeting held on 11.03.2019 comprising of Shri. Rajkishore Das, Independent Director as a Chairman of the Committee, Ms. Pushpa Trivedi, HOCL Nominee Independent Women Director as a Member of the Committee and Shri. Dharmendra Kumar Madan, Govt Nominee Director as a Member of the Committee, Mr. Mukesh Pareek, HOCL Nominee Independent Director as Member of the Committee.

iii. The attendance of the members at the meetings of the financial year 2018-19 was as follows:

	Name of the Member	Status	No. of Meetings held	No. of Meetings attended
1.	Shri.Dharmendra Kumar Madan	Member	06	03
2.	Ms.Pushpa Trivedi	Member	06	06
3.	Shri.Rajkishore Das	Chairman	06	05
4.	Shri Mukesh Pareek	Member	06	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 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 3 times and the details are as under:

9.8.2018, 24.09.2018, 12.11.2018.

Summarized information on complaints received and resolved during 1st April, 2018 to 31st March, 2019:

Sl. No.	Nature of Complaint	Received	Redressed	Pending as on 31.03.2019
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, Government 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 11.03.2019 during the year 2018-19

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 as a member, Shri. Dharmendra Kumar Madan, Govt Nominee Director of the Company as a member, Ms.Pushpa Trivedi, HOCL Nominee Independent Director of the Company as Members of the Committee.

The Committee met one time on 11.03.2019 during the year 2018-19.

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2018-2019:

				Amount (Rs.lacs)
Name	Salary including perks	Arrears	Retirement benefits	Total
T S Gaikwad	26.36	0	0	26.36

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 2018-19 are as follows:

SI No.	Name of the Director	Sitting fees Amount (Rs.)
1.	Ms.Pushpa Trivedi	80,000
2.	Shri.Rajkishore Das	65,000
3.	Shri Mukesh Pareek	15,000

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-2015-2016	FY-2016-17	FY-2017-18
Date	25.09.2016	26.09.2017	24.09.2018
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 34th and 35th AGM.

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

**SALE OF IMMOVABLE PROPERTY:**

With reference to the approvals received from the Government, HOCL, TSIIC, The Board of Directors of the company have initiated the process for the sale of 66 Acres 13 Gunthas of land to clear the employee dues and for providing VRS/VSS to the employees.

As part of this process Board requires the approval of the Shareholders for the sale of 66 Acres 13 Gunthas of land of the Company as per Section 180(1)(a) of the companies act, 2013 by way of passing a Special Resolution.

Pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014, Hindustan Fluorocarbons Limited (The Company) had sought the approval of the members through postal ballot (which included electronic voting) for the Special Resolution under Section 180(1)(a) of the Companies Act 2013 to consider and to approve the proposal for sale of 66 acres 13 Gunthas of land of the company contained in the postal ballot notice dated March 11, 2019.

Based on the scrutinizer Report dated 23rd May, 2019 submitted by Mr. Raghavendar Rao Depuru, M/ s. Ahalada Rao.V & Associates, The Special Resolution in relation to the aforesaid matter has, therefore, been approved by the Shareholders with the requisite majority.

The results of the postal ballot and scrutinizer report are available at the website of the Company i.e www.hfl.co.in.

Currently the Company is in process of selling the surplus land through MSTC E-Bidding process.

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 at 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. G C Vijaya Laxmi, 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, 2019 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) 18.09.2019 to 24.09.2019 (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 Fintech Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, <u>HYDERABAD- 500 032</u> Tel: +9140-67162222, 67161511 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-18	10.10	15.44	9.60	15.44
May-18	16.20	17.45	12.70	13.95
Jun-18	14.64	14.64	9.76	9.89
Jul-18	10.87	15.59	9.12	10.40
Aug-18	10.51	20.02	10.25	20.02
Sep-18	20.40	25.55	20.40	22.30
Oct-18	21.90	22.45	16.30	19.35
Nov-18	20.15	27.00	17.30	18.20
Dec-19	18.20	19.95	16.25	17.30
Jan-19	16.65	17.80	14.35	15.40
Feb-19	14.70	15.20	11.30	14.25
Mar-19	14.25	21.72	14.25	15.35

DISTRIBUTION OF SHAREHOLDING

 The Distribution of holdings as on 31st March, 2019 was as follows:

Description	Holders(s)		Holdings(s)	
	Folios	%	Shares	%
Less than 500	13658	92.07	2333176	11.90
501-1000	706	4.76	599889	3.06
1001-2000	245	1.65	377978	1.93
2001-3000	76	0.51	194064	0.99
3001-4000	22	0.15	79654	0.41
4001-5000	31	0.21	147198	0.75
5001-10000	46	0.31	335565	1.71
Above 10000	51	0.34	15531576	79.25
Total	14835	100.00	19599100	100.00



Share Holding Pattern as on 31st March, 2019 was as under:

Category	No. of shares held	Percentage of Shareholding
I. CONTROLLING/STRATEGIC HOLDINGS:		
1. Hindustan Organic Chemicals Limited	11060000	56.43
2. T.S. Industrial Development Corpn.Ltd.	870000	4.44
SUB TOTAL	11930000	60.87
II. FREE FLOAT:		
A. BASED IN INDIA		
1. Indian Individuals/HUFs	6043640	30.84
2. Indian Corp.Bodies/Trustees/Partnership	985194	5.03
3. Independent Directors & Relatives	0.00	0.00
4. Present employees	60600	0.31
5. Banks/Financial Institutions	1200	0.01
6. Insurance companies	258463	1.32
7. Mutual funds	0.00	0.00
SUB-TOTAL	7349097	37.50
B. BASED OVERSEAS:		
1. Non-Resident Indians (Non-Rep)	312903	1.60
2. Non-Resident Indians (Rep)	7100	0.04
SUB-TOTAL	320003	1.63
GRAND TOTAL	19599100	100.00

DEMATERIALIZATION 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.

86.26% of the Share Capital of the Company has been dematerialized, as on 31st March, 2019 the the Company has Dematerialized total accounts of 2698 involving 16906175 shares (which constitutes 86.26% 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, 2019 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 2018-19 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 2018-19;
 - ii) significant changes in accounting policies during the year 2018-19 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: 30.07.2019

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT:**

The Compliance Officer (Mrs. G C VIJAYA LAXMI) confirms as on 31st March, 2019 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/-

**G C VIJAYA LAXMI
COMPLIANCE OFFICER**

PLACE: HYDERABAD

DATE : 30.07.2019

**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, 2019.**

The preparation of financial statement of Hindustan Fluorocarbons Limited for the year ended on 31 March, 2019 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on these financial statements under Section 143 of the Act based on the 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 Audit Report dated 24 May, 2019.

I, on the 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, 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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:-**Other Income (note-20): ₹ 2.41 crore.**

1. During the year, the Company detected relating to pay fixation up to 2017-18 which resulted in excess payments of ₹ 2.27 Crore to employees. The Company has accounted for this error as Prior Period Income under 'other Income'. The same is not in accordance with the provisions of para 46 of Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors' as per which, the correction of a prior period error is excluded from profit or loss for the period in which the error is discovered, as well as the provisions of para 42 of Ind AS 8 which provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:
 - (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or



(b) if error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest period presented.

Thus the accounting treatment made by the Company has resulted in overstatement of income and profit for the year ₹ 2.27 crore. Consequently, the profit for year ₹ 1.70 crore would turn into a loss of ₹ 0.57 crore. Further, this has also resulted in non-compliance to the provisions of Ind AS 8.

**B. Comments on Financial Position Statement of Assets and Liabilities Asset:-
Non-current assets:**

(a) Property, Plant and Equipment (Note 3): ₹ 48.46 crore.

2. During the year 2017-18, the Company adopted the carrying value of all the assets as deemed cost of Property, Plant and Equipment on the date of transition to Ind AS, except for the Freehold land, where fair value was considered as deemed cost. As per paragraph D7AA of Ind AS-101 on; First time adoption of Indian Accounting Standards', where there is no change in its functional currency on the date of transition of 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 Equipment and understatement of negative balance of Other Equity by ₹ 29.96 crore (Fair value of land ₹ 30.55 crore – value of land before fair valuation ₹ 0.59 crore). This was issued as a Comment under section 143(6)(b) of Companies Act, 2013 during the year 2017-18 also. However, no corrective action has been taken by the Company during 2018-19.

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

Place: Hyderabad

Date: 07th August, 2018

Sd/-

(M S Subrahmanyam)

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 LIMITED FOR THE YEAR ENDED 31 MARCH, 2019

Sl. No.	AUDIT OBSERVATION	MANAGEMENT REPLY
<p>A.</p> <p>1.</p>	<p>Comments on Profitability Statement of Profit & Loss-Revenue:- Other Income (Note-20): ₹ 2.41 Cr.</p> <p>During the year, the Company detected relating to pay fixation up to 2017-18 which resulted in excess payments of ₹ 2.27 Crore to employees. The Company has accounted for this error as Prior Period Income under 'Other Income'. The same is not in accordance with the provisions of para 46 of Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors' as per which, the correction of a prior period error is excluded from profit or loss for the period in which the error is discovered, as well as the provisions of para 42 of Ind AS 8 which provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:</p> <p>(a) Restating the comparative amounts for the prior period(s) presented in which the error occurred; or</p> <p>(b) If error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest period presented.</p>	<p>The Company carried out the exercise of identifying the reported errors in pay fixation due to certain anomalies, which resulted in identifying the quantum of ₹ 266.71 Lakhs in total, including ₹39.96 Lakhs pertaining to current year 2018-19 and balance ₹ 226.75 Lakhs pertaining to earlier periods. Accordingly, this amount was shown under Prior Period Income.</p> <p>As this amount was identified during the current year, this has been shown in Current Year income and since a portion of this strictly relates to earlier years, the same is shown under Prior Period Income.</p> <p>Accordingly, as the Company had just adopted Ind AS, it could not restate the same retrospectively due to impractical considerations as spelt out in the IND AS 8 para 44 on limitations on retrospective restatement, same is reproduced below for your kind consideration:</p> <p>When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).</p>



Sl. No.	AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>Thus the accounting treatment made by the Company has resulted in overstatement of income and profit for the year by ₹ 2.27 crore. Consequently, the profit for year ₹ 1.70 crore would turn into a loss of ₹ 0.57 crore. Further, this has also resulted in non-compliance to the provisions of Ind AS 8.</p> <p>B. Comments on Financial Position Statement of Assets and Liabilities Assets:-</p> <p>Non-current assets:-</p> <p>(a) Property, Plant and Equipment (Note 3): ₹ 48.46 crore.</p> <p>2. During the year 2017-18, the Company adopted the carrying value of all the assets as deemed cost of Property, Plant and Equipment on the date of transition to Ind AS, except for the Freehold land, where fair value was considered as deemed cost. As per paragraph D7AA of Ind AS-101 on; First time adoption of Indian Accounting Standards', where there is no change in its functional currency on the date of transition of 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</p>	<p>Attention is kindly brought regarding Para 36 of IND AS 16 Property, Plant & Equipment wherein it is mentioned in Para no.36 that "if an item of Property, Plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued".</p> <p>Ind-AS 16 had given examples of separate class of assets such as Land & Buildings, Machinery, Ships, Aircrafts, Motor Vehicles, Furniture & Fixtures, Office Equipment; and Bearer Plants. Thus, it could be observed that 'Land' is a separate class of asset and hence could be revalued, without revaluing the 'other classes' of assets.</p> <p>Further, in the instant case as per Para 37 of IND AS 16, "Land" is a class of Property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. Accordingly, Company had during the year 2017-18 chosen to adopt the 'revalued' value i.e. fair value (circle rate) for that 'class of asset', while adopting cost for other classes of assets.</p> <p>In fact our Holding Company HOCL also followed the similar procedure while valuing Property, plant and equipment, where Land of HOCL valued at fair value (circle rate) as decided by the Board/ Management.</p>



Sl. No.	AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>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 Equipment and understatement of negative balance of Other Equity by ₹ 29.96 crore (Fair value of land ₹ 30.55 crore – value of land before fair valuation ₹ 0.59 crore). This was issued as a Comment under section 143(6)(b) of Companies Act,, 2013 during the year 2017-18 also. However, no corrective action has been taken by the Company during 2018-19.</p>	<p>The Extract of Annual Accounts of F.Y. 2017-18 of HOCL pertaining to Property, Plant and equipment and Land value was submitted to C&AG while furnishing replies on 22-Jul-2019.</p> <p>Attention is also brought to paragraph D7AA of Ind AS-101, which is highlighted by the C&AG in its comments, which, inter alia, states that a first time adopter to Ind AS ‘may’ elect to continue with the carrying value of all its PPE.</p> <p>It is submitted that here the word ‘may’ is used which gives certain amount of discretion and did not use the word ‘shall’, which would be mandatory in nature, leaving no room for any exception or discretion.</p> <p>Considering all these into account, we would like to request you to drop this point. In this regard, as mentioned above, Extracts of INDAS 16 Property, Plant and equipment Para 36 & 37 was submitted to C&AG while furnishing replies on 22-Jul-2019.</p> <p>We also re-produce the last year reply furnished by us:</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 ₹ 30.55 Crore is adopted in Financial Statements under IND AS, in place of ₹ 59 lakhs as per earlier IGAAP.</p> <p>Accordingly, the same is reported in Notes to Accounts No. 36(b) (For the first time Adoption of IND AS for F.Y. 2017-18), which read as that the carrying value adopted of all assets except for the Free Hold Land, where fair value is considered for deemed cost as per IND AS viz. IND AS 101 and IND AS 16 respectively.</p>



Annexure-VI

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31-03-2019

[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, 2019, 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, 2019, 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 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)**
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 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, 2018 to 31st March, 2019.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors as on 31.03.2019

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 35th Annual General Meeting of the Company held on 24th September 2018;
- 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 Statutory provisions under the Act, the Government of India has not constituted to hear the pending cases with BIFR. During the Financial Year 2018-19, PF Dues are regularly paid to the PF Trust.
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, but the same has been pending for the financial year ended 31.03.2019.
3. During the Financial year under review the Hon'ble Consumer Forum, Hyderabad has given favorable direction on the pending sum of Rs. 27.84 Lakhs from APSEB/TSSPDCL vide their letter no. Chairperson/CGRF-I/TSSPDCL/F.ADM/D No. 10/2018 dated 06th April, 2018.

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

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

**Place: Hyderabad
Date: 19.08.2019**



**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: 19.08.2019**

**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 **31.03.2019**

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 / Government Company / Public 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 FINTECH 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 ACTIVITIES 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	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 (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	0	0	0	0.0%	0	0	0	0.0%	0.00%
a) Individual/HUF	0	0	0	0.0%	0	0	0	0.0%	0.00%
b) Central Government	0	0	0	0.0%	0	0	0	0.0%	0.00%
c) State Government	0	0	0	0.0%	0	0	0	0.0%	0.00%
c) Bodies Corporate	11060000	0	11060000	56.4%	11060000	0	11060000	56.4%	0.00%
d) Bank/FI	870000	0	870000	4.4%	870000	0	870000	4.4%	0.00%
e) Any other	0	0	0	0.0%	0	0	0	0.0%	0.00%
SUB TOTAL: (A) (1)	11930000	0	11930000	60.9%	11930000	0	11930000	60.9%	0.00%
(2) Foreign									
a) NRI-Individuals	0	0	0	0.0%	0	0	0	0.0%	0.00%
b) Other Individuals	0	0	0	0.0%	0	0	0	0.0%	0.00%
c) Bodies Corp.	0	0	0	0.0%	0	0	0	0.0%	0.00%
d) Any other	0	0	0	0.0%	0	0	0	0.0%	0.00%
SUB TOTAL: (A) (2)	0	0	0	0.0%	0	0	0	0.0%	0.00%
Total Shareholding of Promoter(A)=(A)(1)+(A)(2)	11930000	0	11930000	60.9%	11930000	0	11930000	60.9%	0.00%
(B) PUBLIC SHARE HOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0.0%	0	0	0	0.0%	0.00
b) Banks/FI	0	1200	1200	0.0%	0	1200	1200	0.0%	0.00
c) Central govt.	0	0	0	0.0%	0	0	0	0.0%	0.00
d) State Govt.	0	0	0	0.0%	0	0	0	0.0%	0.00
e) Venture Capital Fund	0	0	0	0.0%	0	0	0	0.0%	0.00
f) Insurance Companies	278500	0	278500	1.4%	258463	0	258463	1.3%	-0.07
g) FIIS	0	0	0	0.0%	0	0	0	0.0%	0.00
h) Foreign Venture Capital Fund	0	0	0	0.0%	0	0	0	0.0%	0.00
i) Others((specify)	100	0	100	0.0%	100	0	100	0.0%	0.00
SUB TOTAL (B)(1):	278600	1200	279800	1.4%	258563	1200	259763	1.3%	-0.07
(2) Non-Institutions									
a) Bodies corporate i) Indian	426467	77700	504167	2.6%	469816	76200	546016	2.8%	0.08
ii) Overseas	0	0	0	0.0%	0	0	0	0.0%	0.00
b) Individuals	0	0	0	0.0%	0	0	0	0.0%	0.00
i) Individual shareholders holding nominal share capital up to Rs.2 lacs	1224761	2705150	3929911	20.1%	1482050	0	2508125	12.8%	-0.36
ii) Individuals Share holders holding nominal share capital in excess of Rs.2 lacs	2202373	0	2202373	11.2%	2114065	0	2114065	10.8%	-0.04
c) Others (specify)	430384	225	430609	2.2%	1919244	0	1919244	0.0%	4.46
Non Resident of Indians (Rep)	204550	112300	316850	1.6%	205403	107400	312803	1.6%	-0.01
Non Resident of Indians (Non-Rep)	4890	0	4890	0.0%	7100	0	7100	0.0%	0.45
Overseas Corporate Bodies	0	0	0	0.0%	0	0	0	0.0%	0.00
Foreign Nationals	0	0	0	0.0%	0	0	0	0.0%	0.00
Clearing Members	0	0	0	0.0%	1484	0	1484	0.0%	0.00
Trusts	500	0	500	0.0%	500	0	500	0.0%	0.00
Foreign Bodies - DR	0	0	0	0.0%	0	0	0	0.0%	0.00
SUB TOTAL (B)(2):	4493925	2895375	7389300	37.7%	6198178	183600	7409337	37.8%	0.00
Total Public (B) = (B) (1) + (B) (2)	4772525	2896575	7669100	39.1%	6456741	1200	7669100	39.1%	0.00
(C) Shares held by custodian for GDRs. & ADRs	0	0	0	0.0%	0	0	0	0.0%	0.00
GRAND TOTAL (A+B+C)	16702525	2896575	19599100	100.0%	18386741	1200	19599100	100.0%	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 Industrial Development Corporation (APIDC)	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: NO CHANGES

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		0.00		0.00
2	Changes during the year		0.00		0.00
3	At the end of the year		0.00		0.00

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
	Changes during the year (Addition)	52225	0.27	52225	0.27
	At the End of the year	578216	2.95	578216	2.95
2	Neetu U Kothari				
	At the beginning of the year	325497	1.66	325497	1.66
	Changes during the year	0	0.00	0	0.00
	At the End of the year	325497	1.66	325497	1.66
3	Manish Lakhi				
	At the beginning of the year	220625	1.13	220625	1.13
	Changes during the year	87048	0.44	87048	0.44
	At the End of the year	307673	1.57	307673	1.57



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	Udayankumar Navinchandra Kothari				
	At the beginning of the year	259504	1.32	259504	1.32
	Changes during the year	27600	0.14	27600	0.14
	At the End of the year	287104	1.46	287104	1.46
5	Udayan Kumar N Kothari (HUF)				
	At the beginning of the year	258278	1.32	258278	1.32
	Changes during the year	0	0.00	0	0.00
	At the End of the year	258278	1.32	258278	1.32
6	Bubnesh Commercial Private Limited				
	At the beginning of the year	285464	1.46	285464	1.46
	Changes during the year	(25048)	-0.13	(25048)	-0.13
	At the End of the year	260416	1.33	260416	1.33
7	Amitkumar Indrakumar Bagri				
	At the beginning of the year	200000	1.02	200000	1.02
	Changes during the year	0	0.00	0	0.00
	At the End of the year	200000	1.02	200000	1.02
8	Life Insurance Corporation of India				
	At the beginning of the year	158500	0.81	158500	0.81
	Changes during the year	0	0.00	0	0.00
	At the End of the year	158500	0.81	158500	0.81
9	Bantwal Subraya Baliga				
	At the beginning of the year	133300	0.68	133300	0.68
	Changes during the year	(133300)	-0.68	(133300)	-0.68
	At the End of the year	0	0.00	0	0.00
10	United India Insurance				
	At the beginning of the year	120000	0.68	120000	0.61
	Changes during the year	(120000)	-0.68	(120000)	-0.61
	At the End of the year	0	0.00	0	0.00

v. Shareholding of Directors & KMP Managerial Personnel: NIL

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Share holding at the end of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
NIL	-	-	-	-	-

**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	3,197.08	1,580.00	0.00	4,777.08
ii) Interest due but not paid	781.62	534.92	0.00	1,316.54
iii) Interest accrued but not due	0.00	70.92	0.00	70.92
Total (i+ii+iii)	3,978.70	2,185.54	0.00	6,164.54
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	0.00	0.00	0.00	0.00
Net Change	0.00	0.00	0.00	0.00
Indebtedness at the end of the financial year				
i) Principal Amount	3,197.08	1,580.00	0.00	4,777.08
ii) Interest due but not paid	845.25	716.62	0.00	1561.87
iii) Interest accrued but not due	0.00	70.92	0.00	70.92
Total (i+ii+iii)	4,042.33	2,367.54	0.00	6,409.87

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	21.93
	(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)	4.43
	Total (A)	26.36
	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	0.65
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (1)	0.10
2	Other Non Executive Directors	Ms. Pushpa Trivedi Shri Mukesh Pareek
	(a) Fee for attending Board & Committee meetings	0.95
	(b) Commission	0.00
	(c) Others please specify	0.00
	Total (2)	0.95
	Total (B)=(1+2)	1.60
	Total Managerial Remuneration	1.60
	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	8.33	12.90	21.23
	(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)	1.55	1.59	3.14
	Total	9.88	14.49	24.37



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 2019 (Rs. in lakhs)

	Note	As at March 31, 2019	As at March 31, 2018
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	4,846.64	4,974.74
(b) Capital work-in-progress		-	-
(c) Other Intangible assets	3.1	182.18	194.92
(d) Financial Assets			
(i) Other Financial assets	4	99.24	93.53
Total Non - Current Assets		5,128.06	5,263.19
2 Current assets			
(a) Inventories	5	558.20	538.98
(b) Financial Assets			
(i) Trade receivables	6	508.93	370.26
(ii) Cash and cash equivalents	7.1	0.45	0.52
(iii) Bank balances other than (ii) above	7.2	1.72	1.62
(iv) Others Financial Assets	8	178.88	6.63
(c) Other current assets	9	98.45	60.63
Total Current Assets		1,346.63	978.64
TOTAL ASSETS (1+2)		6,474.69	6,241.83
II EQUITY AND LIABILITIES			
EQUITY			
1 Equity			
(a) Equity Share capital	10	1,961.46	1,961.46
(b) Other Equity	11	(6,281.34)	(5,803.27)
Total equity		(4,319.88)	(3,841.81)
LIABILITIES			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	-	336.00
(b) Provisions	13	973.66	802.48
Total Non - Current Liabilities		973.66	1,138.48
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	408.80	258.59
(ii) Trade payables	15	393.17	376.20
(iii) Other financial liabilities (other than those specified in (b) below)	16	6,453.19	5,514.85
(b) Provisions	17	369.19	328.28
(c) Other current liabilities	18	2,196.56	2,467.24
Total Current Liabilities		9,820.91	8,945.16
TOTAL EQUITY AND LIABILITIES (1+2+3)		6,474.69	6,241.83
General Information and Significant Accounting Policies	1&2		

See accompanying notes forming part of the standalone financial statements

As per our report of even date

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

For **Sarath & Associates**
Chartered Accountants
(FRN 005120S)

Sd/-
GOPI KRISHNA
PARTNER
M No. 225868

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

Sd/-
DR. PUSHPA TRIVEDI
DIRECTOR
DIN No. 01388230

Place: Hyderabad
Date: May 24, 2019

Sd/-
DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-
RAJANI .K
COMPANY SECRETARY

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
REVENUE			
Revenue from operations	19	4,585.51	4,308.31
Other income	20	240.79	36.11
Total Revenue		4,826.30	4,344.42
EXPENSES			
Cost of materials consumed	21	1,581.93	1,369.41
Changes in inventories of work-in-process	22	(44.02)	20.39
Excise Duty / GST		699.48	622.95
Employee benefits expense	23	1,270.45	1,223.35
Finance costs	24	314.14	296.74
Depreciation and amortisation expense	3 & 3.1	149.32	148.16
Other expenses	25	684.80	740.81
Total Expenses		4,656.10	4,421.81
Profit before tax		170.20	(77.39)
Tax expense		-	-
Profit for the year		170.20	(77.39)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities / (asset)		(297.46)	(249.92)
Financial Instruments through OCI at amortised cost		(350.81)	(155.34)
Other comprehensive income / (loss) for the year		(648.27)	(405.26)
Total Comprehensive Income for the Year		(478.07)	(482.65)
Earnings per equity share of face value of Rs. 10 each			
Basic and Diluted		(2.44)	(2.46)
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 **Sarath & Associates****Chartered Accountants**

(FRN 005120S)

Sd/-

GOPI KRISHNA**PARTNER**

M No. 225868

Sd/-

T.S. GAIKWAD
MANAGING DIRECTOR

DIN No. 02411043

Sd/-

DR. PUSHPA TRIVEDI
DIRECTOR

DIN No. 01388230

Sd/-

DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-

RAJANI .K
COMPANY SECRETARY

Place: Hyderabad

Date: May 24, 2019



Statement of Changes in Equity

A. Equity share capital		
Particulars	Number of Shares	Amount (INR in Lakhs)
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
Add: Equity Shares Allotted during the year	-	-
Balance as at March 31, 2019	19,630,000	1,961.46

B. Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus		Revaluation Surplus	Total
	Surplus in statement of profit and loss	Retained Earnings		
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)
Profit/(Loss) for the year	170.20	(648.27)	-	-
Balance as at March 31, 2019	(7,974.70)	(1,302.41)	2,995.77	(6,281.34)

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 **Sarath & Associates****Chartered Accountants**

(FRN 005120S)

Sd/-

**GOPI KRISHNA
PARTNER**

M No. 225868

Sd/-

**T.S. GAIKWAD
MANAGING DIRECTOR**

DIN No. 02411043

Sd/-

**DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER**

Sd/-

**DR. PUSHPA TRIVEDI
DIRECTOR**

DIN No. 01388230

Sd/-

**RAJANI .K
COMPANY SECRETARY**

Place: Hyderabad

Date: May 24, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019 (Rs. in lakhs)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Total Comprehensive Income	(478.07)	(482.65)
Adjustments for:		
Depreciation & Amortization	149.32	148.16
Interest Income	(5.32)	(5.33)
Interest Expense	310.44	296.20
Effect of measurement of Financial Instruments at amortised cost	350.81	155.34
Operating Cash Flows before Working Capital changes (A)	327.18	111.72
Adjustments for:		
(Increase)/Decrease in Inventories	(19.22)	(2.55)
(Increase)/Decrease in Trade receivables	(138.67)	36.26
(Increase)/Decrease in Other Financial Assets	(172.35)	5.68
(Increase)/Decrease in Other Current Assets	(37.82)	17.21
(Increase)/Decrease in Other Non Current Assets	(5.71)	(11.78)
Increase/(Decrease) in Trade Payables	16.97	86.04
Increase/(Decrease) in Other Financial Liabilities	0.07	(4.19)
Increase/(Decrease) in Other Current Liabilities & Provisions	(57.58)	(213.69)
Cash Generated from Operations (Working Capital Changes) (B)	(414.31)	(87.02)
Net Cash flow from Operating activities (1) (A+B)	(87.13)	24.70
CASH FLOW FROM INVESTING ACTIVITIES :		
Changes in Fixed Assets	8.48	(31.73)
Interest Income	5.32	5.33
Net Cash flow from / (used in) Investing activities	13.80	(26.40)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Secured Loans (Net of Repayments)	-	-
Increase/Decrease in Unsecured Loans (Net of Repayments)	734.51	320.92
Effect of measurement of Financial Instruments at amortised cost	(350.81)	(155.34)
Interest Paid	(310.44)	(296.20)
Net cash used in financing activities	73.26	(130.62)
Net Increase Decrease in Cash and Cash Equivalents	(0.07)	(132.32)
Cash & cash equivalents at the beginning of the period	0.52	132.84
Cash & cash equivalents at the end of the period	0.45	0.52

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

As per our report of even date

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

For **Sarath & Associates**

Chartered Accountants

(FRN 005120S)

Sd/-

GOPI KRISHNA
PARTNER

M No. 225868

Sd/-

T.S. GAIKWAD
MANAGING DIRECTOR

DIN No. 02411043

Sd/-

DR. PUSHPA TRIVEDI
DIRECTOR

DIN No. 01388230

Sd/-

DNV SRINIVASA RAJU
CHIEF FINANCIAL OFFICER

Sd/-

RAJANI .K
COMPANY SECRETARY

Place: Hyderabad

Date: May 24, 2019



**Notes to the Standalone Ind AS financial statements
for the year ended 31st March , 2019**

3. Property, Plant & Equipment

a) Carrying Value

(Rs. in Lakhs)

	As at March 31 2019	As at March 31 2018
Land	3,054.83	3,054.83
Buildings	148.10	154.16
Plant and Machinery	1,631.00	1,756.48
Furniture & Fixtures	11.47	7.73
Computers	1.24	1.54
Total	4,846.64	4,974.74

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. Factory land of 126.13 acres is located at Rudraram P.O., Kandi Mandal, Sangareddy Dist. Telangana State and land is freehold in which built up area is 6.72 acres.

b) Deemed Cost as Fair Value

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 31 March, 2018 (b)	3,054.83	306.32	7,397.42	85.54	42.95	10,887.06
Additions	-	-	4.52	3.74	0.22	8.48
Disposals	-	-	-	-	-	-
Balance as at 31 March, 2019 (b)	3,054.83	306.32	7,401.94	89.28	43.17	10,895.54

c) Accumulated depreciation

(Rs. in Lakhs)

Description of Assets	Land	Buildings	Plant and Machinery	Furniture & Fixtures	Computers	Total
Balance as at 31 March, 2018 (c)	-	152.16	5,640.94	77.81	41.41	5,912.32
Depreciation / amortisation expense for the year	-	6.06	130.00	-	0.52	136.58
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at 31 March, 2019 (c)	-	158.22	5,770.94	77.81	41.93	6,048.90
Net Block (b - c)	3,054.83	148.10	1,631.00	11.47	1.24	4,846.64


3.1 - Intangible Assets

(Rs. in Lakhs)

Carrying Value		As at March 31	As at March 31
Particulars		2019	2018
Software and Technical know-how		182.18	194.92
Particulars	Software	M-PTFE	Total
I. Deemed Cost as Fair Value			
Balance as at 31 March, 2018	14.60	219.25	233.85
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March, 2019	14.60	219.25	233.85
II. Accumulated depreciation and impairment			
Balance as at 31 March, 2018	7.41	31.52	38.93
Depreciation / amortisation expense for the year	0.80	11.94	12.74
Eliminated on disposal of assets	-	-	-
Balance as at 31 March, 2019	8.21	43.46	51.67
Net Block / Carrying Value	6.39	175.79	182.18

(Rs. in Lakhs)

Particulars	As at March 31	As at March 31
	2019	2018
4. Long Term Trade Receivable		
- Unsecured, considered Doubtful		
Long-Term Trade Receivables	329.59	329.59
Less : Provision for Expected Credit Loss	(329.59)	(329.59)
Total Long Term Trade Receivables	-	-
Other Non Current Assets		
- Unsecured, considered good		
Sundry Deposits	99.24	93.53
Total Other Financial Assets	99.24	93.53

(Rs. in Lakhs)

Particulars	As at March 31	As at March 31
	2019	2018
5. Inventories		
a) Raw materials @	71.90	94.44
b) Work-in-progress	161.98	113.98
c) Finished Goods	49.40	53.38
d) Stores and spares	274.92	277.18
Total	558.20	538.98

@Included above, goods-in-transit of Raw Materials

-



(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
(A) The closing stock-in-process includes the following products:		
CFM – 22 Product	86.43	54.56
TFE	3.89	0.64
POLY-SUSPENSION	58.63	42.71
POLY-EMULSION	13.02	16.07
	161.97	113.98
(B). Finished goods, which have not moved for more than 3 years are valued at Rs.1.00/kg and the consequential difference in value of Rs.122 (2018: Rs. 172) and there is no difference to charge off during the year.		
6. Trade Receivable		
Unsecured, considered good	508.93	370.26
Total	508.93	370.26
(A). Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company.		
(B) 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.129.16Lacs(2018: Rs 129.16 lakhs)		
7. Cash and Bank Balances		
7.1) Cash and Cash Equivalents		
Cash on hand	0.16	0.19
Balances with banks:		
in current accounts	0.29	0.33
in liquid deposits	-	-
	0.45	0.52
7.2) Other Bank Balances		
in earmarked accounts		
Deposits accounts (Refer note (A))	1.72	1.62
	1.72	1.62
Total	2.17	2.14
Notes: (A) 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	4.79	4.18
Advance to Employees	174.09	2.45
Total	178.88	6.63
9. Other Current Assets		
Prepaid expenses	46.17	34.57
Amounts withheld with Govt and other Departments	41.90	15.09
Advances to Suppliers		
-Considered Good	10.38	10.97
-Considered doubtful	0.91	0.91
-Provision for expected credit loss	(0.91)	(0.91)
Total	98.45	60.63



10. Share capital (Rs. in Lakhs)				
	As at March 31, 2019		As at March 31, 2018	
	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
10.2 Issued:				
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
10.3 Subscribed and fully paid:				
Equity Share Capital				(Rs. in Lakhs)
Equity shares of Rs. 10 each	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
Total Equity	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	1,959.91	19,599,100	1,959.91
Add: Changes during the year	-	-	-	-
Closing balance	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
Equity shares M/s Hindustan Organics Chemicals Ltd	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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. 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 2019	As at March 31 2018
11. Other Equity			
A Revaluation Surplus			
Revaluation of Property, Plant and Equipment		2,995.77	2,995.77
B Surplus in statement of profit and loss			
Opening balance		(8,144.90)	(8,067.51)
Add: Profit for the year		170.20	(77.39)
Closing balance		(7,974.70)	(8,144.90)
C Other Comprehensive Income			
Opening Balance of Other Comprehensive Income		(654.14)	(248.88)
Remeasurements of the defined benefit liabilities / (asset)		(297.46)	(249.92)
Financial Instruments through OCI at amortised cost		(350.81)	(155.34)
Income tax relating to items that will not be reclassified to profit or loss		(1,302.41)	(654.14)
Total		(6,281.34)	(5,803.27)

12. Long-Term Borrowings

(Rs. in Lakhs)

Particulars		As at March 31 2019	As at March 31 2018
Secured			
Term loans - State Bank of India		-	-
Unsecured			
Government Plan Loan		-	336.00
Total		-	336.00

* 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.845.25 lakhs under Interest accrued and due.
- (D) The company had outstanding Govt. plan loan of Rs.360 Lakhs availed for manufacture of MPTFE and Rs.1320 Lakhs availed for refurbishment of the Plant @11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid Rs.1.00 Crore with interest of Rs.24.92 lac during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16,2016-17, 2017-18, 2018-19 and 2019-20 amounting to Rs. 1,580.00 lacs shown in Note-16 under the head 'Other Financial liabilities being Govt. Plan Loan current maturities of long term debt'.

(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
13. Provisions		
Provision for employee benefits-		
Provision for gratuity	694.17	518.28
Provision for compensated absences	279.49	284.20
Total	973.66	802.48

(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
14. Short-term borrowings		
Cash credit facilities from		
Banks		
- Secured	408.80	258.59
Total	408.80	258.59

- 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 @13% p.a

(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
15. Trade Payable		
Dues to Micro and SSI units	8.88	8.20
Others	384.29	368.00
Total Trade Receivables	393.17	376.20



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

(Rs. in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Principal amount remaining unpaid and interest due thereon	8.88	8.20
Interest paid in term of Section 16	Nil	Nil
Interest due and payable for the period of delay in payment	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Interest due and payable even in succeeding years	Nil	Nil

(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 2019	As at March 31 2018
16. Other Financial Liabilities		
Current Maturities of Long Term Debt	4,777.08	4,084.14
Interest accrued and due - on borrowings	1,632.79	1,387.46
Other Payables	43.32	43.25
Total	6,453.19	5,514.85
17. Provisions		
Provision for employee benefits		
Provision for gratuity	228.72	162.51
Provision for compensated absences	134.47	145.27
P F company contribution	5.44	5.92
LTA and Other Provisions	0.56	14.58
Total	369.19	328.28
18. Other Current Liabilities		
Creditors for Capital Goods	-	-
Employee Salaries and Arrears Payables	1,868.55	2,158.64
Customer Advances	1.59	8.09
Statutory Liabilities - GST and Other Taxes	102.44	85.32
Others	223.98	215.19
Total	2,196.56	2,467.24


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
19. Revenue from operations		
(i) Sale of products		
Polytetrafluoroethylene	359.51	291.90
Application Development Customer Support	67.36	59.95
CFM - 22	4,127.47	3,933.27
Tetrafluoroethylene	0.00	7.06
Hydrogenchloride	31.17	15.11
	4,585.51	4,307.29
(ii) Other operating revenues:		
Job work conv. and material handling charges	0.00	1.02
	-	1.02
Total	4,585.51	4,308.31
20. Other income		
Interest income from Banks	5.32	5.33
Miscellaneous income	8.72	30.78
Prior period income	226.75	0.00
Total	240.79	36.11
21. Cost of Raw Material and Packing Material consumed:		
Opening balance	94.44	72.27
Add: Purchases during the year	1,604.47	1,391.58
Less: Closing balance	71.90	94.44
Total	1,581.93	1,369.41
(A) Details of raw material and packing material consumed: (100% Indigenous)		
AHF	923.26	831.64
CHLOROFORM	624.00	483.11
FC-26	7.78	19.45
OTHERS	23.90	34.11
PACKING MATERIAL	2.99	1.10
	1,581.93	1,369.41
(B) Details of closing Inventory :		
AHF	27.59	22.94
CHLOROFORM	3.86	12.65
FC-26	-	7.78
OTHERS	38.18	47.76
PACKING MATERIAL	2.27	3.31
	71.90	94.44



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
22. Changes in inventories of work-in-process		
Opening balance:		
Stock-in-process	113.98	113.19
Finished products	53.38	74.72
	167.36	187.91
Closing balance:		
Stock-in-process	161.98	113.98
Finished products	49.40	53.38
	211.38	167.36
Add: Increase/(Decrease) in Excise duty/ GST on Finished products	0.00	(0.16)
Total	(44.02)	20.39
23. Employee benefits expense		
Salaries, wages and Bonus	1,029.21	1,079.54
Contribution to Provident and other fund	211.63	110.30
Staff welfare expenses	29.61	33.51
Total	1,270.45	1,223.35

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	2018-19	2017-18
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	684.38	570.32
Current service cost	31.05	32.48
Interest cost	48.65	41.13
Actuarial(gain)/loss	297.46	249.92
Benefits paid	-	(19.92)
Defined Benefit obligation at the year end	927.01	684.38


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
II. Reconciliation of opening and closing balances of fair value of Plan assets		
Fair value of plan asset at the beginning of year	3.60	2.41
Expected return on plan assets	0.26	(0.20)
Actuarial gain/(loss)	-	-
Employer contribution	152.46	(206.72)
Benefits paid	-	(19.92)
Fair value of plan asset at the year end	4.12	3.60
Actual return on plan assets	-	-
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	(4.12)	(3.60)
Present value of obligation	927.01	684.38
Amount recognised in Balance Sheet	922.89	680.79
IV. Expenses recognised during the year		
Current service cost	31.05	32.48
Interest cost	48.65	41.13
Expected return on plan assets	(0.26)	0.20
Actuarial gain/(loss)	297.46	249.92
Net Cost	376.90	323.73
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2006-08
Discount Rate (per annum)	7.18	8.00
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 Leave Encashment Details
(Rs. in Lakhs)

Particulars	2018-19	2017-18
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	429.47	306.45
Current service cost	50.44	58.17
Interest cost	34.36	27.58
Actuarial(gain)/loss	(100.31)	29.55
Benefits paid	-	-
Defined Benefit obligation at the year end	413.96	429.47


(Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
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	0.00	(2.41)
Present value of obligation	413.96	570.32
Amount recognised in Balance Sheet	413.96	567.91
	827.92	1,135.82
IV. Expenses recognised during the year		
Current service cost	50.44	58.17
Interest cost	34.36	27.58
Expected return on plan assets	0.00	-
Actuarial gain/(loss)	(100.31)	(29.55)
Net Cost	(15.51)	115.30
V. Actuarial assumptions		
Mortality Table (LIC)	(ultimate) 2012-14	(ultimate) 2006-08
Discount Rate (per annum)	7.18	8.00
Attrition Rate	10.00	10.00
Salary Rise	4.00	4.00
24. Finance costs		
Interest on:		
- Borrowings	306.84	289.06
- Others	3.60	7.14
- Bank Charges	3.70	0.54
Total	314.14	296.74



(Rs. in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
25. Other expenses		
Consumption of stores and Spares	37.13	44.18
Power & Fuel	299.63	288.68
Water Charges	139.49	142.26
Rent	8.47	8.50
Rates & Taxes	10.09	20.87
Travelling and Transport charges	45.71	51.67
Insurance	34.62	43.19
Printing and Stationery	5.60	4.88
Communication Expenses	6.95	7.52
Repairs and Maintenance		
To Building	0.62	22.74
To Machinery	20.76	19.81
To Other Assets	5.08	5.15
Office Maintenance	14.07	12.54
Payments to auditors :		
Statutory audit and Limited review fee	1.61	1.56
Professional charges	31.04	28.14
Security and Job Work	15.61	20.74
Frieght	1.14	2.86
Corporate Social Responsibility	4.17	5.95
Miscellaneous Expenditure	3.01	4.37
Prior Period Items	-	5.20
Total	684.80	740.81

26. Contingencies and Commitments

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Contingent Liabilities		
a) Bank Guarantee given to Pollution control board with SBI	10.00	10.00
ESI	13.46	13.46
b) Damages on Delayed Payment of Provident Fund with Interest	94.89	94.89
	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

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 Lakhs)

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	<p>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.</p> <p>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.132 lakhs and interest at the rate of 12% from 2009 onwards.</p>
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	<p>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.</p> <p><i>During the FY 2018-19, PF dues are regularly paid to the PF Trust.</i></p>
Hon'ble Consumer Forum, Hyderabad	CT/PT Energy charges of Electricity Charged twice to the company	33.03	<p>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.</p> <p>TSSPDCL had reversed a sum of Rs.9 Lac and we are following for another sum of Rs.9 Lac and a complaint was lodged with Consumer Grievances Redressal Forum-I on 12-Mar-2019 and hearing taken place on 20-Apr- 2019 and Order was received in favour of HFL vide the Forum letter no. CGRF/ TSSPDCL/D.No.120 dated 30-Apr-2019.</p>


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

Authority	Nature of Litigations	Quantum	Remarks
Hon'ble civil court, Sec-bad	M/s. Shanthi 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 loses the case
Hon'ble City Civil Court, Hyderabad	Case filed by M/s Rockwell Industries Limited relating to supply of CFM-22 Gas.	269.00 Lakhs + interest claimed thereon	<p>Arbitration Clause invoked and Sole Arbitrator was appointed, who passed Award on 14.3.1998. Company filed Arbitration O.P before Hon'ble Chief Judge, wherein the said Award was set aside vide Order dated 31.10.2001. Petitioner filed appeal in High Court against the said Order wherein it was set aside and matter remanded back for fresh consideration.</p> <p>Hon'ble City Civil Court vide Order dated 27.2.2017 confirmed the Award of Sole Arbitrator. Hence the Petitioner filed fresh C.O.P No.42 of 2019 before Hon'ble XXIV Addl. Chief Judge, City Civil Court seeking relief u/s Section 9(1)(ii)(b) of Arbitration & Conciliation Act, 1996.</p> <p>Company had initiated the process of defending the same through their Legal Counsel.</p>


27. 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.

28. CIF Value of Imports

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Import of Capital Goods	-	-
Import of Materials/Spares	6.08	7.32

29. Balances in respect of Trade payables, Other Liabilities, Trade Receivables and Other Loans and Advances are subject to Confirmation.

30. Earnings in Foreign Currency

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Sales of goods	-	-

31. 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) Transactions of Related Parties

(Rs. in Lakhs)

S.No.	Particulars	Holding Company		KMP	
		2018-19	2017-18	2018-19	2017-18
1	Interest Expense	63.62	63.62		
2	Remuneration Paid to T S Gaikwad D N V Srinivasa Raju Rajani K			26.36 14.49 9.88	23.08 13.16 10.10

c) Balances with Related Parties

(Rs. in Lakhs)

S.No.	Particulars	2018-19	2017-18
1	Loan Payable to HOCL (Principal + Interest)	4,042.33	3,978.70
2	Interest Payable to HOCL	845.25	781.62
3	Remuneration Payables T S Gaikwad D N V Srinivasa Raju Rajani K	8.68 3.40 3.70	1.32 0.63 0.44
	Arrears Payable / (Receivable) T S Gaikwad D N V Srinivasa Raju Rajani K	5.79 - (9.42)	5.79 - 0.49



32. Segment Reporting

The Company's operations consist only of manufacturing and sales of fluoro-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.

33. Earnings Per Shares

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Net profit after tax available to equity shareholders (Rs. lakhs)	(478.07)	(482.65)
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.)	(2.44)	(2.46)

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

34. 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, 2019	As at March 31, 2018
Equity	1,961.46	1,961.46
Short Term Borrowings & Current Portion of Long Term Debt	5,185.88	4,342.74
Long Term Debt	0.00	336.00
Cash and Cash Equivalents	(2.17)	(2.14)
Net Debt	5,183.71	4,676.60
Total Capital/funds deployed (Equity + Net .Debt)	7,145.17	6,638.06

b) Categories of financial instruments

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assets		
Measured at Fair Value through Profit or Loss (FVTPL)	-	-
Measured at amortized cost		
Cash and Bank Balances	2.17	2.14
Other financial assets at amortized cost	687.81	376.89
Measured at Cost	-	-
Financial Liabilities		
Measured at amortized cost	7,255.16	6,485.65

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 consist of the Government promoted entities having 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, 2019 and March 31, 2018 respectively.

f) Liquidity risk management

The Company has access to financing facilities of which INR 106.20 Lakhs (31.03.2018: 256.41 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, 2019: **(Rs. in Lakhs)**

Particulars	Carrying Amount	Upto 1 Year	1-3 Years	More than 3 years	Total Contracted Cash Flows
Accounts Payable and Acceptances	393.17	393.17	-	-	-
Borrowings and interest thereon*	6,818.67	6,818.67	-	-	-
Total	7,211.84	7,211.84	-	-	-

The table below provides details of financial assets as at March 31, 2019:

Particulars	Carrying Amount (Rs. in Lakhs)
Trade Receivable	508.93
Other financial assets	178.88
Total	687.81



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

Particulars	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	-	-	-
Total	6,442.40	6,442.40	-	-	-

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

(Rs. in Lakhs)

Particulars	Carrying Amount
Trade Receivable	370.26
Other financial assets	6.63
Total	376.89

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)

Particulars	Fair Value as at*		Fair Value Hierarchy	Valuation techniques & key inputs used
	As at March 31, 2019	As at March 31, 2018		
Borrowings	(2,744.06)	(2,387.12)	Level 2	Refer Note Below
Deposits	84.78	79.07	Level 2	Refer Note Below
Total	2,659.28	2,308.05		

*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)


Note on HOCL Interest Free Loan of Rs.2744 Lakhs

HOCL Loan shown as per discounted cash flow and present value computation assuming loan will be repaid within 4 years based on effective cost of capital till FY 2017-18 and during FY 2018-19 the decision of repayment of HOCL loan by 2019-20 was changed due to present developments since Ministry had given instructions to dispose off the surplus land of 66.13 acres and settle Employee dues and give VRS / VSS to employees as part of Disinvestment process of HFL.

As part of disposal of land HFL approached MSTC and company had appointed registered valuers who submitted the valuation reports during February, 2019 and as per the valuation reports one acre of land valued around Rs.1.10 Cr to Rs.1.40 Cr. The E-bidding was conducted by MSTC on 23-Apr-2019 and no bids were received.

Subsequently based on the feedback from MSTC certain terms were modified to make the bid attractive and once NOC is received from TSIIIC/TS Government, the company will approach MSTC for 2nd E-bidding as directed by the Ministry vide their letter dated 07-Jun-2019.

Further as per IND AS 105 Non-current Assets Held for Sale and Discontinued Operations, an entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The land identified admeasuring 66.13 acres for sale is not available for immediate sale in its present condition subject only to terms that are usual and customary for sale and its sale is highly probable. Thus, identified land cannot be classified as a non-current asset (or disposal group) held for sale, if the entity intends to sell it in a distant future.

In light of this development HOCL Loan will continue in the books at book value as against fair value as per discounted cash flows and present value computation based on the effective cost of capital.

Financial Assets
(Rs. in Lakhs)

	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized cost					
♦ Trade Receivables	Level 2	508.93	508.93	370.26	370.26
♦ Other Financial Assets	Level 2	178.88	178.88	6.63	6.63
♦ Cash and cash equivalents	Level 2	0.45	0.45	0.52	0.52
♦ Bank balances other than above	Level 2	1.72	1.72	1.62	1.62
Total		689.98	689.98	379.03	379.03

Financial Liabilities
(Rs. in Lakhs)

	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities at Amortized cost					
♦ Borrowings	Level 2	408.80	408.80	594.59	594.59
♦ Other Financial Liabilities	Level 2	6,453.19	6,453.19	5,514.85	5,514.85
♦ Trade Payables	Level 2	393.17	393.17	376.20	376.20
Total		7,255.16	7,255.16	6,485.64	6,485.64



35. 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.

Reconciliation Statement of Liabilities arising from financing activities (Rs in Lacs)

Opening Balance as on 31-March-2018	6,066.19
Increase in Working capital limits including interest	150.21
Ind As adjustment	356.94
Interest for the reporting period	245.33
Closing balance as on 31-March-2019	6,818.67

36. During the year under review, the Company had revisited its status on the reporting of Financial Instruments through OCI at amortized cost based on updated developments. Accordingly, based on realistic assessment of the underlying transactions, the Company is of view that there are no Financial Instruments which are receivable/payable in future at discounted values and hence these are shown at actual values. Accordingly, the corresponding effect between previous year and current year is passed through OCI.
37. During the year under review, the Company had carried out a detailed review of certain reported errors/anomalies in pay fixation pertaining to employees and this exercise resulted in identifying excess payment to certain employees due to this error, amounting to Rs.268.00 Lakhs since 1997 onwards. Accordingly, the Company initiated recovery process from those employees and had already adjusted Rs.95.73 Lakhs from amounts payable to certain employees, who have already attained superannuation. Recovery proceeds from existing employees are under way. This amount of Rs.226.75 Lakhs is shown under Other Income as 'prior period income'.
38. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**Notes to the Financial Statements as at and for the year ended March 31, 2019****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 Polytetra fluoroethylene (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 Polytetra fluoroethylene (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 the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

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.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

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

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially

measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are



measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

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 "Engineering and Construction". 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, which 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

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies

(Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The company does not expect this amendment to have any impact on its financial statements.

Ind AS 23 – Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not expect any impact from this amendment.

HINDUSTAN FLUOROCARBONS LIMITED

Reg. Off: 303, Babukhan Estate, Basheerbagh, Hyderabad - 500001
CIN: L25206TG1983PLC004037 website:www.hfl.co.in
Tel:040-23241051 / 23240047 Fax:040-23296455

**Form No. MGT-11
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)of the Companies (Management and Administration) Rules, 2014]

CIN: L25206TG1983PLC004037	
Name of the Company: Hindustan Fluorocarbons Limited	
Registered office: 303, Babukhan Estates, Basheerbagh, Hyderabad-500001.	
Name of the Member(s):	Folio No/Client ID:
Registered address:	
E-mail ID:	DP ID:

I/we, being the member(s) of shares of the above names company hereby appoint:

1. Name
 Email Id:
 Address
 signature
 or falling him.

2. Name
 Email Id:
 Address
 signature
 or falling him.

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, be held on September, 24, 2019 at 3.00 pm at Press Club, Deshodharaka Bhavan, Basheerbagh, Hyderabad -500001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

- 1)
- 2)
- 3)



Signed..... day of 2019

Signature of the shareholder(s).....

Signature of the Proxy holder(s).....

Note:This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**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, 2019	
Venue	Press Club, Deshodharaka Bhavan, Basheerbagh, Hyderabad - 500 001	Time:3.00 PM

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, 2019 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.			
3	To approve the remuneration of Rs.1,15,000/- to be paid as statutory audit fees to M/s. Sarath & Associates, Chartered Accountants, Hyderabad (Firm Registration Number [HY0288]) appointed as Statutory Auditor by C&AG for the Financial Year 2019-20 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors of the Company, for the Financial Year 2019-20			

**Place: Hyderabad
Date: 24.09.2019**

(Signature of the shareholder)

